

# *Training Consolidation/group accounting*

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## 1 Training information

Our upcoming webinar on "**Consolidation and Group Accounting**" provides a comprehensive look at the complex processes and challenges companies face when preparing and analyzing consolidated financial reports.

We will explain the basic concepts of consolidation, including consolidation methods and techniques, to provide a clear understanding of how to perform effective consolidated accounting.

Using practical examples and case studies, we will show how companies can correctly handle various group structures and transactions and ensure compliance with applicable accounting regulations. Additionally, we will discuss current developments and best practices in this area to provide participants with valuable insight into the ever-evolving landscape of corporate accounting.

The training is based on a case study by Conrad Meyer; Consolidated financial statements, meaningful consolidated financial statements in compliance with national and international accounting standards.

You need a biscau login for the training. If you don't have a biscau login yet, then create a test login:

[Try now without obligation](#)

### 1.1 Supplementary training materials

Further information can be found under **Learning Center** after logging in. You can find lots more useful information here.

I thank you for your interest and wish you much success with your consolidated accounting training and look forward to your feedback.

**Dieter Busenhart**

## 1.2 Webinar 1, basic data consolidation

### [YouTube Webinar 1– Basic data consolidation](#)

#### **Preparation of individual financial statements**

1. Create a test login and import the training environment
2. Recording and cleaning up the annual financial statements
  - Record and control individual financial statements
  - Record valuation corrections HB I to HB II (hidden reserves)
3. Treatment of foreign currencies within the group

#### **Solution Teil 1**

4. Find an overview of the group companies and the capital shares that the holding company holds in each company.
5. Describe which companies belong to the scope of consolidation and whether it is a single-stage or multi-stage group.
6. Explain how the individual companies are taken into account in the consolidated financial statements of the sub group.
7. Investigate whether the sub group is required to prepare consolidated financial statements under the Code of Obligations.
8. IFRS and Swiss GAAP FER differ in the treatment of goodwill?

## 1.3 Webinar 2, Consolidated financial statements

### [YouTube Webinar 2 – Consolidated financial statements](#)

1. Control of individual financial statements
2. The eliminations must be made in the balance sheet and income statement.
3. The equity investment value of 25% must be adjusted as part of equity accounting.

#### **Creating reports and monitoring results**

4. After the eliminations and adjustments, the consolidated financial statements must be prepared; Consolidation report, equity statement, consolidated financial statements
5. Control and adjustment, equity, cash flow statement

## 1.4 Webinar 3, Special topics

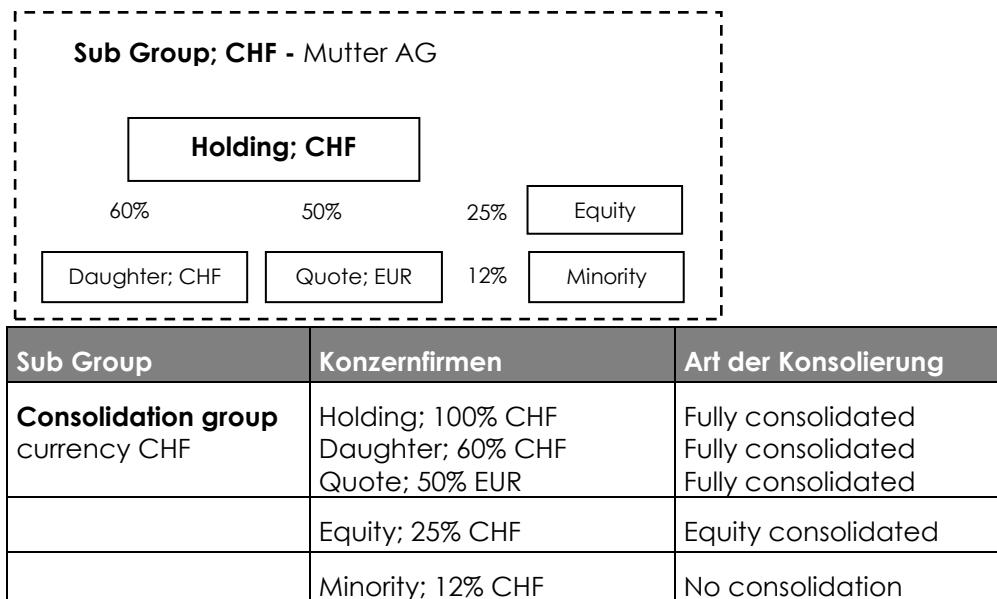
### [YouTube Webinar 3 – Special topics](#)

1. Import of balance sheets and automatic creation of consolidation postings
2. Integrate subgroups into consolidated financial statements
3. Analytics and evaluation of subgroups and corporations
4. Tips and tricks for consolidated accounting

## 2 Case study with work instructions

### 2.1 Basic information about Sub Group

The Swiss company Holding has been producing consolidated financial statements since 2018. The financial statements are based on recommendations from national and international accounting standards.



Essentially, the company applies the following consolidation principles:

- If control is possible: full consolidation (classic purchase method)
- If there is significant influence: equity accounting
- Joint ventures: proportionate consolidation
- Investments under 20%: Accounting at acquisition value
- Goodwill: impairment only approach; annual impairment tests (so far no signs of impairment)
- Depreciation method: Straight-line depreciation based on the assumed residual value over the estimated (remaining) useful life
- Provisions: Determined on the basis of a business assessment.

All closing entries for the 2018/19/20 financial year of the companies mentioned were recorded correctly.

All values in the balance sheets and income statements presented in this case study are stated in thousands.

## 2.2 Information about the holding company

The holding company has recognized provisions for various risks, which are not offset by any probable future outflows. These provisions developed as follows:

Amount per 1.1.2021	500 000
reduction 2021	100 000
Amount per 31.12.2021	400 000
Increase 2022	200 000
Amount per 31.12.2023	600 000

On July 1, 2020, the holding company acquired a 12% stake in the minority 12% at an acquisition cost of 500,000.

The holding company pays 420,000 dividends to its shareholders each.

## 2.3 Information about Daughter 60%

The holding company holds 60% of the Daughter's shares 60%. This investment was acquired on January 1, 2019 at an acquisition cost of 2,700,000. At this point in time, the Daughter's 60% equity was composed as follows:

Share capital	1'200'000
Statutory profit reserves	600'000
Reserves	400'000
Total	2'200'000

A detailed valuation of the Daughter 60% properties at the time of acquisition of the investment results in the following values:

Assessment position	Actual value	book value
<b>Property</b>	400'000	200'000
<b>Building</b>	2'400'000	1'800'000

As of January 1, 2019, it was assumed that the remaining useful life of the Daughter's buildings was 60% 20 years. The property is not depreciable.

The Daughter 60% is depreciating some of its tangible assets on a declining balance basis for tax reasons. Calculating the depreciation of these tangible assets using the straight-line method results in the following values:

Depreciation expense	degressive	linear
<b>2019</b>	200'000	120'000
<b>2020</b>	180'000	120'000
<b>2021</b>	162'000	120'000
<b>2022</b>	190'000	150'000
<b>2023</b>	185'000	155'000

During the course of 2021/22/23, the holding company received 60% dividends from the daughter in the amount of 60,000 each. The dividends were distributed from the annual results of the previous year. The holding company records the dividends via the "financial income" account.

On January 1, 2020, the holding company granted the Daughter 60% a loan of 1,000,000. This loan is to be repaid in full on December 31, 2025. It is every December 31st. arrears interest of 4%.

The holding sold goods to the Daughter 60% in the amount of 8,500,000/8,000,000/9,500,000 in 2021/22/23.

Inventories of internally supplied goods included the following amounts:

	Stocks	Stocks	Stocks
	31.12.2021*	31.12.2022	31.12.2023
<b>At Daughter 60%</b>	300'000	500'000	400'000

The holding company made a profit of 10% on intra-group sales, calculated on the basis of sales prices (trading margin).

The holding's financial statements as of December 31, 2021/22/23 include intra-group receivables from the subsidiary 60% of 750,000/950,000/900,000.

## 2.4 Information about participation in the Quote

On January 1, 2021, the holding company founded the quota together with ABB as a joint venture with a share capital of 500,000. Each of the founders subscribed for 50% of this share capital and paid it in cash.

The holding sold goods in the amount of 2.0 / 1.8 / 2.2 million in 2021/22/23.

Inventories of internally supplied goods included the following amounts:

	Stocks	Stocks	Stocks
	31.12.2021*	31.12.2022	31.12.2023
At Quote	200'000	400'000	500'000

The holding company made a profit of 10% on intra-group sales, calculated on the basis of sales prices (trading margin).

The holding's financial statements as of December 31, 2021/22/23 include intra-group receivables compared to the quota of 350,000/600,000/500,000.

On December 31, 2023, the quota made a value adjustment of 150,000 on a receivable (account "**Other operating expenses**"), although the probable loss on this receivable will not exceed 80,000.

## 2.5 Information about participation Equity 25%

The holding also owns 25% of the share capital of Equity 25%. This investment was acquired on January 1, 2020 at an acquisition cost of 600,000. At this point in time, the equity of Equity 25% was composed as follows:

Share capital	650'000
Reserves	800'000
Total	1'450'000

As of January 1, 2020, it was assumed that the Equity 25% buildings, which were valued at 800,000 at that time, had an actual value (fair value) of 1,400,000 with a remaining useful life of 15 years.

During the course of 2022/23, the holding company received 25% dividends from Equity in the amount of 20,000. The dividends were distributed from the annual results of the previous year. The holding company books the dividends via the "Financial income" account».

### 3 Webinar 1, Basic data consolidation

For the consolidated accounting training you will need:

1. **Training materials such as**
  - Manual
  - YouTube video
2. **biscau cloud software**
  - Login by now
  - Load training branch  
Training Group Accounting branch“

#### 3.1 Training materials

You can find the training materials online – [Link](#).

Further information can be found under **Learning Center** after logging in.  
You can find lots more useful information here.

#### 3.2 Installation of the software and case study

For the “Consolidated Accounting Training” you need a login to [biscau.com](#). If you don't have a biscau login yet, then create a free test login using the following [link](#)!

After logging in, go to administration and under branch click on “Load training branch”. If you do not have administrator rights, contact your administrator, who can load the training branch for you in the administration (see below)

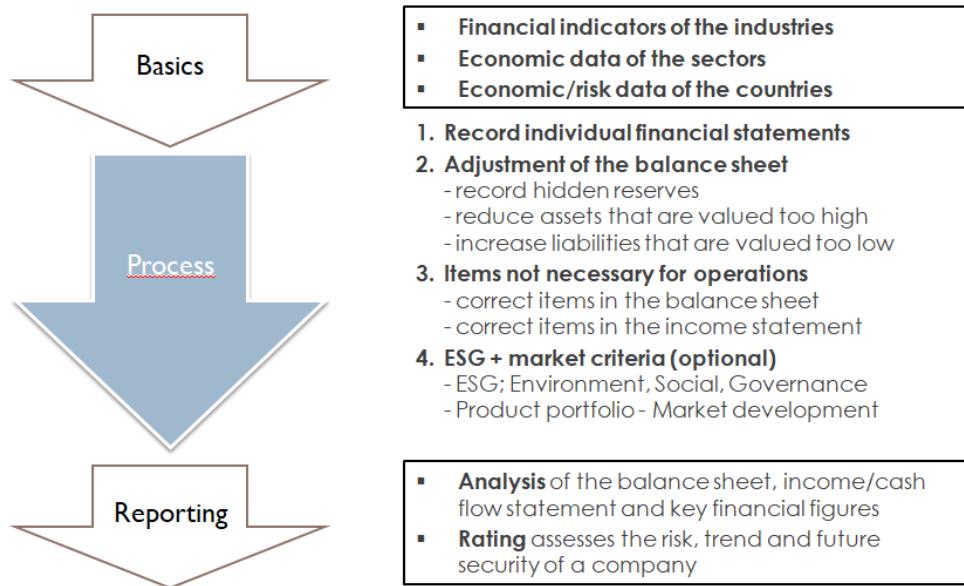


Filiale	Strasse	PLZ/Ort	Reports	
Grossfirmen Schweiz SMI	KMU Ratgeber AG	8307 Effretikon		
Mittelstandsfirmen Schweiz SMIM	KMU Ratgeber AG	8307 Effretikon		

During the training you can adopt and change the processes. If you want the original data again later, delete the “**Training Group Accounting**” branch. You can then load the original data again.

### 3.3 Processes of a group accounting

To get to know the basics of consolidated accounting, we refer you to our consolidated accounting manual as well as our YouTube video consolidated accounting, which you can find under the manuals. The basics of the software and consolidated accounting are presented in detail here.



1. Before you consolidate the group, the **basics of consolidation** must be determined such as: scope of consolidation and methods. The standardization of the financial statements is carried out automatically by the software.
2. In the **processes**, the individual financial statements of the subsidiaries and the holding company must be recorded and existing valuation corrections must be made. The internal transactions must then be cleaned up and capital consolidation carried out.
3. Now you create the **consolidated financial statements** and enter explanations for the items in the balance sheet, income statement and consolidated cash flow statement as required. The auditor's report and the management report complete the consolidated financial statements.

### 3.4 Record individual financial statements

Before you start with the consolidated financial statements, the individual financial statements of the subsidiaries and the holding company must be recorded in the consolidation system. Under the "**Training Group Accounting**" branch you can see the holding company with all subsidiaries and the individual financial statements are recorded in accordance with the tax balance sheet.

In video 2 I show how you can import the data into biscay via the interface.

### 3.5 Adjustment of individual financial statements

The financial statements of the individual companies have been adjusted and the commercial balance sheet II has already been determined and recorded in the system.

All correction bookings are presented in detail below:

#### 3.5.1 Quote – 50% Quote

##### **Correction values**

	<b>2021</b>	<b>2022</b>	<b>2023</b>
Tade receivables			35

On December 31, 2023, the quota made a value adjustment of 150,000 on a receivable (account "**Other operating expenses**"), although the probable loss on this receivable will not exceed 80,000. (Hidden reserve 50% of 70,000)

#### 3.5.2 Holding – 100% full

##### **Correction values for provisions (hidden reserves)**

	<b>2021</b>	<b>2022</b>	<b>2023</b>
Provisions/other operating expenses	-500	-400	-600

##### **Record dividend payments as M values for the cash flow statement**

	<b>2021</b>	<b>2022</b>	<b>2023</b>
Dividend	-420	-420	-420

### 3.5.3 Equity 25% – 25% Equity

**Correction values for property, plant and equipment  
(hidden reserves for property, plant and equipment)**

	2021	2022	2023
Tangible assets/depreciation tangible assets	520	480	440

Hidden reserves decrease by  $600,000 / 15 = 40,000$  per year  
 12/2016 600, 12/2017 560, 12/2018 520, 12/2019 480 12/2020 440k CHF

### 3.5.4 Daughter 60% voll

**Correction values for property, plant and equipment  
(hidden reserves for property, plant and equipment)**

	2021	2022	2023
Property /Extraordinary revenues	200	200	200
Buildings/depreciation tangible assets	510	480	450
Tangible assets/depreciation tangible assets	182	222	252

**Record dividend payments as M values for the cash flow statement**

	2021	2022	2023
Dividends	-100	-100	-100

### 3.6 Group terms

1. Complete the following overview with the names of the group companies and the capital shares that the holding company holds in each company. It is a single-tier group.

Subsidiary	Percent	Consolidation			2023
		full	quota	equity	
Holding, 8000 Zürich	100 %	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quote, 1000 Berlin	100 %	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Daughter 60%, 8000 Zürich	60 %	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Equity 25%, 3000 Bern	25 %	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Minority 12%, 4000 Basel	12 %	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Total subsidiaries: 5					

2. Describe which companies belong to the scope of consolidation. Fully and proportionately consolidated subsidiaries
3. Explain how the individual companies are taken into account in the consolidated financial statements of the sub group. See point
4. How do IFRS and Swiss GAAP FER differ with regard to goodwill treatment?

**IFRS – impairment only**

Swiss GAAP FER – 30 – amortization 5 -20 years or offset against equity

## 4 Webinar 2, Consolidated financial statements

The eliminations must be made. The equity investment value of 25% must be adjusted as part of equity accounting. After the eliminations and adjustments have been made, the consolidated financial statements must be prepared.

### 4.1 List of group companies Sub Group

List of subsidiaries					2023
Subsidiary	Percent	full	Consolidation quota	equity	none
Holding, 8000 Zürich	100 %	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quote, 1000 Berlin	100 %	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Daughter 60%, 8000 Zürich	60 %	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Equity 25%, 3000 Bern	25 %	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Minority 12%, 4000 Basel	12 %	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Total subsidiaries: 5					

### 4.2 Holding consolidation entries

#### 4.2.1 Trade receivables/services

Consolidation entries - Holding			
Financial year 2023 Entries for the account <b>Trade receivables</b>			
List of consolidation entries			
Company	Amount	Contra account	Remark
Daughter 60%, 8000 Zürich	900	Trade payables	Daughter 60%
Quote, 1000 Berlin	250	Trade payables	Quote 50%
Total amount of consolidation entries: 1'150			Amount available: 1'350

#### 4.2.2 Revenue from goods and services

Consolidation entries - Holding			
Financial year 2023 Entries for the account <b>Revenue from goods and services</b>			
List of consolidation entries			
Company	Amount	Contra account	Remark
Daughter 60%, 8000 Zürich	9'500	Costs of sales	Daughter 60%
Quote, 1000 Berlin	2'200	Costs of sales	Quote 50%
Total amount of consolidation entries: 11'700			Amount available: 20'250

#### 4.2.3 Financial result

Consolidation entries - Holding			
Financial year 2023 Entries for the account <b>Financial result</b>			
List of consolidation entries			
Company	Amount	Contra account	Remark
Daughter 60%, 8000 Zürich	40	Financial result	Daughter 60%
Daughter 60%, 8000 Zürich	60	Results carried forward	Daughter 60%
Total amount of consolidation entries: 100			

## 4.3 Holding Consolidation entries for financial assets

Consolidation entries - Holding			
Financial year 2023 Entries for the account <b>Financial assets</b>			
List of consolidation entries			
Company	Amount	Contra account	Remark
Daughter 60%, 8000 Zürich	1'000	Long-term liabilities	Darlehen Daughter 60%
Daughter 60%, 8000 Zürich	2'700	Share capital / Shareholder...	Beteiligung Daughter 60%
Equity 25%, 3000 Bern	600	Participation equity method	Beteiligung Equity 25%
Quote, 1000 Berlin	250	Share capital / Shareholder...	Beteiligung Quote 50%
Total amount of consolidation entries: <b>4'550</b>			Amount available: 500

### 4.3.1 Loan (Darlehen) – Daughter 60%

**Consolidation entry - Holding**

Financial year 2023 Entries for the account **Financial assets**

Company	Daughter 60%, 8000 Zürich		
Text	Darlehen Daughter 60%		
Contra account	Long-term liabilities		
Amount	1'000	Maximum amount	1'500
Type of loan	Loan		

### 4.3.2 Quota participation - Joint Venture Quote SA

**Consolidation entry - Holding**

Financial year 2023 Entries for the account **Financial assets**

Company	Quote, 1000 Berlin		
Text	Beteiligung Quote 50%		
Contra account	Share capital / Shareholder's...		
Amount	250	Maximum amount	750

50% of 500,000 share capital of the quota (joint venture)

## 4.4 Quota, Consolidation entries

### 4.4.1 Consolidation postings inventories

Consolidation entries - Quote			
Financial year 2023 Entries for the account <b>Inventories, unbilled services</b>			
List of consolidation entries			
Company	Amount	Contra account	Remark
Holding, 8000 Zürich	5	Costs of sales	50% Marge Laufendes Jahr
Holding, 8000 Zürich	20	Results carried forward	50% Marge Vorjahr
Total amount of consolidation entries: 25			Amount available: 150

5 Profit share of inventories 10% of 100,000 of the increase in inventories (50%)

20 Elimination profit inventories previous year 10% of +400,000 (50%)

## 4.5 Daughter 60%, Consolidation entries

### 4.5.1 Consolidation postings inventories

Consolidation entries - Daughter 60%			
Financial year 2023 Entries for the account <b>Inventories, unbilled services</b>			
List of consolidation entries			
Company	Amount	Contra account	Remark
Holding, 8000 Zürich	-10	Costs of sales	10% von Verminderung
Holding, 8000 Zürich	50	Results carried forward	Vorjahreskorrektur
Total amount of consolidation entries: 40			Amount available: 2'460

-10; Profit share of inventories 10% of 100,000 of the reduction in inventories to 400,000

50; Elimination profit inventories previous year 10% of 500,000 via profit/loss carried forward

## 4.6 Consolidation of Participations

### 4.6.1 Participation – Daughter 60%, calculation of goodwill

1.1.2019	100%	participation 60%
Share capital	1'200'000	720'000
Reserves from capital contribution		
Legal retained earnings	600'000	360'000
Results carried forward	400'000	240'000
Hidden reserves on 1.1.2019	800'000	480'000
<b>Total</b>	<b>3'000'000</b>	<b>1'800'000</b>
Purchase price 1.1.2019		2'700'000
<b>Goodwill upon acquisition</b>		<b>900'000</b>
	<b>In thousands</b>	<b>900</b>

The hidden reserves of the Daughter 60% of 480,000 are included in the profit/loss carries forward (240+480 = 720).

**Consolidation entry - Holding**

Financial year 2021 Entries for the account **Financial assets**

Company: Daughter 60%, 8000 Zürich

Text: Beteiligung Daughter 60%

Contra account: Share capital / Shareholder's

Amount: 2'700

Participation: 60 %

Maximum amount: 3'200

Max.: 60 %

Capital consolidation KAD (Goodwill/Badwill):  Automatic  Purchase

**Participation in the shareholders' equity - Goodwill/Badwill**

Daughter 60% - to the purchase price: 2'700

Text/Account	Debit	Credit
Financial assets		2'700
Share capital	720	
Reserves from capital contributions	0	
Legal retained earnings	360	
Results carried forward	720	0
Goodwill	900	
Total	2'700	2'700

**Depreciations/impairments Goodwill**

Abschr. und Wertber. Vorjahre: 0

Depr./impairments current year: 0

Depr./impairments next year: 0

#### 4.6.2 Equity Participation – Equity 25% , calculation Goodwill

<b>1.1.2020</b>	<b>100%</b>	<b>Participation 25%</b>
Share capital	1'450'000	362'500
Hidden reserves	600'000	150'000
Total	2'050'000	512'500
Purchase price		600'000
<b>Goodwill upon acquisition</b>		<b>87'500</b>
	<b>In thousands</b>	<b>Rounded 88</b>

<b>Consolidation entry - Holding</b>		
<b>Financial year 2021 Entries for the account Financial assets</b>		
Company	Equity 25%, 3000 Bern	
Text	Beteiligung Equity 25%	
Contra account	Share capital / Shareholder's	Maximum amount 1'100
Participation	25 %	Max. 25 %
<b>Participation in the shareholders' equity - Equity method</b>		
Equity 25% - to the purchase price	600	
<b>Text/Account</b>	<b>Debit</b>	<b>Credit</b>
Paid Goodwill/Badwill	88	0
<b>Correction prev. years</b>	<b>15</b>	<b>0</b>
Dividend payout		20
Part of profit/loss	50	0
Part of changes hidden reserves	0	0
<b>Profit from subsidiaries</b>		30
Total	50	50
Correction end of the year	45	
<b>Depreciations/impairments Goodwill</b>		
Abschr. und Wertber. Vorjahre		0
Depr./impairments current year		0
<b>Depr./impairments next year</b>		0
Value of participation at year end	<b>645</b>	

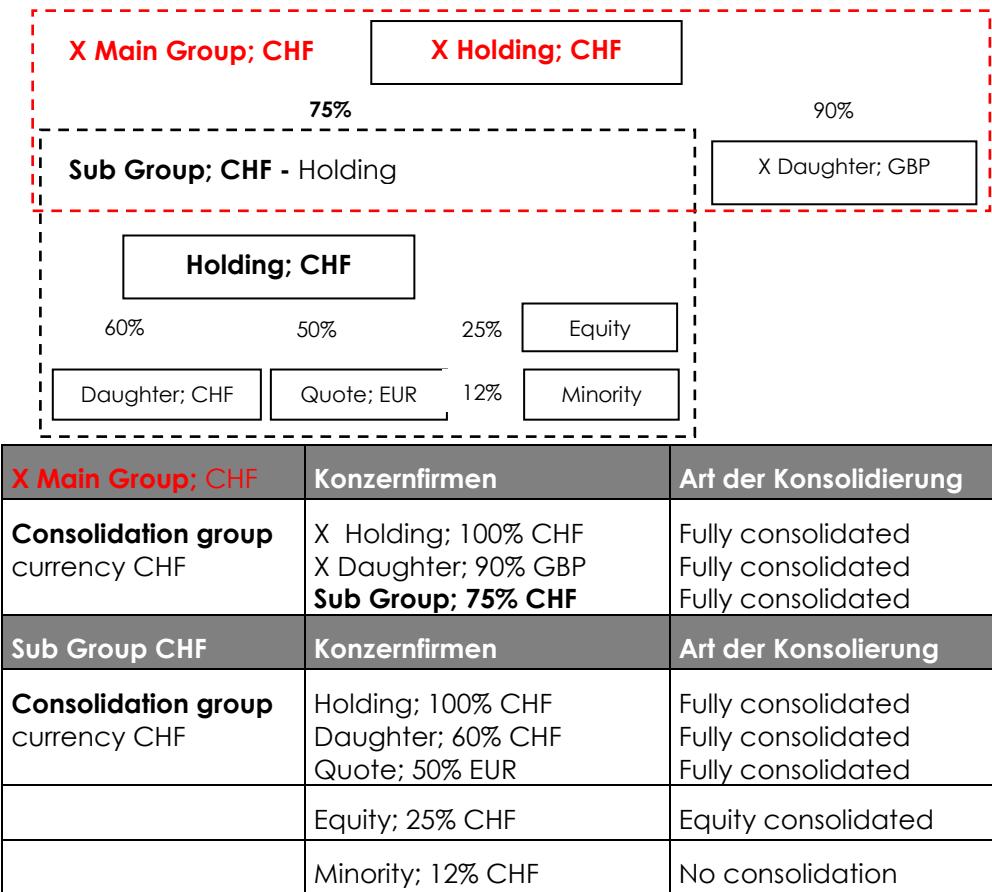
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Dividend distribution	20	20	20
Proportion of profit/loss	50	40	30
Income/loss investment in the year	30	20	10
<b>Correction at the end of the year</b>	<b>45</b>	<b>65</b>	<b>75</b>

## 5 Webinar 3, Specialties Group Accounting

### 5.1 Integration of Sub Groups

We speak of a subgroup when the ownership structure changes vertically or we want to consolidate a **Sub Group** of companies separately. With the subgroup we can correctly calculate and report minority capital shares as well as profit shares.

You can consolidate any number of companies or subgroups in a consolidation group.



**Please note:**

1. According to Swiss GAAP FER 30, full and quota shareholdings are included in the scope of consolidation. According to IFRS, full investments are included in the scope of consolidation.
2. Before you consolidate the group, the subgroups must be consolidated vertically from bottom to top
3. You enter consolidation postings within the respective consolidation group. If you want to enter a consolidation entry from X Sub Group to Daughter, enter it from Parent to Sub Group
4. You select currencies for each consolidation group and company

### 5.1.1 Sub Group (Participation Holding 75%)

#### Participation Holding 75%, Calculation of goodwill

1.1.2021	100%	Beteiligung 75%
Share capital	1'400'000	1'050'000
Statutory profit reserves		
Reserves from capital con.	700'000	525'000
Legal retained earnings	2'320'000	1740'000
Hidden reserves on 1.1.2018	500'000	375'000
<b>Total</b>	<b>4'920'000</b>	<b>3'690'000</b>
Purchase price 1.1.2021		4'000'000
<b>Goodwill upon acquisition</b>		<b>310'000</b>

The holding company's hidden reserves of 375,000 are included in the profit/loss reserves (375+1'740 = 2'115).

**Consolidation entry - X Holding**

Financial year **2021** Entries for the account **Financial assets**

Company	Sub Group, 8000 Zürich		
Text	Beteiligung, 75% Holding oder 75% Sub Group		
Contra account	Share capital / Shareholder's		
Amount	4'000'000	Maximum amount	4'000'000
Participation	75 %	Max.	75 %
Capital consolidation KAD (Goodwill/Badwill) <input type="radio"/> Automatic <input checked="" type="radio"/> Purchase			

**Participation in the shareholders' equity - Goodwill/Badwill**

Sub Group - to the purchase price	4'000'000	
<b>Text/Account</b>	<b>Debit</b>	<b>Credit</b>
Financial assets		4'000'000
Share capital	1'050'000	
Reserves from capital contributions	0	
Legal retained earnings	525'000	
Results carried forward	2'115'000	0
Goodwill	310'000	
Total	4'000'000	4'000'000

**Depreciations/impairments Goodwill**

Abschr. und Wertber. Vorjahre	0
Depr./impairments current year	0
Depr./impairments next year	0

### 5.1.2 Beteiligungen X Daughter 90%

Share capital	Betrag in GBP	Anteil 90%	Rate CHF 1.50
Statutory profit reserves	100'000	90'000	135'000
Reserves from capital con.			
Legal retained earnings	50'000	45'000	67.500
Results carried forward	195'833	176.250	117'500
<b>Total</b>	<b>345'833</b>	<b>311'250</b>	<b>320'000</b>
Purchase price			500'000
<b>Goodwill upon acquisition</b>			<b>180'000</b>

**Consolidation entry - X Holding**

Financial year 2021 Entries for the account **Financial assets**

Company	X Daughter 90%, 15005 London		
Text	Beteiligung X Daughter 90%		
Contra account	Share capital / Shareholder's		
Amount	500'000	Maximum amount	500'000
Participation	90 %	Max.	90 %
Capital consolidation KAD (Goodwill/Badwill)	<input type="radio"/> Automatic <input checked="" type="radio"/> Purchase		

**Participation in the shareholders' equity - Goodwill/Badwill**

X Daughter 90% - to the purchase price	500'000	
<b>Text/Account</b>	<b>Debit</b>	<b>Credit</b>
Financial assets		500'000
Share capital	135'000	
Reserves from capital contributions	0	
Legal retained earnings	67'500	
Results carried forward	117'500	0
Goodwill	180'000	
Total	500'000	500'000

**Depreciations/impairments Goodwill**

Abschr. und Wertber. Vorjahre	0
Depr./impairments current year	0
Depr./impairments next year	0

## 5.2 Treatment of foreign currencies within the group

The currency can be freely chosen at the subsidiary as well as at the group. The consolidation is carried out in accordance with the rules of Swiss GAAP FER.

1. All balance sheet items are converted at the current exchange rate on the balance sheet date. The individual items in the income statement are converted into the Group currency at the average exchange rate for the reporting period.
2. The conversion of the balance sheet items only results in conversion differences that have no effect on income and are offset against equity (see statement of equity).
3. When converting the income statement, the resulting conversion difference between the result in the income statement and the balance sheet is recorded in equity (see statement of equity)..

The courses can be looked up in the corporate entry and corrected as necessary or supplemented with courses during the year.

Companies	Statistic	M&A Ads	Manuals	Administration	Infos	<input type="checkbox"/> Logout
<b>Group entry</b>						X Main Group, 8000 Zürich
<b>Currencies and rates</b>						
Company dates	<b>Currency</b>	<b>Subsidiaries</b>	<b>Rates for: GBP</b>		<b>Base currency: CHF</b>	
Contacts, DOCshare	CHF*	2	<b>Date</b>	<b>Closing rate</b>	<b>Average price</b>	The base currency of the software is CHF; the Swiss Franc.
Digital Dataroom	<b>GBP</b>	1	31.12.2023	1.072875	1.11706498	The conversion rates are based on the published courses the Swiss tax authority.
Reports			31.12.2022	1.112933	1.17911	We use two courses:
Drafts			31.12.2021	1.234099	1.25746523	1. closing rate on 31 December
E-mail protocol			31.12.2020	1.2083	1.203878	2. average price of the corresponding year
Currencies and rates			31.12.2019	1.282822	1.268297	The system shows you the currencies used in the group. You can record your own courses as of December 31, which replace the system courses or additional courses during the year.
			31.12.2018	1.255528	1.305535	
			31.12.2017	1.318256	1.2870565	
			31.12.2016	1.255857	1.3655985	
			31.12.2015	1.47534	1.51233	
			31.12.2014	1.54932	1.54932	
			31.12.2013	1.472956	1.449806	
			31.12.2012	1.487855	1.486152	
			31.12.2011	1.45325	1.421209	
			31.12.2010	1.459356	1.608534	
			31.12.2009	1.669368	1.695592	

 [Capture rate](#)

## 5.3 Valuation of corporations

The software supports you with various assistants in company valuation.

You can evaluate companies and corporations by going to Analytics in the reports and here to Company valuation and then selecting the report:

- Fair Value
- DCF-method
- Multiples
- EVA-method
- Earning power method

These methods are in combination with:

- Asset value
- EBIT-multiple
- Average method

**Selection of reports - X Main Group**

Year: 2023 | Years considered: Max. | Language: English

**Consolidated financial statements**

**Analytics**

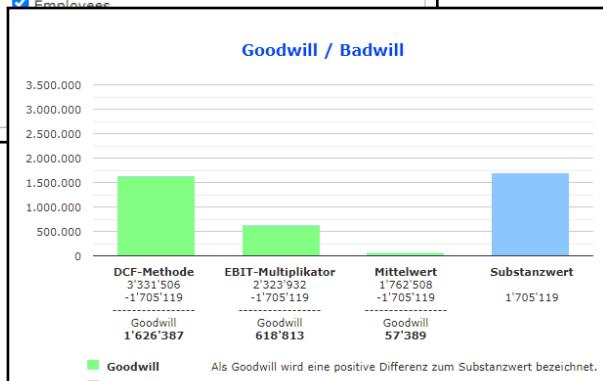
**Analytics / Rating**

**Business valuation**

**Valuation method** Fair Value

Reports	Financial ratios
<input checked="" type="checkbox"/> Cash flow statement	<input checked="" type="checkbox"/> Rentability
<input checked="" type="checkbox"/> Company rating	<input checked="" type="checkbox"/> Profitability
<b>Cover page</b>	<input checked="" type="checkbox"/> Liquidity
<input type="checkbox"/> Draft	<input checked="" type="checkbox"/> Financing
<input checked="" type="checkbox"/> Logo	<input checked="" type="checkbox"/> Financing strength
	<input checked="" type="checkbox"/> Employees

**Goodwill / Badwill**



DCF-Methode	EBIT-Multiplikator	Mittelwert	Substanzwert
3'331'506 -1'705'119 Goodwill <b>1'626'387</b>	2'323'932 -1'705'119 Goodwill <b>618'813</b>	1'762'508 -1'705'119 Goodwill <b>57'389</b>	1'705'119 Goodwill <b>57'389</b>

■ Goodwill      Als Goodwill wird eine positive Differenz zum Substanzwert bezeichnet.

■ Badwill      Als Badwill wird eine negative Differenz zum Substanzwert bezeichnet.

**Goodwill or Badwill** is determined according to the substance is calculated.

KMU Ratgeber AG

✉ Info@kmuratgeber.ch

## 5.4 Control the quality of financial statements

The individual financial statements must be checked and adjusted. You may be familiar with the phrase “**shit in, shit out**” and this also applies to consolidation. Below are three examples of incorrect individual financial statements:

### 1. **Parmalat**

- a. Parmalat's main bank, Bank of America, revealed that €3.95 billion was a fictitious item on Parmalat's balance sheet.
- b. Towards the end of 2003, one of the biggest corporate scandals in history came to light: Parmalat's balance sheet was missing eight billion euros.

### 2. **Wirecard**

- a. Wirecard is suspected of falsifying its balance sheets, but this cannot be proven for a long time, and the auditors from KPMG also found nothing.
- b. On June 22, 2020, Wirecard announced in an ad hoc announcement that balances in escrow accounts of over 1.9 billion euros “most likely do not exist”.
- c. On June 25, 2020, Wirecard filed for bankruptcy. There have been irregularities going on for years.

### 3. **Sigma**

- a. Sigma is an Austrian company and invests in real estate, trade and media.
- b. Sigma values your properties very highly on their balance sheets. The high valuations were caused by overly optimistic future rental income.
- c. The insolvency proceedings started in 2023.

So that you can better assess the individual financial statements, bis-cau not only supports you with consolidation, but also with analysis. In this way, you can better identify possible errors and increase the quality of the consolidated financial statements.

## 5.5 Tips and Tricks

1. Trend analysis of individual financial statements and consolidated financial statements.
2. Automatic harmonization of different qualifications in countries such as CH, DE, FR, USA etc.
3. Explanations of individual items in the consolidated financial statements
  - Balance sheet
  - Income statement
  - Cash flow statement
4. Include subsidiaries' account details in the consolidated financial statements  
Integration of reports:
  - Annual report
  - Explanations to the appendix

Further useful information can be found under "Manuals" and here we refer to our manual and video consolidated financial statements.

## 5.6 Conclusion

Thank you for your interest and participation in the webinar. We hope that the topics covered were inspiring and informative and that you gained valuable insights.

Remember that the learning process is continuous and we encourage you to apply and further deepen the knowledge you have acquired. Stay curious, stay engaged and put what you learn into practice.

Thank you again for your participation and we look forward to welcoming you again at another biscau webinar.

We wish you much success

**Your biscau team**