

BUSINESS ENGLISH

Consolidated financial statements

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These **consolidated financial statements** [1] have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board. The consolidated financial statements have been prepared on the historical cost basis except for the modification to a **fair value basis** [2] for certain assets and financial instruments

The results of subsidiaries acquired or disposed of during the year are included in total **comprehensive income** [3] from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in **subsidiaries** [5] are identified separately from the Group's **equity** [6] therein. The interests of non-controlling shareholders are measured at the non-controlling interests' proportionate share of the fair value of the **acquiree's** [7] identifiable net assets. Subsequent to acquisition, the **carrying amount** [8] of non-controlling interests is the amount of those interests at initial **recognition** [9] plus the non-controlling interests' share of subsequent changes in equity.

Adapted from Deloitte International Financial Reporting Standards for Small and Medium-sized Entities (SMEs) Illustrative Financial Statements 2010 - available at www.deloitte.com (last visited 24.9.13)

[1] Bilanci consolidati

[2] Fair value: *il corrispettivo al quale un'attività può essere scambiata, o una passività estinta, tra parti consapevoli e disponibili, in una transazione tra terzi indipendenti*

[\[3\]](#) IAS 1: *Totale conto economico complessivo è la variazione di patrimonio netto durante un esercizio derivante da operazioni e da altri fatti, oltre alle variazioni derivanti dalle operazioni con soci che agiscono nella loro qualità di soci.*

[\[4\]](#) IAS 1: *Totale conto economico complessivo è la variazione di patrimonio netto durante un esercizio derivante da operazioni e da altri fatti, oltre alle variazioni derivanti dalle operazioni con soci che agiscono nella loro qualità di soci.*

[\[5\]](#) Gli interessi di minoranza (IFRS 3)

[\[6\]](#) Patrimonio Netto

[\[7\]](#) Acquisita/o

[\[8\]](#) Valore contabile

[\[9\]](#) Rilevazione iniziale

COMPREHENSION QUESTIONS

1. When is historical cost modified to a fair value basis?
2. Complete this sentence with ONE word: A subsidiary is an entity _____ by the parent.
3. What is the definition of 'control'?:
4. What is the purpose of 'control'?
5. How are the interests of non-controlling shareholders measured?
6. Complete these pairs of opposites:

a) Parent/ _____; b) acquirer/ _____ c) acquisition/ _____

ANSWERS

1. For the accounting of certain assets and financial instruments
2. controlled
3. The power to govern the financial and operating policies of an entity
4. To obtain benefits from its (the subsidiary's) activities.
5. In proportion to the fair value of the acquiree's identifiable net assets.
6. a) subsidiary b) acquiree c) disposal
