Group Accounts

Accounting & Finance

Why groups consolidate, and what goodwill is.

The consolidation rules.

The mechanics

Control means consolidate, line by line	Eliminate intra-group sales and balances
Recognise non-controlling interests	Goodwill = price paid less net assets acquired

The judgements

Control is not always 50% plus one share	Fair value of acquired assets at the date
Goodwill tested for impairment yearly	Associates use the equity method instead

Goodwill is not amortised under IFRS. It is tested annually for impairment, which makes it a judgement, not a schedule.