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Introduction: The Concept of Corporate Groups

CHAPTER 1

BASIC PRINCIPLES OF GROUP ACCOUNTS

After completing this chapter, you should be able to:

1. Understand the meaning of a parent, a subsidiary and a group.
2. Understand the criterion of control used in identifying a parent-subsidary relationship.
3. Understand the overall requirements for presenting consolidated financial statements.
4. Understand the principles of the proprietary concept and the entity concept used in preparing consolidated financial statements.
5. Deal with the basic principles of the acquisition method in preparing consolidated financial statements.