

Working with Consolidations

Key Learning Outcomes

- Learn how to create and maintain Consolidation files

The Story

After a successful year of trading in Company Ayy, Smith is looking at acquiring another business. Smith wants to see how his business would look like if he was to acquire a Company Bee.

An Introduction to Consolidations

Consolidations are forecasts and other consolidations added together to form one set of reporting data.

For example, a company may have several divisions/departments around the world. A forecast for each division/department would be created to see how profitable each of them is. Then to view the company group, these divisions/departmental forecasts can be added together using the Consolidation feature.

The elements in the individual forecast are added together when they share the same element name, same element type and same location within the Chart of Accounts.

Upon consolidation, inter-company transactions can be eliminated, minority interests calculated, multi-currencies applied, and goodwill created as described in the table following.

Creating a Consolidation

1. Create and save the lower level files you are consolidating
2. Click on New Consolidation in Castaway's home screen or File > New > New Consolidation



3. Enter the Consolidation details such as Company Name, Report subtitle and your notes on the description
4. Click [Add Forecast](#) and select the files you want to consolidate. You may also choose to Consolidate consolidated files (*.pxic file types).
Note: The first forecast file selected will form the base Chart of Accounts of your Consolidations Report. Restructure your Consolidations reports by rearranging the order of your subsidiary files by right-clicking and selecting Move Up/Down.
5. Enter any applicable Minority Interest and Currency Rate

New Consolidation

Consolidation Details

Company Name

New Consolidation

Report Subtitle

Description

Forecasts to Consolidate

Forecast	Timeline	Minority Interest	Currency Rate
<div><div></div>Company Ayy Working File.pxif</div>	<div>Apr-20</div> <div>Apr-21</div>	0.00%	1.0000
<div><div></div>Company Bee Working File.pxif</div>	<div>Apr-20</div> <div>Apr-21</div>	0.00%	1.0000

Add Forecast

Add Folder

OK

Cancel

Opening Projects & Updating Underlying Data

When opening a saved consolidation, the underlying forecasts will be opened in the background



Make changes to the underlying data by drilling down on an element in your reports

Contributions to Milk Chocolate Sales

	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 20 - Mar 21	
Company Ayy	41,667	41,667	41,667	41,667	41,667	41,667	33,333	33,333	33,333	33,333	33,333	33,333	450,000	
Company Bee	41,667	41,667	41,667	41,667	41,667	41,667	33,333	33,333	33,333	33,333	33,333	33,333	450,000	

Open

Cancel

Tip: After applying changes to the lower-level file, remember to Save the forecast file before relaunching the consolidation file

Eliminate Intercompany Transactions

You are able to eliminate Intercompany Transactions easily in Castaway with a simple setting change. To change the setting, follow the steps below:

- 1) In either the forecast file or the consolidated file, go to Forecast > Element Settings > select the element transaction you'd like to eliminate
- 2) Where it says Eliminate on Consolidation, change the setting to Yes

SETTINGS

Bank Account	Main Bank Account	▼
GST/VAT Rate	10.00%	
Tax Exempt	No	▼
Data Entry Currency	AUD	▼ ...
Eliminate on Consolidation	No	▼
Debtor Reporting	In General Trade Debt	▼
Accrual Reporting	Separately As Asset	▼
Prepayment Reporting	Separately As Liability	▼
Transfer Method	None	▼

- 3) Repeat the above for the other side of the transaction you are looking to eliminate
- 4) Review your Elimination Reports in your Consolidated (.pxic) file

Note: Castaway assumes that the transactions will cleanly eliminate one another i.e. Company Ayy's transaction of \$100,000 cleanly eliminates Company Bee's transaction of \$100,000.

Actuals and Consolidations

To enable Actuals in your Consolidated file, you need to open your lower-level files and enable Actuals in each of them. If the Consolidated file does not display Actuals in the months you are expecting, you need to review your lower-level files and ensure that they all have Actuals loaded in the same period.

Maintaining Consolidated Files

A Castaway's consolidated file is essentially a reader file of the files that are roll up into it. To ensure that your Castaway's consolidated file is readable, you need to ensure the following:

- 1) Your Castaway files are saved in the same folder as your Consolidated (.pxic) file
- 2) Do not rename the files that are used in your Consolidated file

Best Practice

Create and save your Consolidated file (.pxic) in the same folder as your Castaway lower-level files. If you intend to share your files to a colleague or accountant, you can then just Zip the folder up and attach it to an email. This will allow the 3rd party to read and open the Consolidated file.

Skill Builder

1. Consolidation
 - a. Consolidate Company Ayy and Company Bee
 - b. Eliminate the intercompany loans