

# World Bank **PULSAR**

## Consolidation of SOE´s – practical aspects

11 November 2025

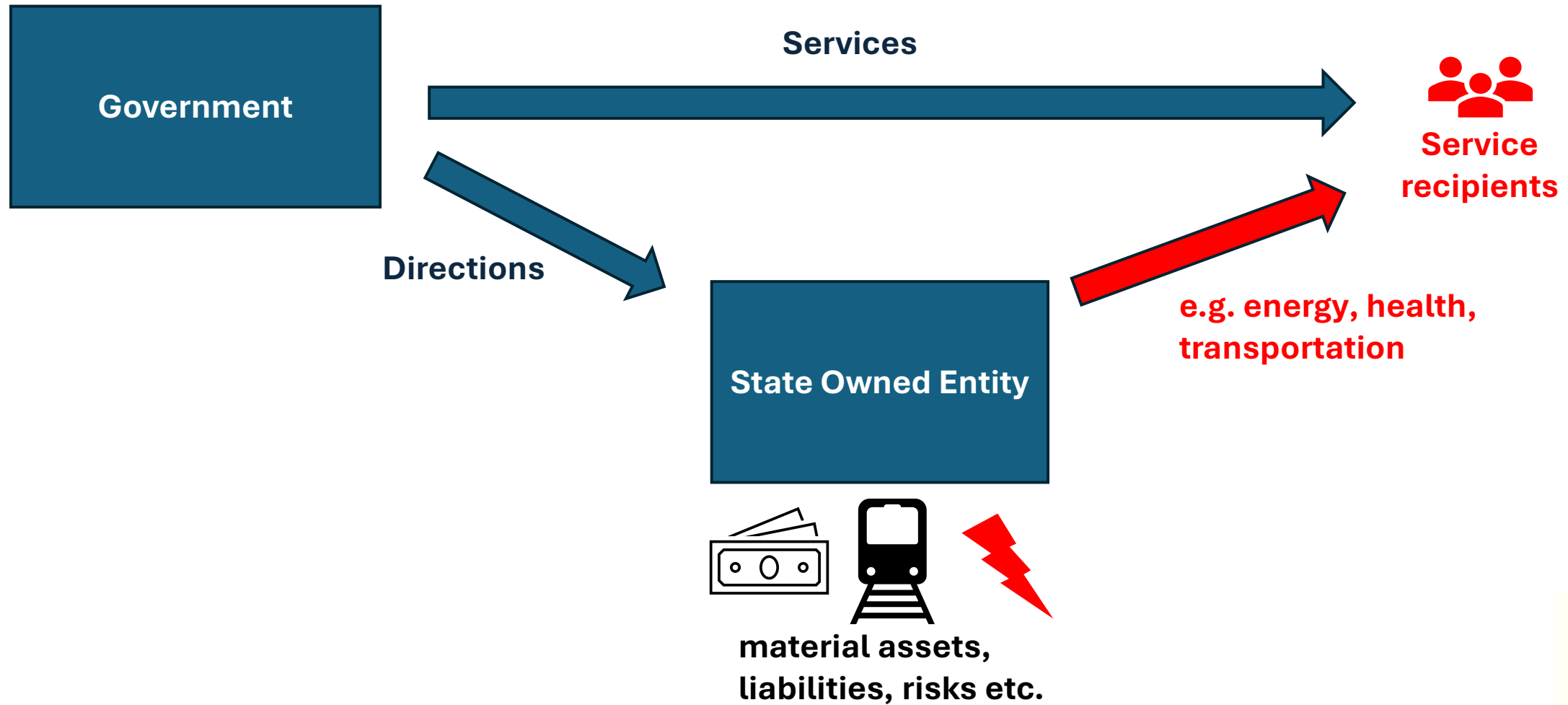
Thomas Müller-Marqués Berger



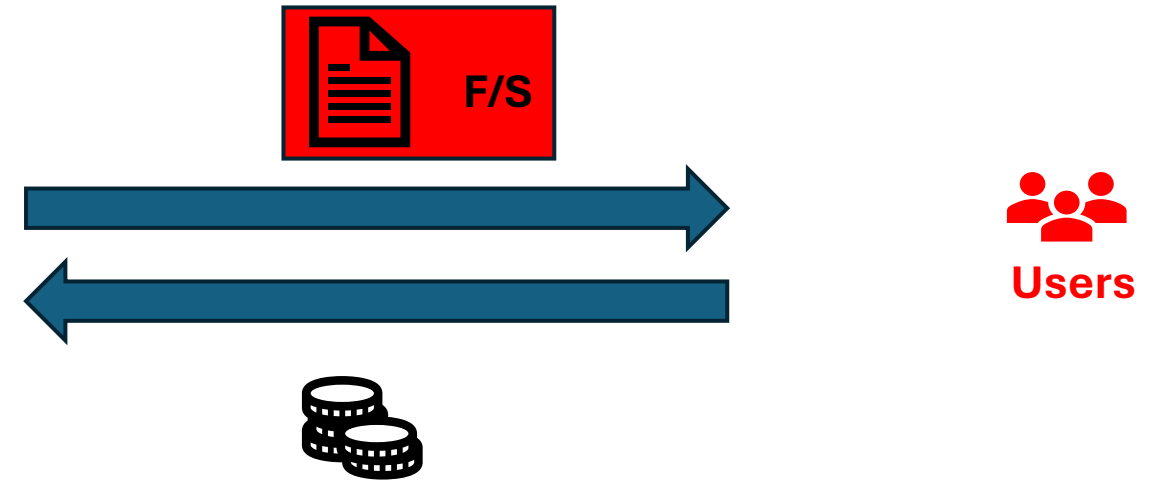
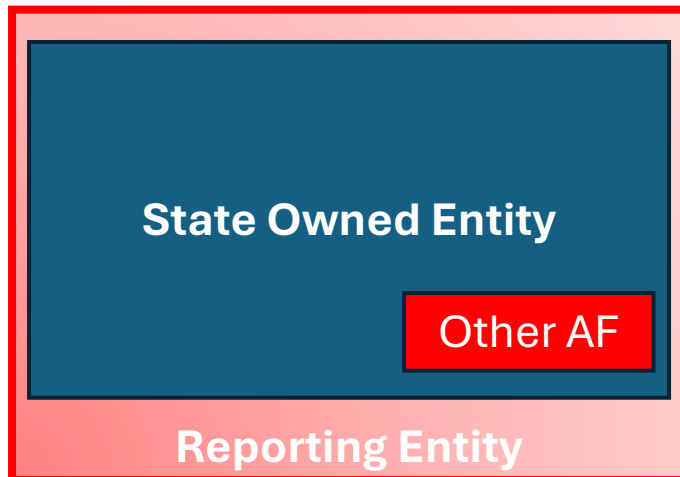
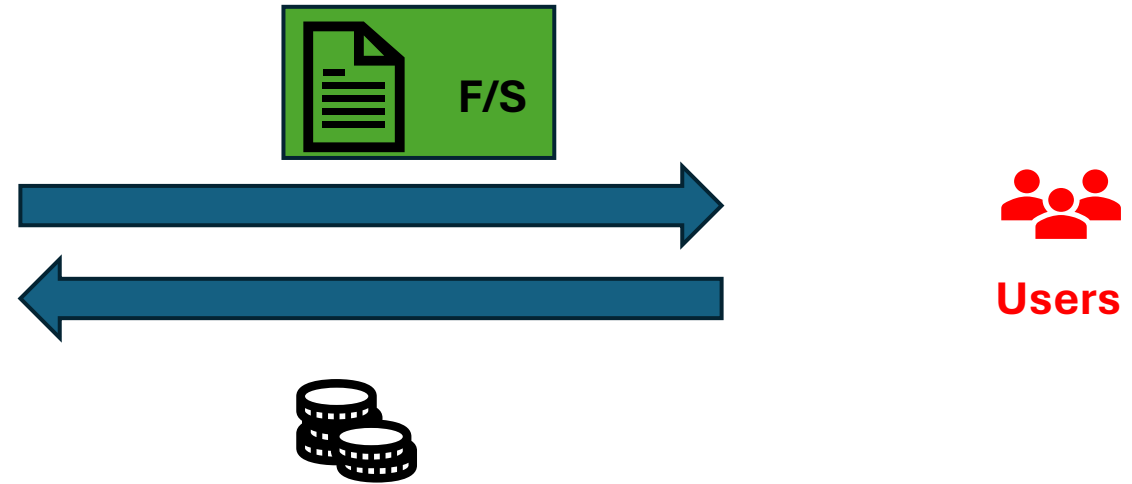
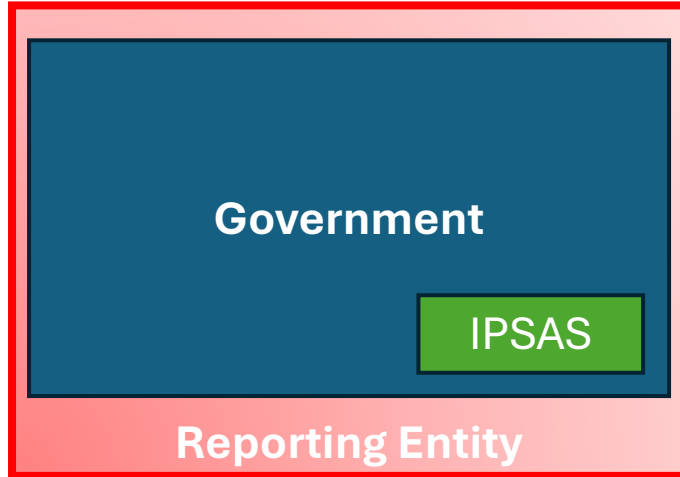
# Agenda

1. Context and relevance
2. Data flow
3. Practical challenges
4. Actionable insights

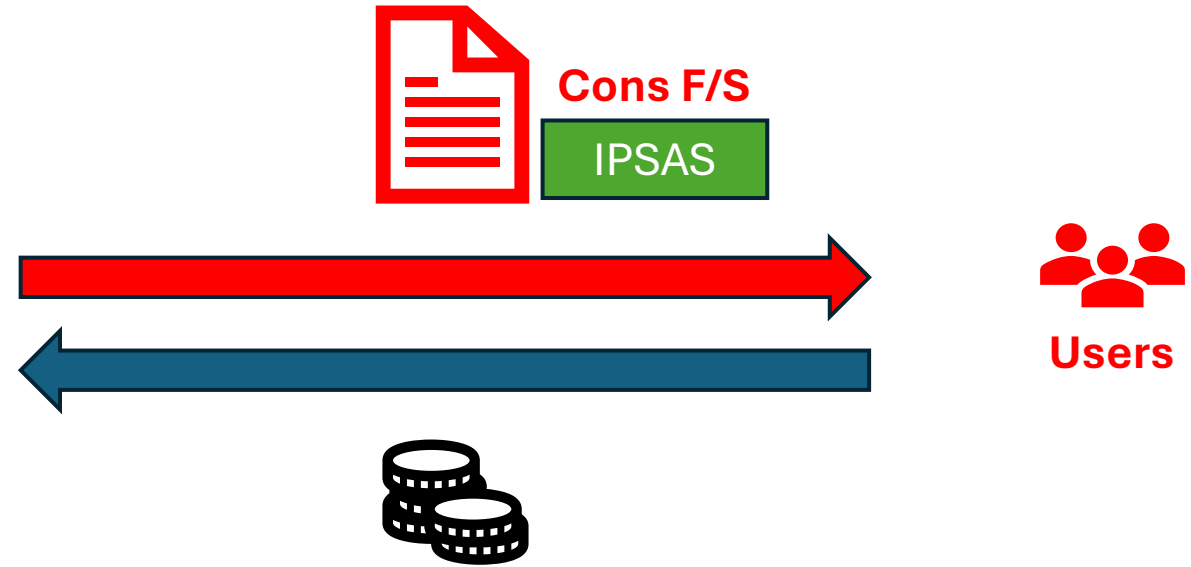
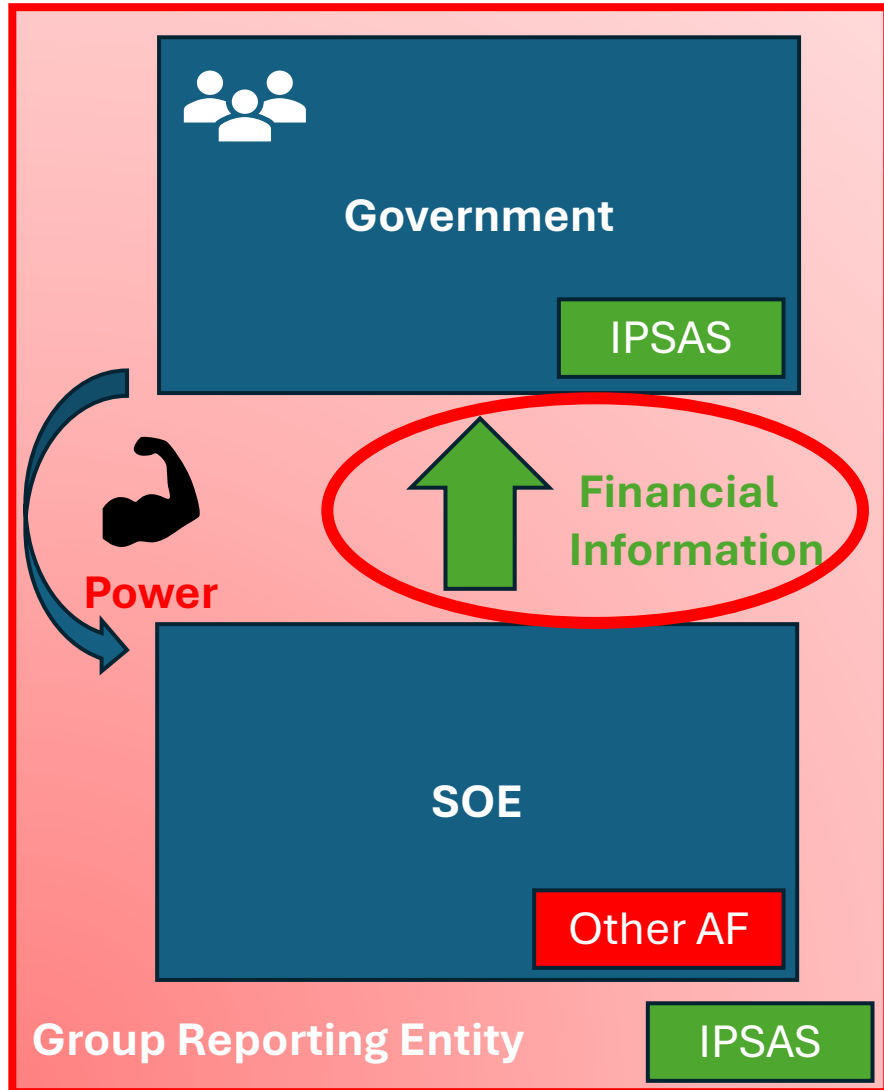
# 1. Context & relevance



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## 2. Data Flow Model – from SOE trial balance to Group F/S



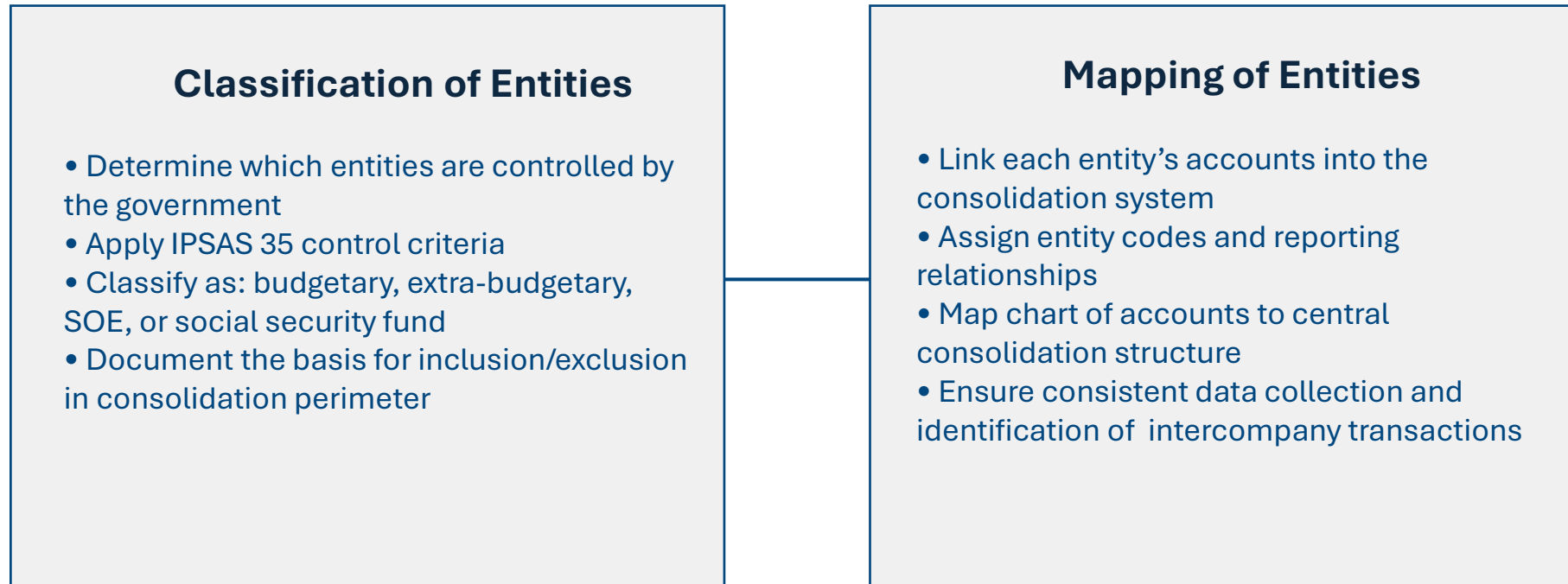
**Illustration of the end-to-end consolidation process for SOEs:**

- 1. Local accounting and trial balances**
- 2. Standardization and mapping to IPSAS/national framework**
- 3. Data validation and intercompany reconciliation**
- 4. Consolidation adjustments and eliminations**
- 5. Aggregation of detailed data into total/sub-totals to group-level accounts**
- 6. Preparation of consolidated financial statements and disclosures**

# 3. Practical challenges - overview

	Challenge
<p><b>Define the consolidation perimeter</b></p> <p><b>Core issue:</b> decide on entities to be included, define how they are integrated</p>	<p><b>Borderline cases:</b></p> <ul style="list-style-type: none"> <li>- Corporations under joint control (PPPs, joint ventures)</li> <li>- Public financial institutions (e.g. development banks, social security funds)</li> <li>- Commercial SOEs in competitive markets</li> </ul> <p><b>Classification</b> and <b>mapping</b> of entities</p>
<p><b>Data, systems and timing issues</b></p> <p><b>Core issue:</b> get reliable &amp; consistent data, align with government accounting policies</p>	<ul style="list-style-type: none"> <li>- <b>Heterogeneous accounting</b> frameworks (IFRS, local GAAP, cash-based, modified accrual)</li> <li>- Different <b>reporting timelines and year-ends</b></li> <li>- <b>Inconsistent information</b> (CoA/data structure, recognition coverage, valuations, disclosures)</li> <li>- Elimination of <b>intercompany transactions</b> (identification, remaining differences)</li> </ul>
<p><b>Governance &amp; Audit</b></p> <p><b>Core issue:</b> ensure credibility of consolidated inform.</p>	<ul style="list-style-type: none"> <li>- <b>Coordination</b> between central finance ministry, SAI and SOE auditors (focus, timing)</li> <li>- Lack of common <b>materiality</b> thresholds</li> <li>- Need for clear <b>group auditor approach</b> (ISA 600 logic)</li> </ul>

# 3. Practical challenges: classification vs. mapping



**Classification = 'Who is in the group?'**



**Mapping = 'How are they integrated into the system?'**

### 3. Practical challenge - reporting package

Column 1: Primary Accounting Framework	Column 2: Adjustments	Column 3: Unified Accounting Policies
Financials of the SOE based on the primary accounting framework of the individual entity	+ / - adjustments to align with the unified group accounting policies as described in a group accounting manual	Financials of the component based on the unified accounting policies for consolidation purposes

**Essential: harmonized data structure – CoA!**

# Practical Guidance – Consolidation SOEs

Practical guidance on accounting for SOEs is available, including how the IPSAS standards align with the relevant international standards and concepts on consolidation.

You can download the guidance via the QR code below:



## IPSASB STAFF QUESTIONS AND ANSWERS ON STATE-OWNED ENTERPRISES

IPSASB

May 30, 2018 | Staff Q&A

English


All available Translation: French | Spanish

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This Q&A discusses the compatibility for consolidation purposes of IPSAS and commercial public sector entities. The use of IPSAS for non-profit-seeking entities should not give rise to significant compatibility issues when SoEs reporting under IFRS, or a similar national framework, are consolidated into a government's financial statements.



### 3. Practical challenge - reporting package

Column 1: Primary Accounting Framework	Column 2: Adjustments	Column 3: Unified Accounting Policies
<p data-bbox="186 572 794 725">Financials of the SOE based on the primary accounting framework of the individual entity</p> <p data-bbox="583 811 830 886">IFRS</p>	<p data-bbox="868 572 1505 782">+ / - adjustments to align with the unified group accounting policies as described in a group accounting manual</p> <p data-bbox="1352 772 1518 886"></p>	<p data-bbox="1556 572 2206 725">Financials of the component based on the unified accounting policies for consolidation purposes</p> <p data-bbox="1964 811 2186 886">IPSAS</p>

# 4. Actionable insights

- 1 Start with **mapping** and **classification** of entities
- 2 Develop a **legal and data governance framework** for consolidation
- 3 Invest in **capacity building** both in SOE´s and at the consolidation center
- 4 Use **pilot consolidations** before full rollout

# Thank you!



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Change through experience

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