Consolidation of Accounts of Public Groups: the case of Portuguese Public Universities

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ABSTRACT

The consolidation of financial information is an important aspect to be taken into consideration by financial directors and politicians in the decision making process.

Furthermore than a precious management tool for politicians and technicians, the consolidation of financial information also contributes towards strengthening the transparency of information, for citizens as well as for other interested organizations.

Consolidation produces a single set of financial statements – Balance and Income Statements - as well as the budgetary control sheet of the Public Groups' revenue and expense, as if this was a single entity.

The main idea that will be developed in this paper is based on the standards established by the Charter of Accounts for the Education Sector (CA-Education), as well as a study carried out within the scope of the consolidated accounts in some Portuguese public universities.

1. Introduction

The consolidation of financial information is not only a valuable management tool for politicians and technician but it also contributes to strengthen information transparency, both for citizens and other interested parties.

Consolidation enables us to obtain a single set of financial statements – Balance and Income Statement – as well as budgetary control charts for the income and expenditure of the “Public Group”, considered as a single entity. Consolidation provides information on a specific entity, in this case Portuguese public universities (PPU), constituting an economic unit, that is, a “group” which comprises the entity itself, its autonomous bodies, associations, foundations and other entities of a commercial nature, if they exist, providing a truthful image of the organization as one. The accounts of the entity and its autonomous bodies are thus calculated and presented according to the standards and principles legally established.

Regarding public higher education institutions (HEI), the Charter of Accounts for the Education Sector (CA-Education), approved by decree order no. 794/2000, on 20th September, establishes that Institutions, considered as “Public Groups”, are thereon compelled to present consolidated accounts.

The underlying idea of this paper is based on the analysis of the consolidation rules presented in the Charter of Accounts for the Education Sector (CA-Education), as well as the documents on the presentation of consolidated accounts issued by higher education institutions. Thus, the aim of the study is to:

- sustain the importance and role of consolidation of accounts in decision making and, consequently, in the improvement of PPU’s management;
- analyze the preparation and presentation of consolidated financial statements by “Public Groups” composed by PPU and their organic units;
- discuss to what extent PPU may improve their decision making process through consolidated accounts, aiming for a conclusion.

2. Consolidated Accounts according to the CA-Education

Consolidation of accounts is a management tool which is essential as it will enable, as much as possible, information on the financial status, its changes and the results of the transactions carried out by the entities which comprise the public group.

One of the tools which may contribute to control and monitor the public group is consolidation of accounts, given that when making economic and financial statements of a set of entities which are connected as one, it aims to give, as much as possible, a true and appropriate image of the financial status and the results of the entities which comprise that group.

The CA-Education was approved subsequently to POCP, by Order 794/2000, on 20th September and presents a specific chapter on Consolidation of Accounts. This chapter provides the methods and procedures.

In the scope of International Standards for consolidation of accounts for the Public Sector, the International Federation of Accountants (IFAC) published two standards:

- IPSAS 6 – Consolidated Financial Statements and Accounting for Controlled Entities;
- IPSAS 7 –Accounting for Investments in Associates.

These standards are under review by the IFAC.

Regardless the legal requirements, consolidation of accounts proves to be a powerful tool both for external information as well as for management support. In truth, consolidation of accounts supports decision-making of managers, investors, creditors and public in general.

Chapter 12 of the CA-Education establishes the standards for consolidation of accounts. The general principles are:

- Accounting Principles – The ones in other chapters of the CA-Education should be followed.
- Valuation Criteria - The ones in other chapters of the CA-Education should be followed.
- Consolidation Methods allowed:
  - Simple Aggregation Method;
  - Full Consolidation Method; and
  - Patrimonial Equivalence Method.

The patrimonial equivalence method allows a record to be initially processed for the acquisition cost or for the proportion of the net assets/equity of the associate entity. A set of rules is established with regards to the first application. The records regarding consolidation may be processed extra-digraphically. One of the aspects to be highlighted is the concept of “Public Group”.

In terms of definitions, CA-Education establishes the following:

Chart 4 – Definitions

Public Group (Economic Entity)	Is the joining of the controlling entity and the controlled entities.
Associate (affiliate)	Is an entity in which the investor (controlling entity) has significant influence and which is neither a controlled entity nor a joint venture of the investor.
Control	Is the power to govern the financial and operating policies of another entity so as to benefit from its activities.
Consolidated Financial Statements	Are the financial statements of an economic entity presented as those of a single entity.
Controlled entity	Is an entity that is under the control of another entity.
Controlling entity	Is an entity that has one or more controlled entities.
Minority interest	Is that part of the net surplus (deficit) and of net assets/equity of a controlled entity attributable to interests which are not owned, directly or indirectly through controlled entities, by the controlling entity.

Source: self-made

The consolidation of public accounts is important for various reasons which will be presented:

- As a management tool – correct formulation of politics and strategies of a group.
- As an information tool – it allows us to obtain a true image of the assets and of the profits and losses of the group's entities.
- Enables information transparency – for citizens and interested parties.
- Consolidated financial statements are a complement, and not a substitute, of individual financial statements of the entities comprising the group.
- Consolidated financial statements aim to achieve a true and appropriate image of the "public group's" financial status and transactions results.

Consolidation of accounts – consolidation of the financial and patrimonial information.

Consolidated financial statements are as follows:

Consolidated financial statements
Consolidated balance sheet Consolidated financial statements Appendix to the consolidated statement and to the Consolidated financial statements Consolidated Management Report

It is recommended that the consolidated cash-flow statements be included.

The Appendix to the Consolidated Financial Statements (ACFS) is a key element in the consolidation of accounts. It includes information which aims to complement the data presented in the consolidated financial statements.

3.2.1. Management Report

Chapter 13 of the CA-Education focuses on the management report which will be presented by the institution's competent body. In compliance with the standard, the following aspects should be considered:

a. A justification for the activities not carried out and planned for in the activities plan;
b. The economic situation regarding the financial year, particularly analyzing the evolution of the different activities and functions, namely with regards to investment, functioning conditions, costs and gains;
c. A synthesis of the financial situation, considering some financial management indicators, budgetary indicators and economic indicators suitable for financial statements, charts on budgetary management and other accounting outputs;
d. Evolution of debt on the short, medium and long term to and of third parties, over the last three years, separating debts to credit institutions from other debts to third parties;
e. Relevant facts which occurred after the end of the financial year;
f. Other aspects required by the law in force [Decree-Law no. 183/96, publicized on 27th September (activities' plan and report)] and Decree-Law no. 190/96, publicized on 9th October (social balance) and the instructions issued by the competent entities.

3.2.2. Consolidation of Accounts

To carry out consolidation, the following should be taken into consideration: the power element – the possibility to establish, or approve, guidelines about budgetary, financial and operative policies; the income element – which represents the possibility to control an entity, benefiting from its interest in the other entity.

- **Power conditions:**

The entity must have the power to approve the statutes or the internal regulations of another entity. The entity must have the power to, in the light of the statutes and law in force, appoint, approve appointment, or discharge most of the members from another entity administration. The entity must, directly or indirectly throught the controlled entities, must have the majority of the votes from another entity. The entity must have the power to select, or regulate the selection of the majority of the votes that may come to be selected in a general assembly of another entity. The entity holds the majority of the voting rights of another entity (where property is established as shares, stock or any other similar structure of capital).

- **Conditions of profits and losses:**

The entity must have the power to demand the allocation of assets of another entity. The entity must have the power to dissolve the other entity and obtain a significant amount of residual economic benefits.

Presumption of Control (1):

- Conditions of power:

The entity must have the right to veto current budgets and/or capital of the other entity. The entity must have the possibility to veto, derogate or change the decisions of the administrative board from another entity. The entity must be able to approve the establishment plan, reallocate or remove key staff from another entity. The other entity's term of office is established and limited by law. The entity must have a *golden share*, or the equivalent, in the other entity, which grants it the right to administrate the financial and operational policies of the other entity.

Presumption of Control (2):

- Conditions of results:

Directly or indirectly, the entity must be the holder of net assets of another entity as well as have full access to them. The entity must have the right to a significant amount of net assets of another entity in case of clearance or any other type of allocation. The entity must have the ability to lead another entity to cooperate in achieving its own goals. The entity must be the second in line for the liabilities of the other entity.

3.2.3. Consolidation procedures – General Rule

The public groups financial statements must be prepared based on the same accounting basis (cash basis or accruals basis). The consolidation methods and procedures must be applied in a consistent way from one financial year to the other. If there is a change in the public group's composition during the financial year, the consolidated financial statements (CFS) must provide data that enable the comparison between successive sets of CFS. The CFS must be prepared with regards to the same date of the controlling entities annual financial statement.

3.2.4. Phases of the consolidation process

Within the process of consolidation of accounts, the entities will have to follow a set of steps. The data should be previously standardized, which means it should gather the conditions for individual financial statements from the various entities to be compared by means of adjustments and reclassification as follows:

Time-span standardization – where the group's entities' annual accounts must refer to the same period of time and end on the same date.

Value standardization – financial statements from the various entities which will undergo consolidation must be adjusted so that all statements are prepared according to the same valuation criteria as the controlling entity.

Intra-unit transactions standardization (aggregation phase) – after making the necessary adjustments, data aggregation is carried out, that is, the sum and grouping according to the nature of the different records of the previously standardized individual accounts.

The consolidated financial statements must be measured according to standard valuation criteria. The controlling entity must apply the same valuation criteria that it uses in its own financial statements. It must once again value the CFS items where the valuation criteria used was different from the ones established for consolidation. Derogation to the last requirement is possible as long as it is reported in the ACFS.

3.2.5. Data aggregation

The controlling entity must aggregate the financial data regarding all entities which comprise de public group.

3.2.6. Exclusion of intra-unit transactions

Consolidated financial statements must present assets and liabilities, equity capital and profits and losses of the entities included in the consolidation process as if they were a single entity. The following should be excluded:

i. Debts among entities included in the consolidation process;
ii. The expenses and losses and the profits and gains regarding the transactions carried out among the entities included in the consolidation process;
iii. The transfer and subsidy transactions among entities included in the consolidation process;
iv. The profits and losses from transactions made among entities included in the consolidation process when they are included in the assets accounting value;
v. When a transaction has been concluded according to the regular market conditions and the elimination of the respective profits and losses lead to disproportionate expenses, it is possible to exceptionally make the exclusions referred in *iv) ;*
vi. The exclusions referred in i), ii), iii) and iv) may not be made when the sums are substantially irrelevant for the purpose of portraying a true and appropriate image of the financial status and profits and losses of the "public group".

3.2.7. Consolidation Methods

The consolidation of accounts aims to substitute the value of the capital shares it holds in the consolidating entity's balance sheets for the corresponding value in the assets of the consolidated entities; or aggregate the value of the consolidated entities' assets in the balance sheet, when the consolidating entity does not have holdings but there is an actual administrative control. In the specific case of education, issuing single accounts for the Ministry of Education.

According to the CA-Education the methods foreseen are the simple aggregation method, the full method and the patrimonial equivalence method.

- **Simple aggregation method –** It consists of adding every line of the balance sheets and profits and losses statements from the entities within the public group, leaving out the transfers and subsidies made among entities.
- **Full consolidation method –** It consists of integrating the items corresponding to the balance sheet and in the profits and losses statements of the consolidated entities in the balance sheet and in the profits and losses statements of the consolidating entity, highlighting the rights of third parties, named "minority interests" for the purpose.
- **Patrimonial equivalence method –** It consists of substituting in the balance sheet the accounting value of the capital shares it holds for the proportionate corresponding value in the equity capital of the participated entity.

According to Cravo *et al* (2001:445) the specifics of the Public Sector imply that, besides the traditional full consolidation and patrimonial equivalence (here considered of remote application) methods there is a need to acknowledge a swifter method which theory has named: "Simple Aggregation Method".

Chart 5 – Synthesis of Methods

Charts / Method	Consolidated Balance Sheet	Profit and Losses Consolidated Statement
Simple Aggregation	The total of the globally integrated society's balance sheet is added to controlling	The total expenses and income of the globally integrated society is added to the expenses and

	entities balance sheet, performing all other consolidation transactions after that.	incomes of the controlling entity, performing all other consolidation transactions after that.
Full Consolidation	The total of the globally integrated society's balance sheet is added to controlling entities balance sheet, performing all other consolidation transactions after that, highlighting the rights of third parties in minority interests.	The total expenses and income of the globally integrated society is added to the expenses and incomes of the controlling entity, performing all other consolidation transactions after that.
Patrimonial Equivalence	Financial holding of the controlling entity's balance sheet are adjusted according to the corresponding proportionate value of the equity capital in the participated entity.	Only presents the expenses and income of the controlling entity. The fraction which belongs to the centring entity in the profits and losses of the participated entity are added to profits and losses.

Source: Pires Caiado *et al* (2007:581)

3.2.8. Dismissal from Consolidation

According to chapter 12.4.3 of CA-E "The controlling entity if dismissed from presenting consolidated financial statements when, on the date to which its financial statements refer to the group of entities to consolidate, based on its last approved annual accounts, it does not exceed two or three of the following limits:

a) Total Balance Sheet — 5 million Euros;
b) Total Income — 10 million Euros;
c) Staff — 250."

When two of the limits established in the previous chapter are no longer exceeded, this does not produce effects, in terms of the dismissal there referred, unless this occurs for two consecutive financial years.

3.2.9. Exclusions

When holdings in the capital of associate entities are not substantially relevant to portray the true and appropriate image of the financial status and income of the public group, there is no need to apply what is specified in CA-E, regarding the application of Patrimonial Equivalence Method (PEM).

Holdings that are not substantially relevant to achieve the aim of consolidation may be excused from the application of the patrimonial equivalence method.

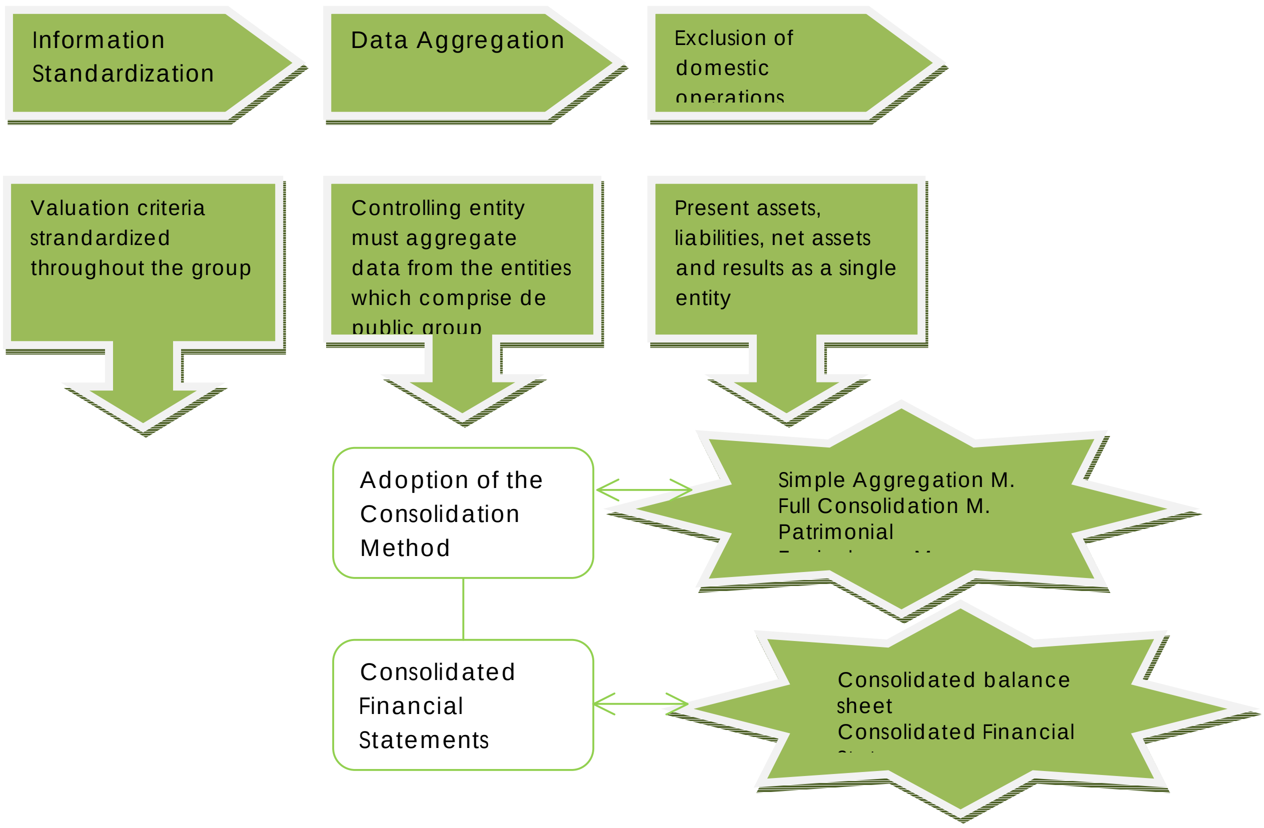
3.2.10. Consolidation procedures

Pires Caiado *et al* (2007:583) argue that the consolidation procedures are divided into 4 phases:

- PREPARATION – Global design of the consolidation structure.
- COLLECTION – Proceed to the collection of data from the entities within the consolidation perimeter and the necessary adjustments are made.
- CONSOLIDATION – Intra-group exclusions are performed and possible reclassification and allocation which may improve data quality.
- ANALYSIS – Once the data is consolidated, it is possible to develop various charts and reports of this nature.

In graphic term:

Fig. – Consolidation process



Source: self-made

3.2.11. Dissemination

The consolidated financial statements and the consolidated management report must be published in the *Diário da República*. The consolidated accounts must undergo legal certification of accounts[1].

3.2.12. Entry into force

Universities are compelled to prepare consolidated accounts since 1 January 2002. Other public groups depend on orders from the Ministry of Education.

3.2.13. Subsidiary Rules

In cases not foreseen in the CA-Education the rules applied will be according to the National Plan of Accounts, and the Accounting Guidelines issued by the CNC and, if necessary IFAC standards.

4. Consolidation of Accounts in PPU – case studies

In the scope of this study, we collected the 2006 and 2007 consolidation of accounts published by Public Universities. A brief comparative analysis of this data was carried out (appendix). In 2006 (for 2007 there is still no data for one of the universities) only five of the thirteen Portuguese Public Universities published the consolidation of accounts in compliance with the CA-Education:

- University of Algarve
- University of Aveiro
- University of Beira Interior
- University of Coimbra
- University of Porto

In spite of the institutions' effort, some of which with rather simple autonomic structures, where Faculties are not financially autonomous entities, the detailed analysis of the consolidated data highlights some frailties, namely:

a) in general, the consolidation perimeter does not include the entire universe of entities in the group.

[1] The Chartered Accountant issues his/her opinion about the financial statements that were examined.

	University of Coimbra	University of Algarve	University of Aveiro	University of Beira Interior	University of Porto
Consolidation Perimeter	Rectorate Establishments 8 Faculties 2 Organic Units Social Services Some entities which have UC's participation	UALG Social Services UALG's Foundation for Development Algarve STP- Science and Technology Park Algarve TIC University Radio Association	UA SASA ISCAA João Jacinto de Magalhães Foundation UNAVE GrupUnave	UBI SASUBI New Europe Foundation	Rectorate 13 Faculties Abel Salazar Institute of Biomedical Sciences Management School of Porto

b) the consolidation procedures are based on "simple aggregation". The associate entities did not undergo valuation using the patrimonial equivalence method, as established by the CA-Education, since it is believed that such adjustments do not lead to substantially relevant corrections;

c) not all groups consolidate information on a budgetary perspective, namely with the inclusion of a consolidated cash-flow chart;

d) difficulty in making the perspectives of budgetary accounting and patrimonial accounting compatible in an effective way, which may be translated namely into the evidence of negative Net Income in consolidated accounts of all public universities. Note the difference between the concepts of financial "income" (in budgetary accounting).

Resorting to digraphic accounting, by introducing the Charter of Accounts (CA), with some adjustments for universities (CA-E) did not change, in essence, the principles of financial management, which are basically sustained by the balance of cash account, that is, the expenses made (current and equity) must always have the corresponding incomes (financing sources) associated to them. The records of these facts correspond to what is known as public or budgetary accounting. Its "income", a term actually not applied in this type of "accounting", corresponds to the difference between payments and collections, a difference which will lead to an increase or decrease in the initial cash account balance (management balance).

In spite of the differences which support these two types of accounting, the truth is that they co-exist even within a common information system. In fact, while patrimonial accounting (CA) records the patrimonial facts occurred over each period, regardless its payment or collection, budgetary accounting only records payments and collections which occurred over that period, regardless the nature of the transaction.

In fact, if on the long term both accounting types tend to have null results, that is, a balance between payments and collections, in budgetary accounting and for a balance between "revenue and liabilities" in patrimonial accounting, on the short term, there are important aspects to consider which affect the balance between revenue and liabilities, namely

i) Depreciation (depreciation of fixed assets) is recorded only for patrimonial accounting, as these are costs and not expenses.

However, the purchase of fixed assets financed by specific financing sources (ex. PIDDAC) will have a null effect on the income, as annual depreciation are compensated by extraordinary incomes, that is, the imputation of the revenue's deferral will be in accordance with depreciation.

ii) There are, however, at least two more aspects which change the logics of the previous procedure:

- Depreciation of fixed assets which has been accounted for in inventory and evaluated, and therefore does not have an income associated;

- The same happens with depreciation of fixed assets which were financed by equity capital (tuitions, for example). Depreciation in the next years will also be free of associated income;

iii) Provisions for debtors of doubtful assets for depreciation of stocks and contingencies will also not be compensated in terms of incomes, therefore, they will be considered for the incomes, in this case for its decrease.

iv) All adjustments to incomes and expenses which are considered to ensure the principle of accrual (or specialization), the basic principle of patrimonial accounting, will have no effect on budgetary accounting.

	University of Coimbra			University of Algarve			University of Aveiro			Univ. Beira Interior			University of Porto		
	2007	2006	Δ%	2007	2006	Δ%	2007	2006	Δ%	2007	2006	Δ%	2007	2006	Δ%
Assets															
Fixed Assets	377,825,735	386,049,328	-2%	55,151,717	58,660,493	-6%		120,144,617		98,225,316	95,554,336	3%	435,047,990	412,882,854	5.37%
Financial Investments	4,279,855	4,166,069	3%	4994	4,994	0%		1,613,025		180,650	166,938	8%	8,225,998	7,416,248	11%
Receivable Accruals	652,847	136,723	377%	280,699	382,814	-27%		10,173,073		223,365	292,975	-24%	1,852,956	2,204,925	-16%
Total Assets	435,213,964	442,233,438		59,058,281	64,958,341			163,295,749		104,009,648	102,710,574		500,700,633	473,622,353	
Liabilities+CP															
Equity Capital	332,281,492	357,272,965	-7%	418,006	1,951,860	-79%		44,811,087		24,058,032	78,758,737	-69%	433,444,119	421,262,556	3%
Receivable Accruals	99,830,103	82,138,571	22%	57,568,729	61,749,031	-7%		112,841,071		79,775,696	23,930,004	233%	62,893,467	47,308,622	33%
Liabilities Total+CP	435,213,964	442,233,438		59,058,281	64,958,341			163,925,749		104,009,648	102,710,574		500,700,633	473,622,353	
Costs															
CMVMC	2,380,053	2,544,805	-6%	0	0			1,499,681		779,770	764,622	2%	1,168,844	1,273,374	-8%

FSE	22,067,461	21,293,369	4%	6,211,915	7,114,024	-13%		15,770,036		4,388,748	4,167,609	5%	29,641,901	30,238,656	-2%
Staff	98,687,587	95,121,048	4%	39,728,246	38,011,716	5%		53,322,780		25,930,917	24,097,891	8%	127,633,785	118,548,410	8%
Depreciation	11,714,089	9,887,122	18%	3,155,534	3,191,667	-1%		8,142,635		4,418,102	4,224,106	5%	12,126,774	10,834,805	12%
Revenue															
Sales+Service Prov.	10,559,383	9,676,593	9%	1,744,251	1,576,581	11%		6,028,719		2,393,642	2,257,344	6%	12,204,983	10,179,383	20%
Taxes and other	20,306,338	17,034,089	19%	8,719,957	6,923,091	26%				5,404,457	4,477,897	21%	29,087,843	26,917,139	8%
Supplementary Revenues	1,177,145	1,040,378	13%	316,964	320,719	-1%				721,934	391,092	85%	1,492,080	1,303,104	15%
Current Transf. and Subs.	107,973,776	109,755,387	-2%	35,853,721	41,042,486	-13%				27,885,731	27,718,883	1%	128,366,178	133,949,216	-4%
Operational Revenues	1,208,858	1,135,607	6%	178,277	170,843	4%				65	226	-71%	1,789	9,300	-81%
Revenues and financial gains	1,210,277	812,452	49%	133,106	112,452	18%				104,025	133,916	-22%	1,344,724	919,909	46%
Extraordinary Revenues and Gains	2,633,057	1,909,555	38%	2,610,569	2,091,588	25%				3,273,976	384,449	752%	4,124,870	7,408,861	-44%
Profits and Losses															
Operational	-8,154,320	-1,502,583	443%	-4,311,935	-1,584,225	172%		-7,006,155		-3,808,518	-1,807,580	111%	-4,859,061	1,345,552	-461%
Financial	1,156,428	688,346	68%	124,115	105,324	18%		650,589		100,556	126,520	-21%	1,264,990	659,161	92%
Current	-6,997,892	-814,237	759%	-4,187,820	-1,478,901	183%		-6,355,566		-3,707,962	-1,681,060	121%	-3,594,071	2,004,713	-279%
Extraordinary	-271,549	-281,994	-4%	2,126,286	1,914,529					3,221,085	98,650	3165%	3,399,666	6,407,352	
Net from consolidation	-7,269,441	-1,096,231	-563%	-2,061,533	435,628	-573%		-82,092		-486,877	-1,582,410	69%	-194,405	8,412,065	-102%

exercise															
Net Res,, Consolidated+Int, Min,	-7,269,441	-1,096,231											-194,405	8,412,065	-102%

Net Res. / Total assets	-0.017	-0.002	-0.035	0.007		-0.001	-0,005	-0.015	0.000	0.018
Personnel c./ Total c.	0.680	0.673	0.760	0.734			0.649	0.652	0.722	0.688

		Universities			
Indicators	**Univ. Coimbra**	**Univ. Algarve**	**Univ.Aveiro**	**UBI**	**Univ. Porto**
Net Profits and Losses -2007	-7,269,441	-2,061,533		-486,877	-194,405
Net Profits and Losses -2006	-1,096,231	435,628		-1,582,410	8,412,065
Evolution (%)	-563%	-573%		69%	-102%

Cost with staff - 2007	98,687,587	39,728,246		25,930,917	127,633,785
Cost with staff - 2006	95,121,048	38,011,716		24,097,891	118,548,410
Evolution (%)	4%	5%		8%	8%

Sales and Service Provision 2007	10,559,383	1,744,251		2,393,642	12,204,983
Sales and Service Provision 2006	9,676,593	1,576,581		2,257,344	10,179,383
Evolution (%)	9%	11%		6%	20%

Assets

Net fixed assets 2007	377,825,735	55,151,717		98,225,316	435,047,990
Net fixed assets 2006	386,049,328	58,660,493		95,554,336	412,882,854
Evolution (%)	-2%	-6%		3%	5%

Financial Investments 2007	4,279,855	4,994		180,650	8,225,998
Financial Investments 2006	4,166,069	4,994		166,938	7,416,248
Evolution (%)	3%	0%		8%	11%

Receivable Accruals 2007	652,847	280,699		223,365	1,852,956
Receivable Accruals 2006	136,723	382,814		292,975	2,204,925
Evolution (%)	377%	-27%		-24%	-16%

Total Assets

2007	435,213,964	59,058,281		104,009,648	500,700,633

2006	442,233,438	64,958,341		102,710,574	473,622,353

Liabilities

Equity Capital 2007	332,281,492	418,006		24,058,032	433,444,119
Equity Capital 2006	357,272,965	1,951,860		78,758,737	421,262,556
Evolution (%)	-7%	-79%		-69%	3%
			4322432,17		
Receivable Accruals 2007	99,830,103	57,568,729		79,775,696	62,893,467
Receivable Accruals 2006	82,138,571	61,749,031		23,930,004	47,308,622
Evolution (%)	22%	-7%		233%	33%

Total Liabilities

2007	435,213,964	59,058,281		104,009,648	500,700,633
2006	442,233,438	64,958,341		102,710,574	473,622,353

5. Conclusions

With the consolidation of accounts, public universities may draw benefits on different levels, such as:

- Consolidation of accounts aims to prepare economic and financial statements of a group of entities connected as if they were one, seeking to portray a true and appropriate image of the financial status and the incomes of the group of entities.
- It also enables single accounts, which represent the global activity and the status of the entities connect by common interests, thus obtaining consistent, more reliable and more comprehensive data from the entity.
- Consolidation of accounts encourages a more transparent and effective management, it facilitates a comparison of the financial status over time and enables a more realistic measurement of the services that the organization provides and the corresponding evaluation of public policies.
- It is however a somewhat complex process, therefore not all PPU have prepared consolidated accounts.

- From the review performed to the PPU presented earlier, it is possible to see that there is great disparity in the amounts of the items presented; therefore a more in-depth analysis should be performed not only to the items themselves, but also to the PPU structures.
- Final conclusions: the consolidation of accounts constitutes a precious management tool available for politicians and technicians. It supports the decision process and strengthens data transparency, thus contributing towards an improvement in the efficiency of public higher education institutions.

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Legislação

Accounting Guideline no. 9 – Accountability, in individual accounts of the owner, of parts of equity capital, de in branches and associates.

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