BrizoConsol

B R I Z O

BRIZOCONSOL ACADEMY • METHODOLOGY SERIES

The BRIZO Methodology

A Short Guide to Consolidation Methodology

Five phases, one sequence — for finance professionals who already know the accounting.

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WHY CONSOLIDATION NEEDS A METHODOLOGY

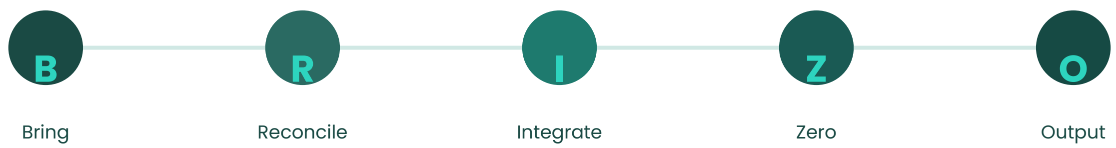
A finance professional can know every consolidation standard cold — IFRS 10, IFRS 3, IAS 21 — and still produce a different-looking close every quarter. Not because the accounting is wrong, but because there is no fixed discipline around which question gets answered first, and what has to be true before the next step can safely begin.

BRIZO is a consolidation process methodology. It doesn't introduce new accounting rules — it introduces sequence. Five phases, each with a specific job and a specific dependency on the one before it.

THE RESULT

A close that works the same way every period, regardless of how complex the group gets — and a team that can look at a broken close and know immediately which phase to check first.

THE FIVE PHASES AT A GLANCE



THE FIVE PHASES IN DEPTH

B

Bring Data Together

Decides which entities belong inside the group boundary and ensures every entity's data is in a comparable form — same reporting date, same functional currency, same structure.

Nothing downstream is built on a group boundary that wasn't confirmed.

DELIVERS

- Confirmed consolidation perimeter
- Standardised trial balances
- Locked currencies and translation rates

R

Reconcile Relationships

Confirms the ownership structure is fully mapped and every shared balance or transaction between group entities is agreed to one version before any adjustment touches the numbers.

No adjustment is ever built on a disputed number.

DELIVERS

- Agreed ownership map
- Reconciled IC matrix (all pairs agreed)
- Resolved disputes log — no open items

I

Integrate Adjustments

Determines the accounting consequences of every ownership relationship in the group — acquisitions, equity-accounted investments, NCI, and the translation effects of foreign subsidiaries. Each determination is made once, at the point the relationship is established, and carried forward.

Ownership consequences are worked out once, correctly, not rederived every close.

DELIVERS

- Goodwill schedule
- Fair value adjustment schedule (rolled forward)
- NCI calculation
- Equity method schedules
- CTA schedule

Z

Zero Group Effects

Removes the effects of the group trading with itself so the financials reflect only what happened with the outside world. Unlike I, this is rebuilt completely fresh every single period.

This period's intragroup activity is never missed by assuming last period's eliminations still hold.

DELIVERS

- Elimination journals (revenue/cost, loans, dividends, assets)
- Unrealised profit adjustment
- Elimination completeness sign-off

O

Output Group Financials

The point where everything B, R, I, and Z produced has to fit together into one coherent, internally consistent set of group financials — the last checkpoint before anything is published.

A genuine final check that catches gaps between phases before they reach the published numbers.

DELIVERS

- Consolidated P&L, balance sheet, SOCE, cash flow
- Disclosure notes
- Final cross-check sign-off

WHY THE ORDER IS NOT OPTIONAL

B before R

Reconciliation needs to know who it's reconciling between. B settles scope first.

R before I

Adjustments need clean, agreed numbers to work from. R settles the shared facts first.

I before Z

Eliminations depend on ownership consequences already being established. I integrates all ownership determinatio

Z before O

Output checks the whole picture. Z removes this period's intragroup effects first.

"Skip any link, and the chain breaks at exactly that point."

Two phases both deal with the consequences of the group being a group — and they work in opposite ways. Confusing them is one of the most common ways a consolidation otherwise correctly followed still produces the wrong answer.

I

— Integrate Adjustments

Determined Once, Felt Every Period

The accounting consequences of each ownership relationship are determined at the point that relationship is established — an acquisition date, a step change, the inception of a JV. Each

Z

— Zero Group Effects

Rebuilt From Scratch, Every Period

What group entities traded with each other this period is completely new information. Last quarter's eliminations say nothing about this quarter's activity. Z is always fresh.

THE PRACTICAL TEST

Does this depend on when the group first formed? I
Does this depend on what happened between entities this period? Z

Want the full course?

The complete BRIZO course is available on Udemy.

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