

AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Question 1

While doing the audit of consolidated Financial Statements, which current period consolidation adjustments are to be taken into account?

Answer

Following are the current period consolidation adjustments while making consolidation of financial statements.

- Elimination of intra-group transactions relating to interest or management fees etc.
- Elimination of unrealized intra-group profits on assets acquired from other subsidiaries.
- Elimination of intra-group indebtedness.
- Adjustments for harmonizing different accounting policies of parent unit and its subsidiaries.
- Adjustments for impairment loss that might exist for goodwill.
- Adjustment for significant events that occur between date of financial statements of the parent and of its components when the date/s of financial statements of components are different from the reporting date.
- Determination of movement in equity attributable to the minorities since the date of acquisition of the subsidiary.
- Treatment of minority interests' share of the losses, if such losses exceed the minority interests' share in the equity.