

WIRC Seminar on Ind AS

Consolidation – Presenter: CA Vaishali Koparkar – L&T Ltd

Key Points for discussion

- **Significance of Consolidated Financial Statements (CFS)**
 - Widely accepted international practice

- **Evolution of CFS**
 - Companies Act, 1956 → SEBI → Accounting Standards (IGAAP) → Companies Act, 2013 → Indian Accounting Standards (Ind AS)

- **Key regulatory requirements**
 - Companies Act, 2013;
 - Equity Listing Agreement (SEBI / Stock Exchange).

- **Accounting Standards on Consolidation**
 - Current IGAAP;
 - Notified Indian Accounting Standards (IND AS);
 - IND AS 110 - Consolidated Financial Statements;
 - IND AS 111 - Joint Arrangements;
 - IND AS 28 - Investments in Associates and Joint Ventures;

- IND AS 112 - Disclosure of Interests in Other Entities.
- **Major areas of difference between AS 21 and Ind AS 110**
 - Control as the cardinal principle
- **Major areas of difference between AS 27 and Ind AS 111**
- **Implications of the Ind AS on the financial statements and strategic decisions**
- **Blind spots for Consolidation under Ind-AS**
 - Practical difficulty in consolidation for Parent with subsidiaries in the Insurance, Banking/NBFC sectors;
 - Possible options to overcome practical difficulty.
- **The Soul of Consolidation**
 - Uniform Accounting Policies;
 - Translation of financials of subsidiary into Parent's reporting currency;
 - Elimination of inter-company transactions.
- **Consolidation of financial statements – The L&T way**
- **Way forward – Ind AS implementation**