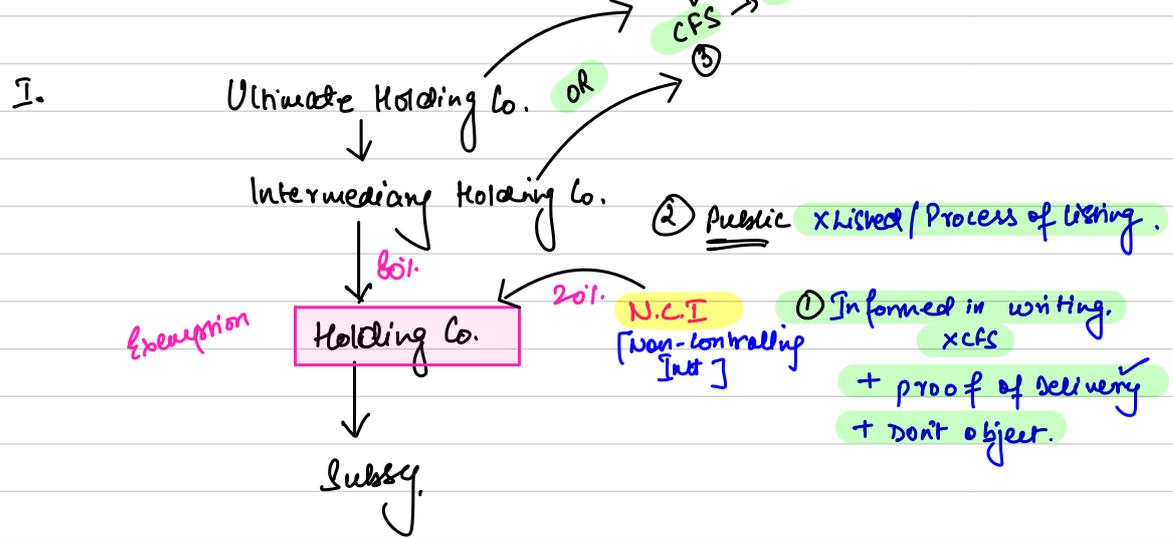


Group Audit [Audit of consolidated FS.] [5M]

CFS

- (CA JV) ?
- ① Co. → 1 or more Subsy, Associates or JVs → prepare CFS.
 - ② Provision related to PAA of Parent Co. shall apply *mutatis mutandis* (as it is) to CFS. [Preparation, Adoption & Audit]
 - ③ Also be approved by BOD & laid in Agm. [Attach Subsy FS details in AOC-1]
 - ④ As per Sched III & A.P.
 - ⑤ If exempt from preparing CFS, comply with Sched. III.

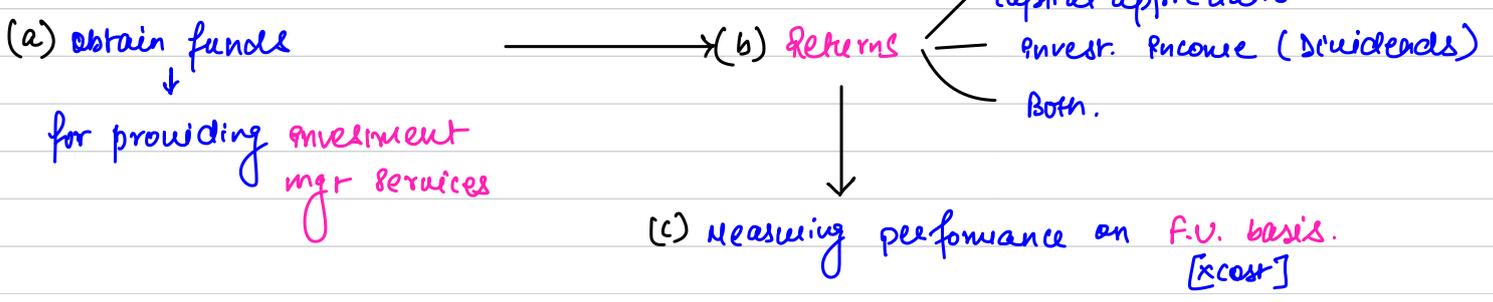
Exemption from CFS



II. Investment Entity [eg. mutual funds]

measure Investments ⇒ F.V. T. PL [Fair value through P&L] x consol.

3 conditions:



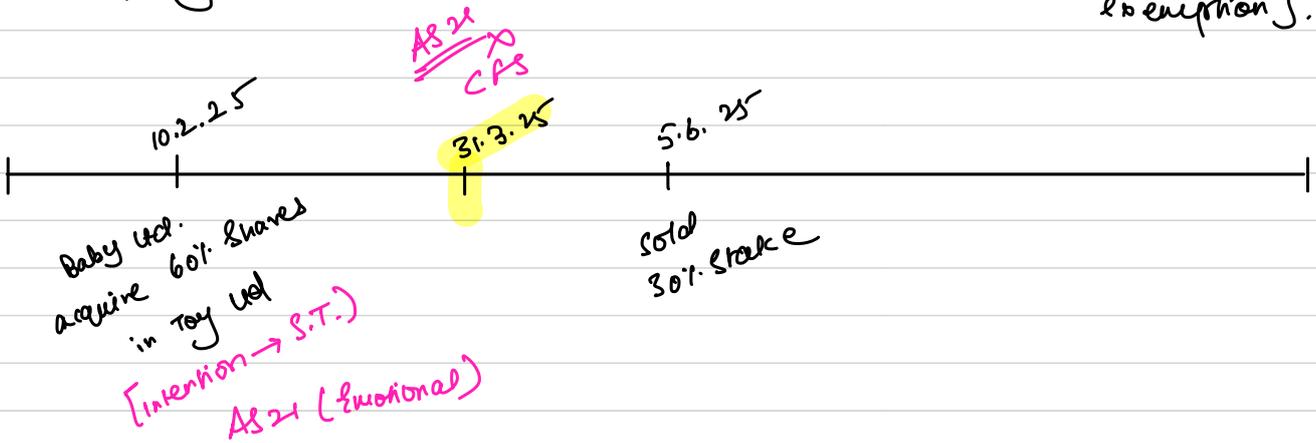
H \Rightarrow CFS? Yes unless it's also an Investment Entry.

Investment Entry

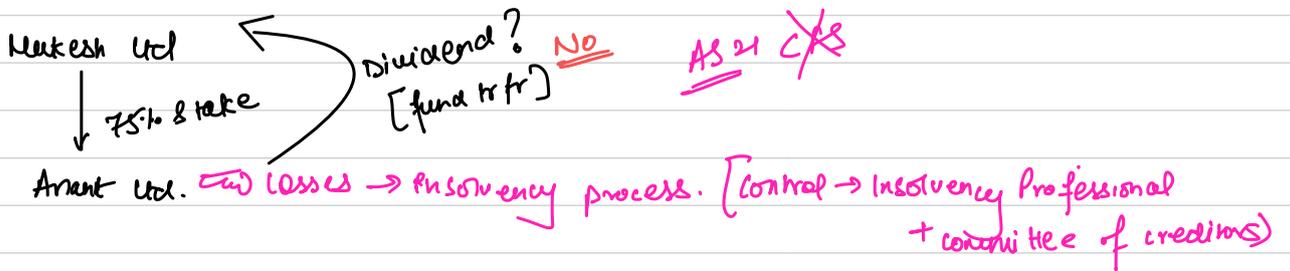
Exemption from CFS (AS 21)

① Temporary Control

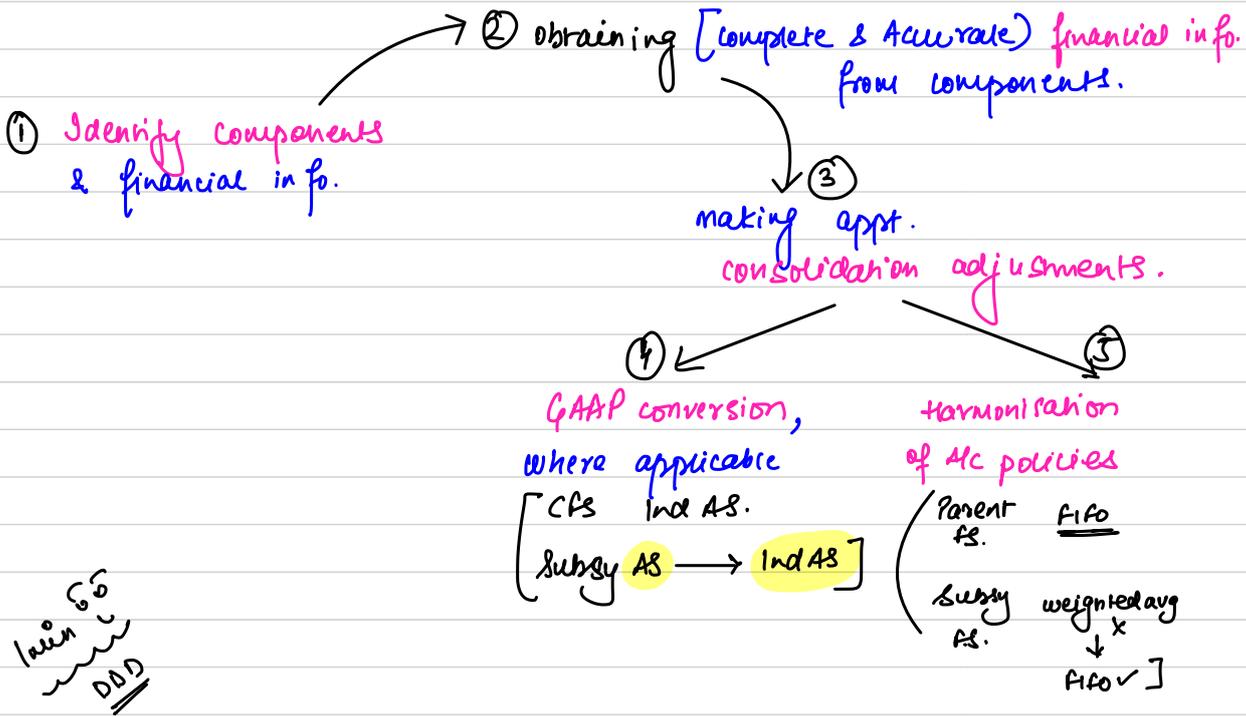
[Ind AS 110 \rightarrow No such exemption].



② Severe Long Term Funds Trfr Restriction (LTFR) [Ind AS 110 \rightarrow No Exemption]



Responsibility of Parent P.P. of CFS



Auditor's objective in audit of CFS.

- [R.A.] Satisfy that CFS. prepared as per AFRF.
 - Express opinion on true & fair view of CFS
 - [143(1)] Inquire on 143(1) matters. [A B C D E F]
 - [143(3)] Report on 143(3) matters.
 - validate requirements of preparing CFS as per AFRF.
[confirm → Exempt?]
- main*
oo

Materiality

Audit of SFS

Audit of CFS

For each component on standalone basis.

S₁ → x b x
S₂ → x b b
S₃ → x b b

Compute Group Materiality

①

Assess appropriateness of consol. adjustments

②

Determine material components
• Scope in additional comp.
• use work of other auditors.

③ Compute materiality for each component & communicate to comp. auditor

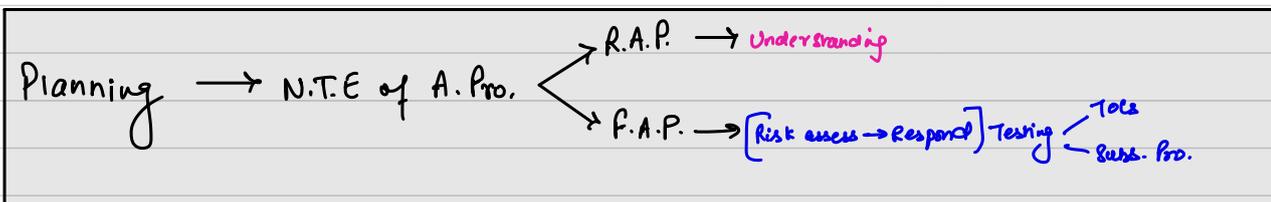
④ Also, obtain confirmation for independence, ethics etc.

Note: While considering observations [modified opinion | Em | DM Para] in comp. AR, consider materiality as per SAG 600.

by CFS Revenue ₹10000 Cr.
Group materiality 500 Cr @ 5%.

Subsy AR → modified opinion → M.M. ₹ 120 Cr.

C.F.S. Are modify? NO [Immaterial].



Planning Audit of CFS.

Understanding

① Group structure & group wide controls.

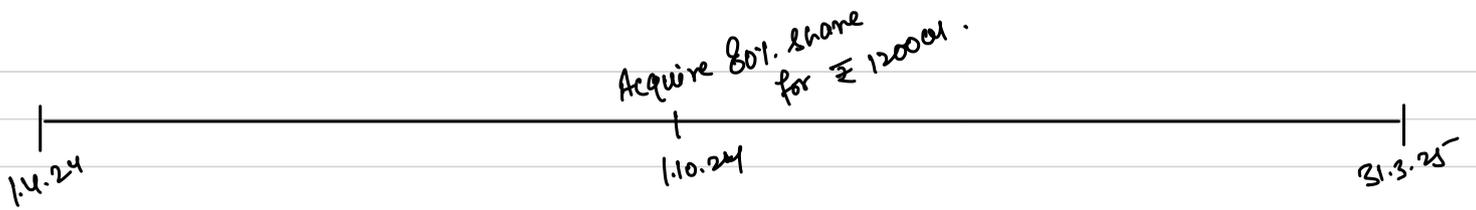
② AIC policies of
• parent,
• component,
• consol. process.

③ N.T.E of [F.A.P] Audit Pro. based on assessed R.O.M.M.

④ Extent of use of other auditor's work.

⑤ Coordinating work to be performed.





Identifiable Net Assets: ₹ 1,000 cr



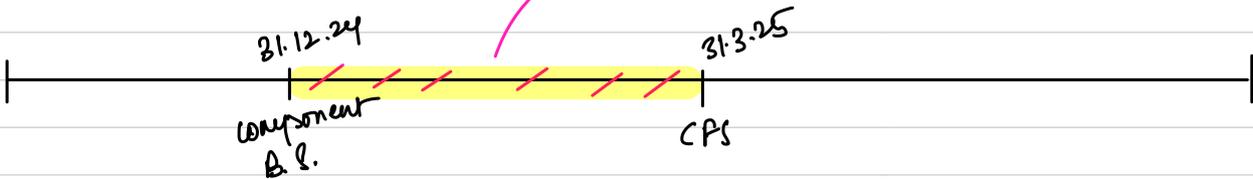
Goodwill 400 cr (Extra paid). Permanent Consol. Adj.

- S₁ Goodwill ₹ 800
- S₂ Cap. Reserve ₹ 600

B.S.	
	₹
Goodwill (NOTE)	200

NOTES
 G/W 800
 (-) Cap Res (600) 200

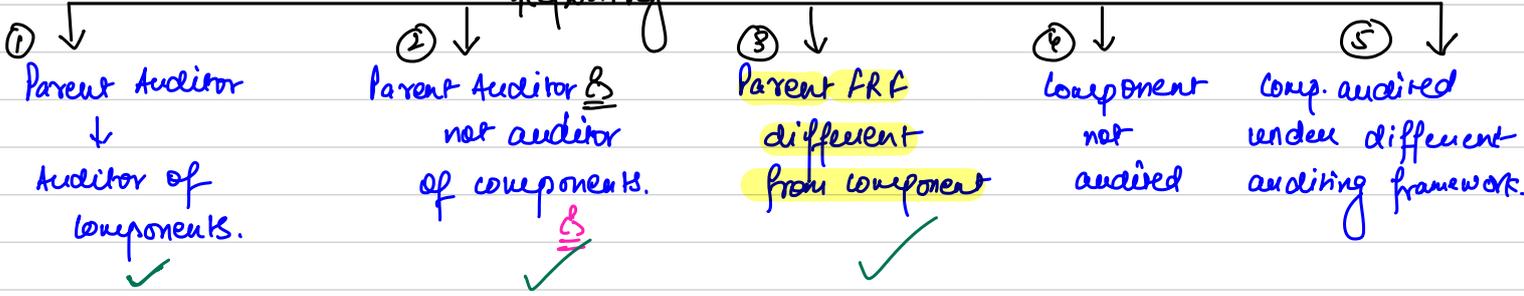
sig. event / transⁿ [Component]
 [Sale of division / major penalty]



GAP?

- AS → 6 months
- Ind AS → 3 months

Reporting

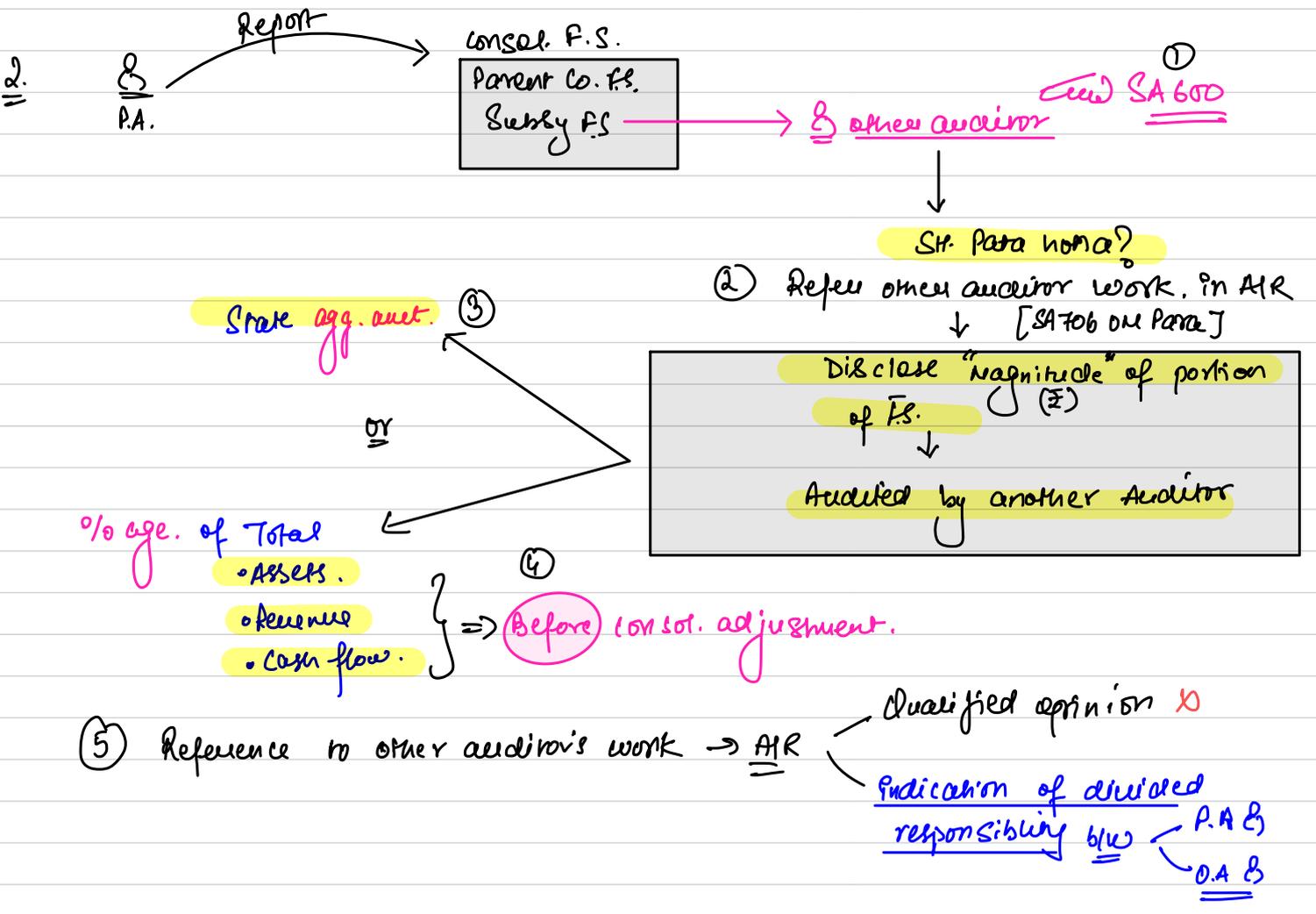


1. Parent auditor also auditor of components.

Report whether CFS prepared & presented as per AS [AFRF]

For any departure/ deviation, consider SA 705.

Express opinion whether CFS give true & fair view of
 State of affairs [A.S.]
 consol. P&L
 consol. cash flows
 of Group.



State agg. auct.

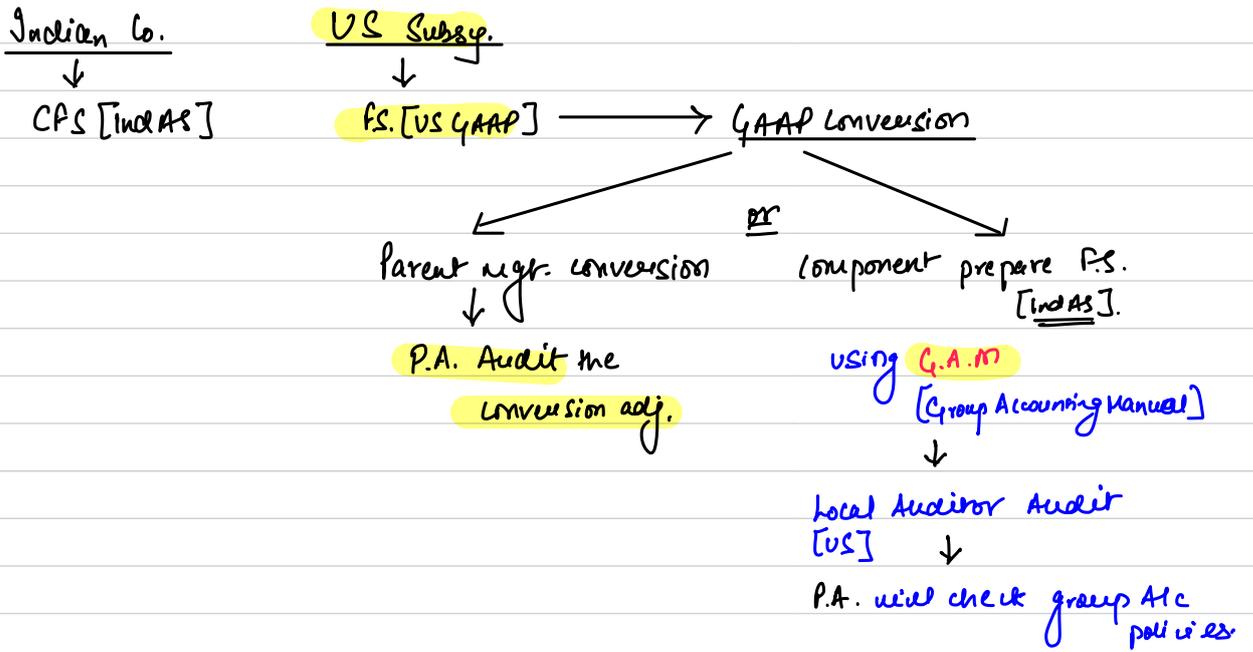
- Assets.
- Revenue
- Cash flow.

Before consol. adjustment.

Qualified opinion ✗

Indication of divided responsibility b/w P.A. & O.A.

III.



IV. Comp. not audited

Multi-location Group Audit



Audit?
 ↳ 2.4 India ✓
 or
 local auditor. ✓

Audit x

possible modification [SAAT x]

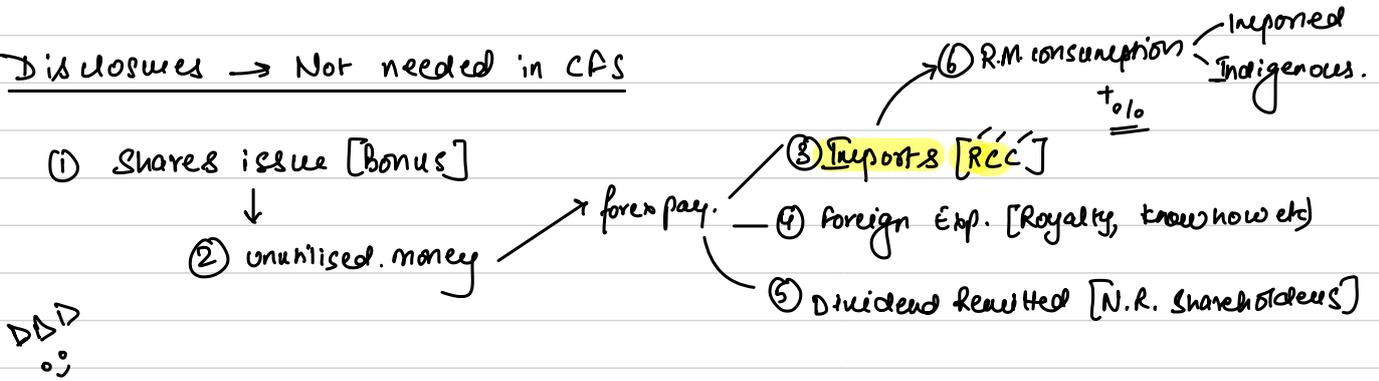
[Material?]

consider Qualitative & Quantitative factors. as per SA705.

V. Audit of CS | CFS. → Indian GAAS. [Generally Accepted Auditing Std. in India]

Other auditor (Bahar) → Auditing framework should correspond to Indian GAAS. [similar]

Disclosures → Not needed in CFS



Q14

