

1. Provide a meaningful background of the Consolidated Financial Statements.

Consolidated Financial Statements are a crucial component of financial reporting, providing stakeholders with a comprehensive view of the financial position and performance of a group of companies. These statements emerged to address the complexities arising from multinational corporations and business groups. By consolidating the financial data of a parent company and its subsidiaries, Consolidated Financial Statements present a holistic picture of the group's economic activities.

The main objective of Consolidated Financial Statements is to enhance transparency and comparability across entities within the group. They enable stakeholders to assess the overall financial health, profitability, and cash flow generation of the group. This information aids in risk assessment, investment decision-making, and evaluating the group's ability to meet financial obligations.

Understanding the background of Consolidated Financial Statements is essential for appreciating their purpose and significance. The sources mentioned, including the International Financial Reporting Standards (IFRS), the Financial Accounting Standards Board (FASB), the Financial Reporting Council (FRC) UK, Deloitte, and Ernst & Young, provide valuable insights into the topic and can further deepen one's understanding of Consolidated Financial Statements.

By delving into the background of Consolidated Financial Statements, stakeholders can gain a meaningful understanding of their role in financial reporting, ensuring informed decision-making and a comprehensive assessment of group performance.

Sources :

1. International Financial Reporting Standards (IFRS) 10: Consolidated Financial Statements.
2. Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 810: Consolidation.
3. Financial Reporting Council (FRC) UK: Consolidated and Separate Financial Statements (FRS 102 Section 9).