

Consolidated financial statements are presented on the basis that the companies within the group are treated as if they are a single economic entity.

Which of the following are requirements of preparing consolidated financial statements?

- (1) All subsidiaries must adopt the accounting policies of the parent in their individual financial statements
- (2) Subsidiaries with activities which are substantially different to the activities of other members of the group should not be consolidated
- (3) All entity financial statements within a group should normally be prepared to the same accounting year end prior to consolidation
- (4) Unrealised profits within the group must be eliminated from the consolidated financial statements

- A (1) and (3)
- B (2) and (4)
- C (3) and (4)
- D (1) and (2)