



Solution 0A.1

Component	Introduction to Applying IFRS for banks
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Short title	Banking operations within a group of companies

Attention: This guidance is based on the revised standards and interpretations that are mandatory for accounting periods commencing 1 January 2005. A company may early adopt an individual revised standard, but only in its entirety. Guidance based on the previous version of the standards is included in the “Applying IFRS 2004” guidance.

Issue

Banks are defined as any financial institution, one of whose principal activities is to take deposits and borrow with the objective of lending and investing, and which is within the scope of banking or similar legislation [\[IAS30.2\]](#). An institution does not have to have the word “bank” in its name to be categorised as a bank for the purposes of IFRS.

Must a group of entities, which include banking operations, produce financial statements in accordance with IAS 30?

Background

A multinational car manufacturer has a number of small subsidiary entities in certain of the markets in which it operates which have banking licences. These subsidiary entities provide finance to individuals and corporations purchasing the manufacturer’s cars.

Solution

Yes. The consolidated financial statements of a group which undertakes banking operations should follow the disclosure requirements of IAS 30 “Disclosures in the financial statements of banks and similar financial institutions” in respect of those operations [\[IAS30.5\]](#).