



**SUPPLEMENTARY FOR
JUNE 2026 TERM
OF EXAMINATION**

PAPER - 10

**CORPORATE ACCOUNTING AND
AUDITING**

SYLLABUS 2022



SUPPLEMENTARY PAPER 10 FOR JUNE 2026 TERM OF EXAMINATION SYLLABUS 2022

Module 5.2: Specified Ind AS with Comparative Provisions under AS

Following changes as prescribed in Companies (Indian Accounting Standards) Second Amendment Rules, 2025 notified on 13th August 2025, should be considered.

I. Indian Accounting Standard 1, Presentation of Financial Statements

Para 60 (Substitution)

“paragraphs 66–76” is substituted by “paragraphs 66–76B”

Para 69 (Substitution)

(d) it does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

Para 69(a) (New Insertion)

before paragraph 70, the following heading has been inserted:

“Normal operating cycle (paragraph 69(a))”;

Para 69(b) and 69(c) (New Insertion)

before paragraph 71, the following heading has been inserted

“Held primarily for the purpose of trading (paragraph 69(b)) or due to be settled within twelve months (paragraph 69(c))”;

Para 71 (Substitution)

“paragraphs 74 and 75”, is substituted by “paragraphs 72A and 75”,

Para 69(d) (New Insertion)

after paragraph 72, the following heading and paragraphs has been inserted:

“Right to defer settlement for at least twelve months (paragraph 69(d))

Para 72A (New Insertion)

72A. An entity’s right to defer settlement of a liability for at least twelve months after the reporting period must have substance and, as illustrated in paragraphs 72B–73 and 75, must exist at the end of the reporting period.

Para 72B (New Insertion)

An entity’s right to defer settlement of a liability arising from a loan arrangement for at least twelve months after the reporting period may be subject to the entity complying with conditions specified in that loan arrangement (hereafter referred to as ‘covenants’). For the purposes of applying paragraph 69(d), such covenants:

- (a) affect whether that right exists at the end of the reporting period—as illustrated in paragraphs 74–75—if an entity is required to comply with the covenant on or before the end of the reporting period. Such a covenant affects whether the right exists at the end of the reporting period even



SUPPLEMENTARY PAPER 10 FOR JUNE 2026 TERM OF EXAMINATION SYLLABUS 2022

if compliance with the covenant is assessed only after the reporting period (for example, a covenant based on the entity's balance sheet at the end of the reporting period but assessed for compliance only after the reporting period);

- (b) do not affect whether that right exists at the end of the reporting period if an entity is required to comply with the covenant only after the reporting period (for example, a covenant based on the entity's balance sheet six months after the end of the reporting period).

Para 73 (Substitution)

73. If an entity has the right, at the end of the reporting period, to roll over an obligation for at least twelve months after the reporting period under an existing loan facility, it classifies the obligation as noncurrent, even if it would otherwise be due within a shorter period. If the entity has no such right, the entity does not consider the potential to refinance the obligation and classifies the obligation as current.

Para 74 (Substitution)

74. Where there is a breach of a material covenant of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach. However, in such circumstances, the entity shall disclose information as per paragraphs 18 and 19 of Ind AS 107 for each breach.

Para 75 (Substitution)

The words "However, an entity classifies the" are substituted by the words "An entity classifies the".

Para 75 (New Insertion)

Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. If a liability meets the criteria in paragraph 69 for classification as non-current, it is classified as non-current even if management intends or expects the entity to settle the liability within twelve months after the reporting period, or even if the entity settles the liability between the end of the reporting period and the date the financial statements are approved for issue. However, in either of those circumstances, the entity may need to disclose information about the timing of settlement to enable users of its financial statements to understand the impact of the liability on the entity's balance sheet (see paragraph 17(c)).

After Para 76 (New Insertion)

after paragraph 76, the following heading has been inserted:

"Settlement (paragraphs 69(a), 69(c) and 69(d))"



SUPPLEMENTARY PAPER 10 FOR JUNE 2026

TERM OF EXAMINATION SYLLABUS 2022

Para 76A (New Insertion)

For the purpose of classifying a liability as current or non-current, settlement refers to a transfer to the counterparty that results in the extinguishment of the liability. The transfer could be of:

- (a) cash or other economic resources—for example, goods or services; or
- (b) the entity's own equity instruments, unless paragraph 76B applies.

Para 76B (New Insertion)

Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or noncurrent if, applying Ind AS 32 *Financial Instruments: Presentation*, the entity classifies the option as an equity instrument, recognising it separately from the liability as an equity component of a compound financial instrument.

Para 76ZA (New Insertion)

In applying paragraphs 69–75, an entity might classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period (see paragraph 72B(b)). In such situations, the entity shall disclose information in the notes that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, including:

- (a) information about the covenants (including the nature of the covenants and when the entity is required to comply with them) and the carrying amount of related liabilities.
- (b) facts and circumstances, if any, that indicate the entity may have difficulty complying with the covenants—for example, the entity having acted during or after the reporting period to avoid or mitigate a potential breach. Such facts and circumstances could also include the fact that the entity would not have complied with the covenants if they were to be assessed for compliance based on the entity's circumstances at the end of the reporting period.

Para 139U (Substituted)

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants, amended paragraphs 60, 69, 71, 73, 74 and 75 and added paragraphs 72A, 72B, 75A, 76A, 76B and 76ZA. An entity shall apply those amendments for annual reporting periods beginning on or after the 1st April 2025 retrospectively in accordance with Ind AS 8. However, for annual reporting periods beginning on or after the 1st April 2026, an entity shall follow following paragraphs 74, 75, 75A and 76 retrospectively in accordance with Ind AS 8.



SUPPLEMENTARY PAPER 10 FOR JUNE 2026 TERM OF EXAMINATION SYLLABUS 2022

74 When an entity breaches a covenant of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it classifies the liability as current, even if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach. An entity classifies the liability as current because, at the end of the reporting period, it does not have the right to defer its settlement for at least twelve months after that date.

75 However, an entity classifies the liability as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least twelve months after the reporting period, within which the entity can rectify the breach and during which the lender cannot demand immediate repayment.

75A Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. If a liability meets the criteria in paragraph 69 for classification as non-current, it is classified as non-current even if management intends or expects the entity to settle the liability within twelve months after the reporting period, or even if the entity settles the liability between the end of the reporting period and the date the financial statements are approved for issue. However, in either of those circumstances, the entity may need to disclose information about the timing of settlement to enable users of its financial statements to understand the impact of the liability on the entity's balance sheet (see paragraphs 17(c) and 76(d)).

76 If the following events occur between the end of the reporting period and the date the financial statements are approved for issue, those events are disclosed as non-adjusting events in accordance with Ind AS 10, *Events after the Reporting Period*:

- (a) refinancing on a long-term basis of a liability classified as current (see paragraph 72);
- (b) rectification of a breach of a long-term loan arrangement classified as current (see paragraph 74);
- (c) the granting by the lender of a period of grace to rectify a breach of a long-term loan arrangement classified as current (see paragraph 75); and
- (d) settlement of a liability classified as non-current (see paragraph 75A).

After Para 139V (New Insertion)

after paragraph 139V, the following shall be inserted, namely: —

“139W [Refer Appendix 1].”;

In Appendix 1, the following paragraphs are substituted.



SUPPLEMENTARY PAPER 10 FOR JUNE 2026

TERM OF EXAMINATION SYLLABUS 2022

Paragraph 9 (Substitution)

9 Paragraph 74 has been modified to clarify that long-term loan arrangement need not be classified as current on account of breach of a material covenant, for which the lender has agreed to waive before the approval of financial statements for issue. Consequent to this, disclosure has been added and paragraph 76 has been deleted.

Paragraph 11 (Substitution)

11 Amendments to IAS 1 have been issued in two parts - *Classification of Liabilities as Current or Non-current* issued in January 2020, and *Non-current Liabilities with Covenants* issued in October 2022. Accordingly, transition and effective date related provisions have been given separately in paragraphs 139U and 139W, respectively. Since combined amendments to Ind AS 1 have been issued corresponding to aforesaid two amendments to IAS 1, transition and effective date related provisions relevant in Indian context have been included in paragraph 139U only. However, in order to maintain consistency with paragraph numbers of IAS 1, the paragraph number 139W is retained in Ind AS 1

II. Indian Accounting Standard 10, Events after the Reporting Period

Paragraph 3 (Substitution)

- (a) in the closing paragraph, for the word “**provision**”, the word “**covenant**” shall be substituted;
- (b) closing paragraph shall be omitted for annual reporting periods beginning on or after the 1st April 2026.

Paragraph 23CA (New Insertion)

23CA *Classification of Liabilities as Current or Non-current and Noncurrent Liabilities with Covenants* (Amendments to Ind AS 1), amended paragraph 3 for annual accounting periods beginning on or after the 1st April 2026.

Paragraph 2 of Appendix 1 (Substitution)

For the word “provision”, the word “covenant” shall be substituted.