SUPPLEMENTARY

PAPER - 17

FOR DECEMBER 2018 EXAMINATION

Overview of Ind-AS

INDIAN ACCOUNTING STANDARD (Ind AS)

Ind AS has become applicable in following phases:

The Companies (Indian Accounting Standards) Rules, 2015 (and subsequent amendments to the Rules) made Ind AS applicable to the companies as specified below, leaving AS [as per the Companies (Indian Accounting Standards) Rules, 2006] applicable to other companies.

A. On 1st April 2016 — Mandatory Basis

(a) Companies listed/ in the process of listing on Stock Exchanges in India or Outside India having net worth of more than INR 5 Billion
(b) Unlisted Companies having net worth of more than INR 5 Billion
(c) Parent, Subsidiary, Associate and Joint Venture of above

B. On 1st April 2017— Mandatory Basis [In addition to A]

(a) All companies which are listed/ or in the process of listing inside or outside India on Stock Exchanges not covered in Phase One (other than companies listed on SME Exchanges)
(b) Unlisted companies having net worth of less than INR 5 Billion and more than 2.5 Billion
(c) Parent, Subsidiary, Associate and Joint Venture of above

C. On 1st April 2018 — Mandatory Basis

(a) NBFCs having a net worth of ₹500 crore or more
(b) Holding, subsidiary, joint venture or associate companies of the above, other than those companies already covered under the corporate roadmap announced by MCA

D. On 1st April 2019 — Mandatory Basis [In addition to C]

(a) NBFCs whose equity and/or debt securities are listed or are in the process of listing on any stock exchange in India or outside India and having a net worth of less than ₹500 crores
(b) NBFCs that are unlisted companies, having a net worth of ₹250 crore or more but less than ₹500 crores
(c) Holding, subsidiary, joint venture or associate companies of the above, other than those companies already covered under the corporate roadmap announced by MCA

E. On 1st April 2019 - Mandatory Basis — (as postponed by RBI)

(a) Scheduled commercial Banks , excluding RRBs
(b) India term-lending refinancing institution i.e. Exim bank, NABARD etc.
(c) Holding, subsidiary, joint venture or associate companies of scheduled commercial banks

F. On 1st April 2020 — Mandatory Basis — (as postponed by IRDA)

(a) Insurers/insurance companies
(b) Holding, subsidiary, joint venture or associate companies of the above, other than those companies already covered under the corporate roadmap announced by MCA

G. Further, once a company applies Ind AS voluntarily, it has to continue to apply Ind AS mandatorily.

Ind AS 1: Presentation of Financial Statements

Financial reporting includes presentation and disclosure of financial position through Balance Sheet, Profit and Loss Account and Cash Flow Statements. The main objective of financial statement is to reflect true and fair information to the users.

A Complete set of Financial Statement includes:

(i) A balance Sheet at the end if the period
(ii) Statement of Profit and Loss Statement for the period
(iii) Statement of changes in Equity
(iv) Statement of Cash Flows
(v) Significant Accounting Policies and other explanatory notes as a separate statement
(vi) Comparative information with the previous periods
(vii) A balance sheet at the beginning of the earliest comparative period if the company applies an accounting policy retrospectively or makes retrospective statement.

Objectives

This Standard prescribes the basis for presentation of general purpose financial statements to ensure comparability - both with financial statements of previous periods and with the financial statements of other entities. It sets out overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

Scopes

(a) An entity shall apply this Standard in preparing and presenting general purpose financial statements in accordance with Indian Accounting Standards (Ind ASs).
(b) Consolidated Financial Statements in accordance with Ind AS 110 'Consolidated Financial Statements'
(c) Separate financial statements in accordance with Ind AS 27 'Separate Financial Statements'.
(d) This Ind AS does not apply to interim Financial Statements prepared in accordance with Ind AS 34 except para 15 to 35 of Ind AS 1.

Ind AS 2: Inventories

Inventories are assets:

(a) held for sale in the ordinary course of business;
(b) in the process of production for such sale; or
(c) in the form of materials or supplies to be consumed in the production process or in the rendering of services.

In case of service providers, inventories include the cost of service for which the entity has not yet recognised the revenue.

Inventories shall be measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. It refers to the net amount that an entity expects to realise from the sale of inventory in the ordinary course of business.

Objectives

(a) The objective of this Standard is to prescribe the accounting treatment for inventories.
(b) A primary issue in accounting for inventories is the amount of cost to be recognised as an asset and carried forward until the related revenues are recognised.
(c) This Standard deals with the determination of cost and its subsequent recognition as an expense, including any write-down to net realisable value.
(d) It also provides guidance on the cost formulas that are used to assign costs to inventories.

Scopes

This Standard applies to all inventories, except:

(a) financial instruments ;
(b) biological assets related to agricultural activity and agricultural produce at the point of harvest;

<table>
<tr>
<td></td>
<td>This Standard does not apply to the measurement of inventories held by:
(a) producers of agricultural and forest products, agricultural produce after harvest, and minerals and mineral products, to the extent that they are measured at net realisable value in accordance with well-established practices in those industries. When such inventories are measured at net realisable value, changes in that value are recognised in profit or loss in the period of the change.
(b) Commodity broker-traders who measure their inventories at fair value less costs to sell. When such inventories are measured at fair value less costs to sell, changes in fair value less costs to sell are recognised in profit or loss in the period of the change.</td>
</tr>
<tr>
<td colspan="2">Ind AS 7: Statement of Cash Flows</td>
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<tr>
<td>Cash flow information is useful in assessing the ability of the entity to generate —
cash and cash equivalents and enables users to develop models to assess and compare the present cash flows of different entities.

The statement of cash flows shall report cash flows during the period classified by operating, investing and financing activities. An entity presents its cash flows from operating, investing and financing activities in a manner which is most appropriate to its business.

Cash comprises cash on hand and demand deposits.
Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
Cash flows are inflows and outflows of cash and cash equivalents.
Operating activities are the principal revenue-producing activities.
Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.
Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.</td>
<td>Objectives
(a) Information about the cash flows of an entity is useful in providing users of financial statements with a basis to assess the ability of the entity to generate cash and cash equivalents and the needs of the entity to utilise those cash flows.
(b) The economic decisions that are taken by users require an evaluation of the ability of an entity to generate cash and cash equivalents and the timing and certainty of their generation.
(c) The objective of this Standard is to require the provision of information about the historical changes in cash and cash equivalents of an entity by means of a statement of cash flows.

Scopes
An entity shall prepare a statement of cash flows in accordance with the requirements of this Standard and shall present it as an integral part of its financial statements for each period for which financial statements are presented</td>
</tr>
</table>

Ind AS – 8: Accounting Policies, Changes in Accounting Estimates and Errors

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.

A **change in accounting estimate** is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors.

Errors can arise in respect of the recognition, measurement, presentation or disclosure of elements of financial statements. Financial statements do not comply with Ind ASs if they contain either material errors or immaterial errors made intentionally. Potential current period errors discovered in that period are corrected before the financial statements are approved for issue. However, material errors are sometimes not discovered until a subsequent period, and these prior period errors are corrected in the comparative information presented in the financial statements for that subsequent period.

Objectives

(a) to prescribe the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, accounting treatment and disclosure of changes in accounting estimates and corrections of errors.
(b) to enhance the relevance and reliability of an entity's financial statements, and the comparability of those financial statements over time and with the financial statements of other entities.

Scopes

(a) Selecting and applying accounting policies, and
(b) accounting for changes in accounting policies,
(c) changes in accounting estimates, and
(d) corrections of prior period errors

Ind AS 10: Events after the Reporting Period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are approved by the Board of Directors in case of a company, and, by the corresponding approving authority in case of any other entity for issue.

Two types of events can be identified:
(a) those that provide evidence of conditions that existed at the end of the reporting period i.e. adjusting events; and
(b) those that are indicative of conditions that arose after the reporting period i.e. non-adjusting events.

Objectives

(a) When an entity should adjust its financial statements for events after the reporting period; and
(b) The disclosures that an entity should give about the date when the financial statements were approved for issue and about events after the reporting period;
(c) The Standard also requires that an entity should not prepare its financial statements on a going concern basis if events after the reporting period indicate that the going concern assumption is not appropriate.

Scopes

This Standard shall be applied in the accounting for, and disclosure of, events after the reporting period.

Ind AS 11: Construction Contracts

Construction Contract is a contract specifically negotiated for the construction of assets that are closely interrelated or interdependent, for example, contract for construction of bridge, dam, pipeline road, etc.

Following are also included in construction contract:

- Contracts for rendering services which are directly related to the construction of assets
- Contract for destruction or restoration of asset and the restoration of the environment following the demolition of asset.

There are two types of construction contracts:

(i) Fixed price contracts
(ii) Cost plus contracts
(iii) Some may be mix of the both.

Objectives

(a) To prescribe the accounting treatment of revenue and cost associated with construction contracts.
(b) Uses the recognition criteria established and application of these criteria in the framework to determine when contract revenue and contract costs should be recognised as revenue and expenses in the statement of Profit and Loss.

Scopes

Application in accounting for construction contracts in the financial statement of contractors.

Ind AS 12: Income Taxes

Income taxes are an expense incurred in operating most businesses and to be reflected in operating results.

The income taxes are paid on the income as computed by tax laws of the country.

Accounting income calculated in profit and loss account is not always be the same as taxable income as per income tax law.

There might be a difference between the amount of 'net income' in the financial statements and 'taxable income' in the tax return.

In accounting the accrual basis is followed for calculating the income (Loss) whereas in case of tax law it does not follow the accrual system of accounting. It results in a tax difference.

The items which cause difference usually get reserved/ adjusted over a period of time, until they reversed/adjusted an asset and liability must be recorded on the Balance Sheet. The account used to do this balancing is called 'Deferred Tax Asset/ Liability'.

Objectives

The objective of this Standard is to prescribe the accounting treatment for income taxes.

The principal issue in accounting for income taxes is how to account for the current and future tax consequences of:

(a) the future recovery (settlement) of the carrying amount of assets (liabilities) that are recognised in an entity's balance sheet; and
(b) transactions and other events of the current period that are recognised in an entity's financial statements.

Scopes

(a) This Standard shall be applied in accounting for income taxes.
(b) For the purposes of this Standard, income taxes include all domestic and foreign taxes which are based on taxable profits, withholding taxes, which are payable by a subsidiary, associate or joint arrangement on distributions to the reporting entity.
(c) This Standard does not deal with the methods of accounting for government grants or investment tax credits.
(d) However, this Standard deals with the accounting for temporary differences that may arise from such grants or investment tax credits.

Ind AS 16: Property, Plant and Equipment	
Property, Plant and Equipments are known as fixed assets. These fixed assets are tangible property. These tangible assets are: • held for use in production or supply of goods and services, for rental to other , or for administrative purposes • expected to be used during more than one period and • not held for sale in the normal course of business.	**Objectives** The objective of this Standard is to prescribe the accounting treatment for property, plant and equipment so that users of the financial statements can get information about an entity's investment in its property, plant and equipment and the changes in such investment. The principal issues in accounting for property, plant and equipment are the recognition of the assets, the determination of their carrying amounts and the depreciation charges and impairment losses to be recognised. **Scopes** This Standard prescribes the accounting for Property, Plant and Equipment except when another Ind AS required or permits different accounting treatments. This Standard does not apply to: (a) Property, Plant and Equipment classified as held for sale in accordance with Ind AS 105, 'Non-current Assets held for sale and Discontinued Operation'. (b) Biological assets relating to agricultural activity under Ind AS 41, 'Agricultural'. (c) Mineral rights, mineral reserves and similar non-generative resources. (d) The recognition and measurement of exploration and evaluation of assets. However, this Standard does apply to items of property, plant and equipment used to develop or maintain the assets described in (b), (c) and (d) above.
Ind AS 17: Lease	
Lease is an arrangement by which the lessor gives the right to use an asset for given period of time to the lessee on rent. There are two parties, a lessor and a lessee. Lease can be structured to take tax benefit. It can be used to transfer ownership of the leased asset, and it can also be used to transfer the risk associated with the ownership. In case of any event substance of transactions dictates the accounting treatment, the lease transaction is probably the example of the	**Objectives** The objective of this Standard is to prescribe, for lessees and lessors, the appropriate accounting policies and disclosure to apply in relation to leases. **Scopes** This Standard shall be applied in accounting for all leases other than: (a) leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources; and (b) licensing agreements for such items as motion picture films, video recordings,

<table>
<tr><td>accounting profession's substance over legal form.

If the transactions effectively transfer ownership to lessee, then the substance of the transactions is that of a sale and should be recognized as such.

For the purpose of accounting we classify the lease into two categories as follows:
(a) Finance lease;
(b) Operating lease.</td><td>plays, manuscripts, patents and copyrights.

However, this Standard shall not be applied as the basis of measurement for:
(a) property held by lessees that is accounted for as investment property;
(b) investment property provided by lessors under operating leases;
(c) biological assets by lessees under finance leases; or
(d) biological assets within the scope of Ind AS 41 provided by lessors under operating leases.</td></tr>
<tr><th colspan="2">Ind AS 18: Revenue</th></tr>
<tr><td rowspan="2">Revenue is considered as the measure of the size and growth of any entity. This is an important indicator of the financial performance and conditions.

It is income that arises in the course of ordinary activities of an entity and is referred as a variety of different names such as sales, fees, interest, dividends and royalties.

"Revenue" is different from "gains." Revenue arises from an entity's ordinary activities. Gains, include profit on disposal of non-current assets, or on retranslating balances in foreign currencies, or fair value adjustments to financial and non-financial assets.

"income" is increase in economic benefits during the accounting period in the form of inflows or increases of assets or decreases of liabilities that result in increases in equity, other than relating to contributions from equity participants.</td><td>Objectives
To prescribe the accounting treatment of revenue arising from certain types of transactions and events.</td></tr>
<tr><td>Scopes
Ind AS 18 is to be applied in accounting for revenue arising from:
(a) Sale of goods
(b) Rendering of services
(c) Use by others of entity assets yielding interest and, royalties.

Non Applicability:
(a) Leases
(b) Dividends from investments accounted under the equity method
(c) Insurance contracts
(d) Changes in fair values of financial instruments
(e) Changes in the values of other current assets
(f) Initial recognition and changes in value of biological assets Initial recognition of agricultural produce
(g) Extraction of mineral ores.</td></tr>
<tr><th colspan="2">Ind AS 19: Employee Benefits</th></tr>
<tr><td>Employee benefits are all forms of consideration given directly to an employee or their spouses, children or other dependents and to other such as trust, insurance</td><td>Objectives
The objective of this Standard is to prescribe the accounting treatment and disclosure for employee benefits. The Standard requires an entity to recognise:</td></tr>
</table>

companies in exchange of service provided by an employee.

Employee: As per this standard employee includes whole time directors and management personnel. It is applicable to all forms of employer-employee relationships whether it is formal or not.

Generally 'outsourcing contract' will not meet the definition of employer-employee relationship. However, contracts should be carefully examined to distinguish between a "contract of service" and a "contract for services".

A "contract for services" means a contract for rendering services, and a 'contract of service' means a relationship of an employer and employee and the person is obliged to obey orders in the work to be performed.

(a) a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
(b) an expense when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

Scopes

This Standard shall be applied by an employer in accounting for all employee benefits, except those to which Ind AS 10 Share-based Payment applies.

However, this Standard does not deal with reporting by employee benefit plans.

Ind AS 20: Accounting for Government Grants and Disclosure of Government Assistance

Grants may be known as subsidies, subventions or premiums. Entities may also receive other types of assistance which may be in many other forms.

These are mainly intended to encourage entities to initiate activities that they would not have otherwise undertaken.

Government grant/assistance is an action by the government to providing economic benefits specific to an entity or range of entities qualifying certain criteria.

Objectives

Ind AS-20 deals with the accounting treatment and disclosure requirements of grants received by entities from government. It also mandates disclosure requirements of other forms of government assistance.

Scopes

Non applicability:

(a) Special problems in relation with the effects of changing prices on financial statements or similar supplementary information.
(b) Government assistance provided in the form of tax benefits (including income tax holidays, investment tax credits, accelerated depreciation allowances, and concessions in tax rates)
(c) Government participation in the ownership
(d) Government grants covered by Ind AS-41.

Ind AS 21: The Effects of Changes in Foreign Exchange Rates

If a company has overseas business/trade, it will buy or sell goods or services in foreign currencies. Therefore, the value of goods or services bought or sold has to be translated in

Objectives

An entity may carry on foreign activities in two ways:
(i) transactions in foreign currencies or it may have

rupees for the purpose of recording in the accounts.

A company may have a subsidiary abroad and in that case the subsidiary will trade in its own local currency. It will keep books of account and prepare the annual accounts in its local currency. But at the year end, the holding company must consolidate the results of the overseas subsidiary into its group accounts, the assets and liabilities and the annual profit of the subsidiary must be translated from the foreign currency into functional currency.

For the translation from the foreign currency into functional currency, the foreign currency exchange rates are required. If foreign currency exchanges rates remained constant, there would be no accounting problem.

In actual parlance foreign exchange rates are continually changing. The accounting principles are required to be laid down in which the transactions from one currency to another currency is to be translated and what the accounting treatment should be of exchange difference arising on application of different foreign currency exchange rates. Ind AS-21 deals with these questions.

(ii) foreign operations.

(a) The objective of this Standard is to prescribe how to include foreign currency transactions and foreign operations in the financial statements of an entity; and
(b) how to translate financial statements into a presentation currency;
(c) The principal issues are which exchange rate(s)to use; and
(d) how to report the effects of changes in exchange rates in the financial statements.

Scopes

This Standard shall be applied:
(a) Reporting foreign currency transactions in the functional currency;
(b) Translation of foreign operations;
(c) Translation of the presentation currency.

Non applicability:
(a) To the presentation in a statement of cash flows of the cash flows arising from transaction in a foreign currency or of a foreign operation.
(b) To long-term foreign currency monetary items for which an entity has opted for the exemption given in Ind AS 101.

Ind AS 23: Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognised as an expense.

Borrowing costs are interest and other costs incurred relating to borrowing of funds. It includes :

- Interest expenses calculated using the effective interest rate
- Finance charges, if the asset acquired under finance leases.

An asset that takes substantial period of time to get ready for its intended use or sale, is known as qualifying asset.

Example:

Any tangible fixed assets, which are in construction process or acquired tangible

Objectives

The objective of this standard is to prescribe the treatment of borrowing cost in accounting and its treatment in accounts.

Scopes

An entity shall apply this Standard in accounting for borrowing costs.

The Standard does not deal with the actual or imputed cost of equity, including preferred capital not classified as a liability.

An entity is not required to apply the Standard to borrowing costs directly attributable to the acquisition, construction or production of:

(a) a qualifying asset measured at fair value; or
(b) inventories that are manufactured, or

fixed assets, which are not ready for use or resale such as plants and machinery.	otherwise produced, in large quantities on a repetitive basis
Ind AS 24: Related Party Disclosures	
Business transactions between related parties do not have the feature and character of the arm's length transactions. It affects the volume and decision of one entity for the benefit of the other entities. Related party relationship may have an effect on the profit or loss and financial position of an entity. Related parties may also enter into transactions that unrelated parties would not. It is required to disclose the related party transaction for proper understanding of financial performance and financial position of entity. **Related Party** means any party that controls or can significantly influence the management or operating policies of the company during the reporting period. The criteria for related party relationship are as follows: • Control; • Common control; • Joint control; • Significant influence. Ind AS 24 requires transactions between reporting entity and its related parties to be disclosed in the reporting entity's financial statements.	**Objectives** The objective of this Standard is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties. **Scopes** This Standard shall be applied for the following purposes: (a) Identifying related party relationships and transactions; (b) Identifying outstanding balances, including commitments, between an entity and its related parties; (c) Identifying the circumstances in which disclosure of the items in (a) and (b) is required; and (d) Determining the disclosures to be made about those items.
Ind AS 27: Separate Financial Statements	
Entities having one or more subsidiary, associate or joint venture are required to prepare separate financial statement. The focus of Ind AS (converged IFRS) is on the preparation of consolidated financial statements and, hence the question arises how to deal with some accounting issues in separate financial statements. It prescribes the accounting and disclosure requirements for investment in subsidiaries, joint ventures and associates.	**Objectives** The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. **Scopes** When an entity elects or is required to present separate financial statements, Ind AS 27 applies in accounting for investment in: • Subsidiaries • Joint Ventures • Associates

<table>
<tr><td></td><td>Ind As 27 does not mandate any entity to produce separate financial statements.</td></tr>
<tr><td colspan="2">Ind AS 28: Investments in Associates and Joint Ventures</td></tr>
<tr><td>The investing company can exert significant influence over the financial and operating policies of the investee company, it will also have an active interest in its net assets and results.

In that case the nature of the relationship differs from that of a simple investment.

The operations of associate and joint venture are significant part of the investor's, management decisions and operational skills. There is a clear demonstrable requirement that makes equity method highly desirable.</td><td>Objectives
The objective of this Standard is to prescribe the accounting for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.
Scopes
This Standard shall be applied by all entities that are investors with joint control of, or significant influence over, an investee.</td></tr>
<tr><td colspan="2">Ind AS 29: Financial Reporting in Hyperinflationary Economies</td></tr>
<tr><td>Hyperinflation means extremely fast or out-of-control inflation. In a hyperinflationary economy, reporting of operating results and financial position in the local currency without restatement is not useful. Money loses purchasing power at such extant that comparison of amounts from transactions and other events that have occurred at different times, even within the same accounting period, will be misleading.</td><td>Scope
This Standard deals with the measurement problems of entities that are reporting in the currency of a hyperinflationary economy. In this situation, financial information reported in historical terms would present a distorted picture of the entity's performance and financial position. This Standard sets out procedures for adjusting the financial information for the effects of hyperinflation.</td></tr>
<tr><td colspan="2">Ind AS 33: Earning per Share</td></tr>
<tr><td>Earnings Per Share is a financial ratio which gives the information regarding earning available to each equity/ordinary share. It is required to assess the performance of a company.

Investors always look for growth in EPS from one year to the next. It is based on past data and it can be easily manipulated by changing the accounting policies and by merger and acquisition.

There are following two types of earnings per share (EPS), which are to be reported by the entity on the face of the statement of profit and loss account
• Basic EPS
• Diluted EPS</td><td>Objectives
(a) To prescribe principles for the determination of EPS,
(b) to improve performance, comparisons between different entities in the same reporting period and between different reporting periods of the same entity.
Scopes
(a) This standard is applicable to those companies that have issued ordinary shares to which Indian Accounting Standards apply.
(b) In an entity presents both consolidated financial statements (CFS) and separate financial statements (SFS), the disclosure required by this standard is applicable for both the financial statement.
(c) In CFS such disclosure shall be based on consolidated information and in SFS such</td></tr>
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<table>
<tr><td></td><td>disclosures shall be based on information given in separate financial statements.</td></tr>
<tr><th colspan="2">Ind AS 34: Interim Financial Reporting</th></tr>
<tr><td>It is the reporting for periods of shorter than a full financial year, say, for a period of three months or quarterly results.

Interim Financial Report means a financial report containing either a complete set of financial statement or set of condensed financial statement for an interim period.

However interim reporting has inherent limitation, which is not the case of annual accounts as the reporting period is shortened, the effect of errors in estimations and allocation get magnified.

The main problems are:
• Proper allocation of operating expenses.
• Some operating expenses may be incurred in one interim period and yet benefit the full year operation.
• For some entities revenue may be seasonal or cyclical and therefore concentrated in certain interim period.
• Determination of appropriate amount of provisions.
• Income-tax expenses - one interim period may have profit and next interim period may have losses.</td><td>Objectives
The objective of this Standard is
• to prescribe the minimum content of an interim financial report and
• to prescribe the principles for recognition and measurement in complete or condensed financial statements for an interim period.
• Timely and reliable interim financial reporting improves the ability of investors, creditors, and others to understand an entity's capacity to generate earnings and cash flows and its financial condition and liquidity.

Scopes
This Standard does not mandate which entities should be required to publish interim financial reports, how frequently, or how soon after the end of an interim period. However, governments, securities regulators, stock exchanges, and accountancy bodies often require entities whose debt or equity securities are publicly traded to publish interim financial reports. This Standard applies if an entity is required or elects to publish an interim financial report in accordance with Indian Accounting Standards.</td></tr>
<tr><th colspan="2">Ind AS 36: Impairment of Assets</th></tr>
<tr><td>Impairment of assets means weakening in value of assets. An asset is said to be impaired when the carrying amount of asset is more than its recoverable amount.

Carrying Amount is the amount at which assets are shown in the Balance Sheet, i.e. generally at cost less accumulated depreciation or amortisation and accumulated impairment losses.

Recoverable amount of an asset is higher the following:
(i) Fair value less cost of disposal;
(ii) Value in use i.e. estimated future cash flow arising from use of asset+ residual price at the end of its useful life.</td><td>Objectives
The objective of this Standard is to prescribe the procedures that an entity applies to ensure that its assets are carried at not more than their recoverable amount.
An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. In that case, the asset is described as impaired and the Standard requires the entity to recognise an impairment loss.
The Standard also specifies when an entity should reverse the impairment loss and prescribes appropriate disclosures.

Scopes
This Standard shall be applied in accounting</td></tr>
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	for the impairment of all assets, other than: (i) Inventories (Ind AS 2, Inventories); (ii) Contract assets and assets arising from costs to obtain or fulfill a contract that are recognised in accordance with Ind AS 115; (iii) deferred tax assets (Ind AS 12, Income Taxes); (iv) assets arising from employee benefits (Ind AS 19, Employee Benefits); (v) financial assets that are within the scope of Ind AS 109, Financial Instruments; (vi) biological assets related to agricultural activity within the scope of Ind AS 41 Agriculture that are measured at fair value less costs to sell ; (vii) deferred acquisition costs, and intangible assets, arising from an insurer's contractual rights under insurance contracts within the scope of Ind AS 104, Insurance Contracts; and (viii) non-current assets (or disposal groups) classified as held for sale in accordance with Ind AS 105.
Ind AS 37: Provisions, Contingent Liabilities and Contingent Assets	
Provisions mean liabilities of uncertain amount and timing. A liability that can be measured using substantial degree of estimates. As per Ind AS 37, contingent liability is a possible obligation that arises from past event and existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the entity. As per Ind As 37, contingent asset is a possible asset that arises from past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the entity.	**Objectives** The objective of this Standard is to ensure that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to enable users to understand their nature, timing and amount. **Scopes** This Standard shall be applied by all entities in accounting for provisions, contingent liabilities and contingent assets, except: (a) those resulting from executory contracts, except where the contract is onerous; and (b) those covered by another Standard.
Ind AS 38: Intangible Assets	
As per Ind AS 38 Intangible Asset is an identifiable non-monetary asset without physical substance. It must be separate and be capable of being separated from the entity, and sold/transferred. The entity must have the	**Objectives** The objective of this Standard is to prescribe the accounting treatment for intangible assets that are not dealt with specifically in another Standard. This Standard requires an entity to recognise an intangible asset if, and

<table>
<tr><td rowspan="3">power to obtain future economic benefits and restrict the access of the others to the benefits those arise.
It must be a source of (i) revenue, (ii) cost savings, (iii) other future economic benefits.</td><td>only if, specified criteria are met. The Standard also specifies how to measure the carrying amount of intangible assets and requires specified disclosures about intangible assets.</td></tr>
<tr><td>Scopes</td></tr>
<tr><td>Non Applicability:
(a) intangible assets that comes under the scope of another Standard;
(b) financial assets, as defined in Ind AS 32, Financial Instruments: Presentation;
(c) the recognition and measurement of exploration and evaluation assets (Ind AS 106, Exploration for and Evaluation of Mineral Resources); and
(d) expenditure on the development and extraction of minerals, oil, natural gas and similar non-regenerative resources.</td></tr>
<tr><td colspan="2">Ind AS 40 : Investment Property</td></tr>
<tr><td rowspan="4">Investment property is an investment in land or building that is not intended to be occupied substantially for use in operation.
Example: A real estate property that has been purchased with the intention of earning a return on the investment (purchase) either through rent (income), the future resale of the property or both.
An investment property is like any other investment, the goal is to generate profit.</td><td>Objectives</td></tr>
<tr><td>The objective of this Standard is to prescribe the accounting treatment for investment property and related disclosure requirements.</td></tr>
<tr><td>Scopes</td></tr>
<tr><td>This Standard shall be applied in the recognition, measurement and disclosure of investment property.

Non Applicability:
• matter covered under Leases i.e. Ind AS 17
• Biological assets related to agricultural activity i.e. Ind AS 41
• Mineral rights and mineral reserves</td></tr>
<tr><td colspan="2">Ind AS 41: Agriculture</td></tr>
<tr><td rowspan="4">There was a greater need of financial statements based on sound and generally acceptable principles. As the use of a historic cost model was not seen as wholly appropriate for accounting for agricultural activity, the IASB issued IAS 41 based on a fair value model.

Most of the business organization involved in agricultural activities is generally small, cash-oriented and family-oriented. These small agricultural entities also seek outside financial assistance, mainly from banks or government agencies and are required to produce financial statements.</td><td>Objectives</td></tr>
<tr><td>The objective of this Standard is to prescribe the accounting treatment and disclosures related to agricultural activity.</td></tr>
<tr><td>Scopes</td></tr>
<tr><td>This Standard shall be applied to account for the following when they relate to agricultural activity: (a) biological assets; (b) agricultural produce at the point of harvest; and (c) government grants covered by paragraphs 34 and 35 of this standard.</td></tr>
</table>

In India, the agricultural activity is not considered a business and also exempt from income-tax being the state subject as per Indian Constitution. Therefore, no need was felt to develop the accounting standards on agricultural activity. As India is converging with the IFRS, the corresponding Ind AS-41 was issued to IAS-41.	
IND AS 101: First-time Adoption of Indian Accounting Standards	
The Indian GAAP consists of existing Accounting Standards. As per the roadmap issued by the MCA, some specified Indian companies, Banks and Insurance entities have to follow the Ind AS which are converged IFRSs. An entity following Accounting Standards as per Indian GAAP if has to follow Ind AS, there would be some challenges faced by the entity like, at what value the assets and liabilities is to be carried at the date of transition to Ind AS, if these values are to be changed whether it should be with retrospective effect or prospective in effect. There may be certain existing assets or liabilities which may not be considered as assets or liabilities as per Ind AS, what should be the treatment of such assets or liabilities. Further, there may be assets or liabilities as per Ind AS on the transition date but these are not the assets or liabilities as per the Indian GAAP. These issues are to be addressed by Ind AS 101.	**Objectives** (a) To explain the procedure of transition (b) To remove all difficulties of retrospective applications of certain Ind As (c) To explain the accounting treatment of the resultant differences, in the carrying amount of various assets and liabilities, if there is any. **Scopes** (a) It is applicable to the first set of Financial Statements that contain an explicit and unreserved statement of compliance with Ind ASs. (b) This Ind AS applies to any interim financial statement for a period that is covered by those first financial statements that are prepared under Ind Ass.
IND AS 102: Share-based Payment	
Transactions when entities purchase goods or services from other parties, such as supplier and employees, by issuing shares or share options are very common. Share scheme are very common feature of director and executive remuneration and in some countries tax incentives are offered to encourage more companies to offer shares to employees. Companies whose shares or share options are regarded as a valuable 'currency' commonly use share-based payment to obtain employee and professional expertise. If a company pays its employees in cash, an	**Objectives** to specify the financial reporting by an entity when it undertakes a share-based payment transaction. It requires an entity to reflect in its profit or loss and financial position the effects of share-based payment transactions, including expenses associated with transactions in which share options are granted. **Scopes** An entity shall apply it to all share-based payment transactions, in which an entity acquires or receives goods or services. There are following three types of Share-

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<td>expense is recognized in profit or loss, in the same way if the payment is in share option, expense may not be recognized as there is no cost incurred, as the granting of shares or options does not require to entity to sacrifice cash or other assets. Here comes the question of accounting of Share Based Payment.</td>
<td>based payments:
(a) equity-settled share-based payment transactions,
(b) cash-settled share-based payment transactions, and
(c) share based payment transaction with cash alternatives

Non-applicability of Ind AS 102:

(i) Share issued as consideration in a business combination
(ii) Certain contract transactions falling within Ind AS 32 or Ind AS 109 relating to Financial Instruments</td>
</tr>
<tr>
<td colspan="2">IND AS 103: Business Combination</td>
</tr>
<tr>
<td rowspan="4">A business combination is a transaction or other event in which an acquirer obtains CONTROL of one or more BUSINESS.

Generally, companies doing similar type of business or involved in similar line of activities may be combined to get the economies of scale and to minimize the possibility of tough competition. Business combination results in growth. Business combination can be in the form of merger and acquisition.

A 'merger' refers to a situation where two or more than two companies of similar nature combine willingly while in case of 'acquisition' or 'take over' refers to the situation where a bigger company takes over a smaller company. It can be either through amalgamation or through absorption.

AS-14 'Amalgamations' and Ind AS-103 'Business Combination' is substantially different. Ind AS-103 lays down the accounting principles for business combination and not for asset combination.</td>
<td>Objectives</td>
</tr>
<tr>
<td>To improve the relevance, reliability and comparability of the information that a reporting entity provides in its financial statements about a business combination and its effects.
To accomplish that, this Ind AS establishes principles and requirements for how the acquirer:

(a) recognises and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree;
(b) recognises and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and
(c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination</td>
</tr>
<tr>
<td>Scopes</td>
</tr>
<tr>
<td>This Ind AS applies to a transaction or other event that meets the definition of a business combination.

Non-applicability:
(a) the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
(b) the acquisition of an asset or a group of assets that does not constitute a business. In such cases the acquirer shall identify and recognise the individual</td>
</tr>
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<table>
<tr><td></td><td>identifiable assets acquired (including Ind AS 38, Intangible Assets) and liabilities assumed. The cost of the group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.</td></tr>
<tr><td colspan="2">Ind AS 104: Insurance Contracts</td></tr>
<tr><td rowspan="4">This Standard applies to insurance companies only, however this Standard does not apply to all entities issuing insurance contracts.

Insurance companies and other financial services entities issuing insurance contracts are usually regulated by the country specific regulations. In India The IRDA prescribes accounting for all insurance companies which do not allow much scope for accounting to be done as per Standard or Generally Accepted Accounting Principles (GAAP).</td><td>Objectives</td></tr>
<tr><td>(a) to specify the financial reporting for insurance contracts by any entity that issues such contracts.

This Ind AS requires:

(i) limited improvements to accounting; and
(ii) disclosure, that identifies and explains the amounts in an insurer's financial statements arising from insurance contracts and helps users of those financial statements understand the financial statement.</td></tr>
<tr><td>Scopes</td></tr>
<tr><td>An entity shall apply this Ind AS to:

(a) insurance contracts that it issues and reinsurance contracts that it holds.
(b) financial instruments that it issues with a discretionary participation feature.
Ind AS 107, Financial Instruments: Disclosures, requires disclosure about financial instruments, including financial instruments that contain such features.

This Ind AS does not address other aspects of accounting by insurers, such as accounting for financial assets held by insurers and financial liabilities issued by insurers.

An entity shall not apply this Ind AS to:
(a) product warranties issued directly by a manufacturer, dealer or retailer.
(b) employers' assets and liabilities under employee benefit plans and retirement benefit obligations reported by defined benefit retirement plans.
(c) contractual rights or contractual obligations that are contingent on the future use of, or right to use, a nonfinancial item, as well as a lessee's</td></tr>
</table>

	residual value guarantee embedded in a finance lease. (d) financial guarantee contracts unless the issuer has previously asserted explicitly that it regards such contracts as insurance contracts. (e) contingent consideration payable or receivable in a business combination. (f) direct insurance contracts that the entity holds. However, a cedant shall apply this Standard to reinsurance contracts that it holds.
Ind AS 105: Non-current Assets Held for Sale and Discontinued Operations	
Non-current Assets Held for Sale is required to be shown separately in the Balance sheet from that of other assets. The value would be recovered from sale and not to be treated as assets which are in use in operation of the entity. The results of discontinued operations to be presented separately in the statement of profit and loss. The information provided helps the users of financial statements to make projections of an entity's cash flows, earning-generating capacity and financial position.	**Objectives** (a) assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease; and (b) The results of discontinued operations to be presented separately in the statement of profit and loss. **Scopes** The classification, presentation and measurement requirements of this Ind AS apply to all recognised non-current assets and disposal groups, except for those assets listed in paragraph 5 which shall continue to be measured in accordance with the Standard noted. Assets classified as non-current in accordance with Ind AS 1, Presentation of Financial Statements, shall not be reclassified as current assets until they meet the criteria to be classified as held for sale in accordance with this Ind AS. Assets of a class that an entity would normally regard as non-current that are acquired exclusively with a view to resale shall not be classified as current unless they meet the criteria to be classified as held for sale in accordance with this Ind AS.
Ind AS – 106 : Exploration for and Evaluation of Mineral Resources	
Exploration and evaluation expenditures are incurred by an entity in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting mineral	**Objective** Objective The objective of this Indian Accounting Standard (Ind AS) is to specify the financial reporting for the exploration for and evaluation of mineral resources. In particular, the Ind AS requires:

<table>
<tr><td>resources are demonstrable.</td><td>(a) limited improvements to existing accounting practices for exploration and evaluation expenditures.
(b) entities that recognise exploration and evaluation assets to assess such assets for impairment in accordance with this Ind AS and measure any impairment in accordance with Ind AS 36, Impairment of Assets.
(c) disclosure that identify and explain the amounts in the entity’s financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognised.
Scopes
An entity shall apply this Ind AS to exploration and evaluation expenditures that it incurs. This Ind AS does not address other aspects of accounting by entities engaged in the exploration for and evaluation of mineral resources. An entity shall not apply this Ind AS to expenditures incurred:
(a) before the exploration for and evaluation of mineral resources, such as expenditures incurred before the entity has obtained the legal rights to explore a specific area.
(b) after the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.</td></tr>
<tr><td colspan="2">Ind AS 108: Operating Segments</td></tr>
<tr><td>In today's global economy, most entities produce and market a variety of products and services and also operate in many geographical areas of the world. Each of the products and geographical areas are naturally subject to different rates of profitability, risks and opportunities and so on. It is therefore to be aware of the risks and return involved in each geographical area and for each product /service. This information will enable to make appropriate decisions regarding the utilization of the entity's resources.
This Ind AS deals with providing segment</td><td>Objective
Basic objective of Ind AS-108 is that an entity should disclose information to enable users of its financial statements to evaluate the financial effects of the types of business activities in which it is engaged and the economic environments in which it operates.
Scopes
This Accounting Standard shall apply to companies to which Indian Accounting Standards (Ind ASs) notified under the Companies Act apply.</td></tr>
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<tr><td>information and to establish principles for reporting financial information by segment. This information will enable the users of the financial statements to:
• Understand the entity's past performance
• Assess the entity's risk and return
• Make more informed decision</td><td>If an entity that is not required to apply this Ind AS chooses to disclose information about segments that does not comply with this Ind AS, it shall not describe the information as segment information.
If a financial report contains both the consolidated financial statements of a parent that is within the scope of this Ind AS as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements.</td></tr>
<tr><td colspan="2">Ind AS – 32,107,109: Financial Instruments</td></tr>
<tr><td rowspan="4">Financial instrument is a document having a monetary value such as draft, cheques, bill of exchange and promissory notes.

However for the purpose of these Ind ASs, 'Financial Instruments' includes wide ranges of assets and liabilities of entities and is not limited to investments or merely capital market instruments and draft, cheques, bill of exchange and promissory notes. It includes receivables, loans, cash, deposits, investments, payables, debentures, bonds etc.

A financial instrument is a legally enforceable agreement between two or more parties expressing contractual rights to the payment of money. It is contractual right of one person to the agreement and contractual liability of another person to the agreement, consequently it will be the financial asset for the person who has right to receive the money and financial liability for the person who has obligation to pay money.</td><td>Objectives</td></tr>
<tr><td>The objective of these Ind AS is to require entities to provide disclosures in their financial statements that enable users to evaluate: (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.
The principles include principles for recognising, measuring and presenting financial assets and financial liabilities in Ind AS 32, Financial Instruments: Presentation, and Ind AS 109, Financial Instruments.

Other objective is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</td></tr>
<tr><td>Scopes</td></tr>
<tr><td>This Standard shall be applied by all entities to all types of financial instruments except:
(a) those interests in subsidiaries, associates and joint ventures that are accounted for in accordance with Ind AS 110 Consolidated Financial Statements, Ind AS 27 Separate Financial Statements orInd AS 28 Investments in Associates and Joint Ventures.
(b) rights and obligations under leases to which Ind AS 17 Leases applies. However:</td></tr>
</table>

	(i) lease receivables recognised by a lessor are subject to the de-recognition and impairment requirements of this Standard; (ii) finance lease payables recognised by a lessee are subject to the de-recognition requirements of this Standard; and (iii) derivatives that are embedded in leases are subject to the embedded derivatives requirements of this Standard. (c) employers' rights and obligations under employee benefit plans, to which Ind AS 19 Employee Benefits applies. (d) financial instruments issued by the entity that meet the definition of an equity instrument in Ind AS 32 (including options and warrants) or that are required to be classified as an equity instrument. (e) rights and obligations arising under (i) an insurance contract as defined in Ind AS 104 Insurance Contracts, other than an issuer's rights and obligations arising under an insurance contract that meets the definition of a financial guarantee contract, or (ii) a contract that is within the scope of Ind AS 104 because it contains a discretionary participation feature. However, this Standard applies to a derivative that is embedded in a contract within the scope of Ind AS 104 if the derivative is not itself a contract within the scope of Ind AS 104. Moreover, if an issuer of financial guarantee contracts has previously asserted explicitly that it regards such contracts as insurance contracts and has used accounting that is applicable to insurance contracts, the issuer may elect to apply either this Standard or India AS 104 to such financial guarantee contracts. The issuer may make that election contract by contract, but the election for each contract is irrevocable. (f) any forward contract between an acquirer and a selling shareholder to

	buy or sell an acquiree that will result in a business combination within the scope of Ind AS 103 Business Combinations at a future acquisition date. The term of the forward contract should not exceed a reasonable period normally necessary to obtain any required approvals and to complete the transaction. (g) loan commitments other than those loan commitments described in paragraph 2.3. However, an issuer of loan commitments shall apply the impairment requirements of this Standard to loan commitments that are not otherwise within the scope of this Standard. Also, all loan commitments are subject to the de-recognition requirements of this Standard. (h) financial instruments, contracts and obligations under share-based payment transactions to which Ind AS 102 Share-based Payment applies, except for contracts within the scope of paragraphs 2.4–2.7 of this Standard to which this Standard applies. (i) rights to payments to reimburse the entity for expenditure that it is required to make to settle liability that it recognises as a provision in accordance with Ind AS 37 Provisions, contingent Liabilities and Contingent Assets, or for which, in an earlier period, it recognised a provision in accordance with Ind AS 37. (ii) rights and obligations within the scope of Ind AS 115 Revenue from Contracts with Customers that are financial instruments, except for those that Ind AS 115 specifies are accounted for in accordance with this Standard. The impairment requirements of this Standard shall be applied to those rights that Ind AS 115 specifies are accounted for in accordance with this Standard for the purposes of recognising impairment gains or losses. The following loan commitments are within the scope of this Standard: (a) loan commitments that the entity

	designates as financial liabilities at fair value through profit or loss. An entity that has a past practice of selling the assets resulting from its loan commitments shortly after origination shall apply this Standard to all its loan commitments in the same class. (b) loan commitments that can be settled net in cash or by delivering or issuing another financial instrument. These loan commitments are derivatives. A loan commitment is not regarded as settled net merely because the loan is paid out in instalments. (c) commitments to provide a loan at a below-market interest rate. This Standard shall be applied to those contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements. However, this Standard shall be applied to those contracts that an entity designates as measured at fair value through profit or loss in accordance with paragraph 2.5. A contract to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contract was a financial instrument, may be irrevocably designated as measured at fair value through profit or loss even if it was entered into for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements. This designation is available only at inception of the contract and only if it eliminates or significantly reduces a recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from not recognising that contract because it is excluded from the scope of this Standard.

Ind AS 110 : Consolidated Financial Statements

Standard allows to present financial statements of a parent and its subsidiary as a single economic entity.

Consolidated Statement of profit and loss and consolidated Balance Sheet are prepared for disclosure of the total profit/loss of the group and total assets and liabilities of the group.

The consolidated financial statements (CFS) presents the true and fair view of the position of the entity as one economic entity for the financial year and are considered as the primary financial statements whereas the standalone financial statement projects only the position of the company in its individual performance and does not provide true and fair view to the shareholder about the overall performance of the company with its subsidiaries and associates.

Objectives

The objective of this Indian Accounting Standard (Ind AS) is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. For the purpose of meeting the above stated objective, this Ind AS:

(a) requires an entity (the parent) that controls one or more other entities (subsidiaries) to present consolidated financial statements;
(b) defines the principle of control, and establishes control as the basis for consolidation;
(c) sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee;
(d) sets out the accounting requirements for the preparation of consolidated financial statements; and
(e) defines an investment entity and sets out an exception to consolidating particular subsidiaries of an investment entity.

Scopes

An entity that is a parent shall present consolidated financial statements. This Ind AS applies to all entities, except as follows:

(a) A parent need not present consolidated financial statements if it meets all the following conditions:
   (i) it is a wholly-owned subsidiary or is a partially-owned subsidiary of another entity and all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent not presenting consolidated financial statements;
   (ii) its debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
   (iii) it did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of

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<tr><td></td><td>instruments in a public market; and
(iv) its ultimate or any intermediate parent produces consolidated financial statements that are available for public use and comply with Ind ASs.
(b) post-employment benefit plans or other long-term employee benefit plans to which India AS 19, Employee Benefits, applies.
(c) an investment entity need not present consolidated financial statements if it is required, in accordance with paragraph 31 of this Ind AS, to measure all of its subsidiaries at fair value through profit or loss.</td></tr>
<tr><td colspan="2">Ind AS 111: Joint Arrangements</td></tr>
<tr><td>Ind AS-111 prescribes the accounting for a joint arrangement.

Joint arrangements are economic arrangement between two or more parties sharing joint control and make the decision jointly about the business activities. The purpose of the joint arrangement might be share costs or might be motivated by profit.

The investor will be required to either apply the equity method of accounting or recognize, on a line-by-line basis, its share of the underlying assets, liabilities, revenues and expenses. The accounting treatment required will depend on the substance of the arrangement and the nature of the investor's interest in it.

A joint arrangement is an arrangement of which two or more parties have joint control and have the following characteristics:
• The parties are bound by a contractual arrangement; and
• It gives two or more of the parties joint control of the arrangement.</td><td>Objectives
The objective of this Indian Accounting Standard (Ind AS) is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements). For the purpose of meeting the above stated objective, this Ind AS defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.
Scopes
This Ind AS shall be applied by all entities that are a party to a joint arrangement.</td></tr>
<tr><td colspan="2">Ind AS 112: Disclosure of Interests in Other Entities</td></tr>
<tr><td>Ind AS-112 is related to the disclosures only and there is no principal laid down for measurement, recognition and presentation of investment made in other entities.

The disclosure requirements in this Standard are intended to improve transparency as to the judgments made in deciding whether or</td><td>Objectives
to disclose information that enables users of its financial statements to evaluate:
(a) the nature of, and risks associated with, its interests in other entities; and
(b) the effects of those interests on its financial position, financial performance and cash flows.</td></tr>
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<td>not to consolidate and the financial impact if management decides a different conclusion.</td>
<td>For the purpose of meeting the above stated objective, an entity shall disclose:
(a) the significant judgements and assumptions it has made in determining:
(i) the nature of its interest in another entity or arrangement;
(ii) the type of joint arrangement in which it has an interest;
(iii) that it meets the definition of an investment entity, if applicable; and
(b) information about its interests in:
(i) subsidiaries;
(ii) arrangements and associates; and
(iii) structured entities that are not controlled by the entity (unconsolidated structured entities).</td>
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<td></td>
<td>Scopes</td>
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<td></td>
<td>This Ind AS shall be applied by an entity that has an interest in any of the following:
(a) subsidiaries
(b) joint arrangements (i.e. joint operations or joint ventures)
(c) associates
(d) unconsolidated structured entities.

This Ind AS does not apply to:
(a) post-employment benefit plans or other long-term employee benefit plans to which Ind AS 19, Employee Benefits, applies.
(b) an entity's separate financial statements to which Ind AS 27, Separate Financial Statements, applies. However, if an entity has interests in unconsolidated structured entities and prepares separate financial statements as its only financial statements, it shall apply the requirements in paragraphs 24–31 when preparing those separate financial statements.
(c) an interest held by an entity that participates in, but does not have joint control of, a joint arrangement unless that interest results in significant influence over the arrangement or is an interest in a structured entity.
(d) an interest in another entity that is accounted for in accordance with Ind AS 109, Financial Instruments. However, an entity shall apply this Ind AS:
(i) when that interest is an interest in an associate or a joint venture that, in</td>
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	accordance with Ind AS 28, Investments in Associates and Joint Ventures, is measured at fair value through profit or loss; or (ii) when that interest is an interest in an unconsolidated structured entity.
Ind AS 113: Fair Value Measurement	
IFRSs (Ind ASs) measurements are mainly driven by fair value. Before IFRS-13 there was no comprehensive Standard on fair value. There was inconsistency in application of Fair value. These inconsistencies have led to diversity in practice and lack of comparability of information reported in financial statements. IFRS-13 (Ind AS-113) fair value measurement sets out a single source of comprehensive guidance on how to measure the fair value of both financial and non-financial assets and liabilities. IFRS-13 (Ind AS-113) includes descriptions of certain valuation approaches and techniques, it is not a valuation standard and does not prescribe how valuations should be performed.	**Objectives** This Ind AS: (a) defines fair value; (b) sets out a framework for measuring fair value; and (c) requires disclosures **Scopes** Non Applicability of measurement and disclosure requirements: (a) Share-based payment transactions (b) Leasing transactions (c) Measurements that have some similarities to fair value but are not fair value.
Ind AS 114: Regulatory Deferral Accounts	
Some entities provide goods or services to customers at a price, subject to regulation by the government. For example, supply of gas etc. Rate regulations ensure that specified cost are recovered by the supply, simultaneously the prices charged to customer are fair and reasonable. These twin objectives mean that prices charged to customers at a particular time do not necessarily cover the cost incurred by the supplier at that time. In this case the recovery of such cost is deferred. Similarly these rate regulated entities are permitted to defer income that non-rate-regulated entities would recognise the income in profit or loss.	**Objectives** The objective of this Standard is to specify the financial reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation. In meeting this objective, the Standard requires: (a) limited changes to the accounting policies that were applied in accordance with previous generally accepted accounting principles for regulatory deferral account balances, which are primarily related to the presentation of these accounts; and (b) disclosures that: (i) identify and explain the amounts recognised in the entity's financial statements that arise from rate regulation; and (ii) help users of the financial statements to understand the amount, timing and

	uncertainty of future cash flows from any regulatory deferral account balances that are recognised.
	Scopes
	An entity is permitted to apply the requirements of this Standard in its first Ind AS financial statements if and only if it: (a) conducts rate-regulated activities; and (b) recognised amounts that qualify as regulatory deferral account balances in its financial statements in accordance with its previous GAAP. An entity shall apply the requirements of this Standard in its financial statements for subsequent periods if and only if, in its first Ind AS financial statements, it recognised regulatory deferral account balances by electing to apply the requirements of this Standard.
Ind AS 115 : Revenue from Contracts with Customers	
India has issued a corresponding converged standard Ind AS-115 'Revenue from Contracts with Customers' in relation with IFRS 15. Revenue is defined as income arising in the course of an entity's ordinary activities. The 'income' is increases in economic benefits (i.e. inflows or enhancement of assets or decreases of liabilities) that result in increases in equity other than those that relate to contributions from equity participants. All entities that either enters into contracts with customers to transfer goods, services, or non-financial assets are subject to the revenue recognition standard.	**Objectives** The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. For the purpose of meeting the above stated objective, the core principle of this Standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity shall consider the terms of the contract and all relevant facts and circumstances when applying this Standard. An entity shall apply this Standard, including the use of any practical expedients, consistently to contracts with similar characteristics and in similar circumstances. This Standard specifies the accounting for an individual contract with a customer. However, as a practical expedient, an entity may apply this Standard to a portfolio of contracts (or performance obligations) with similar characteristics if the entity reasonably expects that the effects on the financial statements of applying this Standard to the portfolio would not differ materially from

	applying this Standard to the individual contracts (or performance obligations) within that portfolio. When accounting for a portfolio, an entity shall use estimates and assumptions that reflect the size and composition of the portfolio.
	Scopes
	An entity shall apply this Standard to all contracts with customers, except the following: (a) lease contracts within the scope of Ind AS 17 (b) insurance contracts within the scope of Ind AS 104; (c) financial instruments and other contractual rights or obligations within the scope of Ind AS 109, Financial Instruments, Ind AS 110, Consolidated Financial Statements, Ind AS 111, Joint Arrangements, Ind AS 27, Separate Financial Statements and Ind AS 28, Investments in Associates and Joint Ventures; and (d) non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers. For example, this Standard would not apply to a contract between two oil companies that agree to an exchange of oil to fulfill demand from their customers in different specified locations on a timely basis.