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AS1: DISCLOSURE OF ACCOUNTING POLICY

Objective and Scope

- Set out overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content

Complete set of financial statements

- Balance sheet
- statement of P&L
- statement of cash flow
- notes

Fundamental Accounting Assumptions

- Going Concern
- Consistency
- Accrual

True and Fair View

- Materiality
- Substance Over Form
- Prudence

AS2: INVENTORY

Definition

Inventories are assets :

- Held for sale in ordinary course of business
- In the process of production for such sale
- In the form of material or supplies to be consumed in the production process or in the rendering of services

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Scope

- All inventories except:
  - Financial instruments (Ind AS 32)
  - Biological assets
- Does not apply to the measurement of inventories held by:
  - Producers of agricultural and forest products measured at NRV
  - Minerals and mineral products measured at NRV

Measurement principle	Inventories measured at lower of cost and net realizable value (NRV)

Cost Includes

- Cost of purchase, including import duties, non-recoverable taxes, transport and handling and other directly attributable cost (trade discounts and rebates to be deducted)
- Cost of conversion such as direct labour, fixed and variable production overheads
- Other cost incurred in bringing the inventories to their present location and condition. Eg: cost of designing products for specific customers.

Cost Excludes

- Abnormal waste
- Storage cost (unless necessary in the production process)
- Admin overheads not related to production
- Selling costs
- Interest cost (AS16 identifies circumstances where borrowing costs can be included)

NRV	NRV is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs to make the sale

Cost formulas

- For non-interchangeable items: specific identification
- For interchangeable items, either :- FIFO, WEIGHTED AVERAGE COST
- Use of LIFO is prohibited

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Techniques for the measurement of cost

Standards cost method or the retail method used for convenience, if the results approximate cost

Standard cost method

- It takes into account normal levels of material and supplies, labour, efficiency and capacity utilization. They are regularly reviewed and revised

Retail method

- Often used in the retail industry. The cost of the inventories is determined by reducing the sale value of the inventories by the appropriate percentage gross margin

AS3: CASH FLOW STATEMENT

CLASSIFICATION

Operating activities

- principal revenue producing activities of the entity from the transaction that enters into the determination of profit or loss.
- Eg:
  - cash receipts from the sale of goods and the rendering of services
  - cash payment to suppliers for goods and services
- cash payments to and on behalf of employes

Investing activities

- Acquisition and disposal of long-term assets and other investments not included in cash equivalents.
- Eg:
- Purchase and sale of property, plant and equipment, intangible and other long term assets.
- Interest and dividend received.
- Cash payments (and receipts) to acquire (and sell) equity or debt instruments of other entities and interests in joint ventures.
- Cash advances and loans made to other partieS

Financing activities

- Activities that result in changes, in the size and composition of the contributed equity and borrowing of the entity. Eg:
- Cash proceeds from issuing shares
- Cash payment to acquire or redeem the entity's shares
- Cash proceeds from issuing debentures, loans, etc.
- Cash repayment of loans, etc

REPORTING CASHFLOWS

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Operating activities	Direct method	Information about major classes of gross cash receipts and gross cash payments may be obtained either: a) From the accounting of the records of the entity or b) By adjusting sales, cost of sales and other items in the statement of profit and loss for – I. Changes during the period in inventories and operating receivables and payables II. Other non-cash items and III. Other items for which the cash effects are investing or financing cash flows.
	Indirect method	Determined by adjusting profit and loss for the effects of: a) Changes during the period in inventories and operating receivables and payables b) Non-cash items such as depreciation, provisions, deffered taxes, unrealized foreign currency gains and losses, and undistributed profits of associates and c) All other items for which the cash effects are investing or financing cash flows
Investing and financing activities	Gross basis	Major classes of gross cash receipts and gross payments except for transaction which are required to be reported on net basis
	Net basis	1. Cash receipts and payments on behalf of customers when the cash flows reflect the activities of the customer rather than those of entity and 2. Cash receipts and payment for items in which the turnover is quick, the amounts are large, and the maturities are short

Cash comprises cash on hand and demand deposits

Cash equivalents

Short term

High liquidity investments

Readily convertible to known amount of cash

Subject to insignificant risk of changes in value

Other Disclosures	1. Explanation of significant amount of cash balances that are not available for use 2. Disclosure of relevant information: a. Undrawn borrowing amount b. Identifying cash flows that increases operating capacity separately from those that maintain operating capacity and 3. Cash flows of each reportable segments

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Specific considerations

Foreign currency cash flows	Cash flow transaction in a foreign currency shall be recorded in an entity's currency by applying the exchange rate between the Indian currency and the foreign currency at the date of cash flow Unrealized gains and losses arising from changes in exchange rates are not cash flows but it is reported in the statement of cash flows for reconciliation purpose	
Interest and dividends	Cash flows from interest and dividends received and paid shall each be disclosed separately Financial institution classifies interest paid and interest received as cash flow Other entity classifies interest paid as financing cash flows while interest and dividends received as investing cash flow	
Taxes on income	Cash flows arising from taxes on income are normally classified as operating cash flow unless they can be specifically identified with financing and investing activities	

AS4: EVENTS AFTER THE REPORTING DATE

Definition	Those events favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are approved by the board of directors

Adjusting events	Those that provide evidence of conditions that existed at the end of the reporting period
Non-adjusting events	Those that are indicative of conditions that arose after the reporting period

Recognition and measurement	**Adjusting events**	An entity shall adjust the amounts recognized in its financial statements. • Settlement after reporting date of court cases that confirm the entity had a present obligation at reporting date • Bankruptcy of a customer that occurs after reporting date confirms a loss existed at reporting date on trade receivables • Sales of the inventories after reporting date that give evidence about their net realizable value at reporting date
		Determination after reporting date of cost of assets purchased or proceeds from assets sold, before reporting date
	Non-adjusting events	An entity shall not adjust the amounts recognized in its financial statements. Examples- • Major business combinations or disposal in subsidiary

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		• Announcing a plan to discontinue operations • Major purchase or disposal of assets, classification assets as held for sale or expropriation of major assets by government • Destruction of major production plant by fire after reporting date • Announcing or commencing a major restructuring • Major ordinary share transactions • Abnormal large changes after the reporting period in asset prices or foreign exchange rates • Changes in tax rate or tax law • Entering into significant commitments such as guarantees • Commencing major litigation arising solely out of events that occurred after the reporting period
	Dividend	The entity shall recognize dividend as liability dividends are declared to holders of equity instruments after the reporting period

Going concern

An entity shall restate the financial statements on a going concern basis if management determines after the reporting date either that it intends to liquidate the entity or to cease trading, or that it has no realistic alternative but to do so

Disclosures

Date of approval for issue

An entity shall disclose the date when financial statements were approved for issue and who gave that approval.

Non-adjusting events after the reporting period

If material, non-disclosure could influence the economic decisions of users.

Thus, an entity shall disclose the following:

- The nature of the event, and
- An estimate of its financial effect, or a statement that such an estimate cannot be made

AS5: ACCOUNTING POLICIES & ESTIMATES

Changes in accounting policies only if

- Is required by AS
- Required by Statute
- Results in the financial statements providing reliable and more relevant information

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The following are not changes in accounting policies

- Accounting policy differs in substance from those previously undertaken
- Transaction did not occur previously or were immaterial. Any revaluation is assets as per AS10 is not a change in accounting policy to be dealt with their respective standards and not this standard

Principle of Change in Accounting Policy	• If change is due to new standard / interpretation, apply transitional provision • If no transitional provisions, calculate retrospectively and account for prospectively

Errors

Definition

- Prior period errors are omission from, and misstatements in, the entity's financial statements for one or more prior periods

Principle

- Correct material prior period error by:
  - Presenting seperately in Current year for the prior period(s) presented,

Changes in accounting estimates

Definitio

A change in accounting estimate is an adjustment of the carrying amount of the 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 changes in the circumstances, new information or new developments and accordingly, are not corrections of errors

Principle

Recognize the change prospectively in profit or loss in:

Period of change, if it only affects that period, eg. Change in bad debts estimates or

Period of change and future periods if the changes affect both. Eg. Change in useful life of a depreciable asset

Disclosure

The nature and amount of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in future periods.

If the amount of the effect in future periods is not disclosed because it is impracticable, an entity shall disclose that fact

Revised AS 10: Property Plant and Equipment

Objective and scope

- It prescribes the accounting treatment for PPE
- It applies in accounting for PPE except- Ind AS105, 41, 106 and mineral rights and reserves etc

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Definition

- **Plant, property and equipment-** tangible items are held for use in the production or supply of goods, for rental to others, for administrative purposes, and are expected to be used during more than one year.
- **Depreciation-** it is the systematic allocation of the depreciable amount of an asset over its useful life

Recognition

Recognize the cost of an item of PPE as an asset only if:

- Probable future economic benefits associated with the item will flow to the entity and
- The cost of the item can be measured reliably.

Initial measurement

Whether acquired or self-constructed PPE should be initially recorded at cost.

Cost comprises-

- Its purchase price + import duties and non-refundable taxes(-) trade discount and rebate
- Any cost directly attributable to bringing the asset to the location and condition necessary for it to be capital of operating in the manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.
- Internal profit are eliminated
- Also include borrowing costs as per AS 16
- In an exchange transaction: cost is measured at the fair value (unless it lacks commercial substance or cannot be reliably measured than carrying amount is taken)

Asset acquired in exchange	Of Another Asset	Fair market value or Net book value whichever is more clearly evident
	Of Equity	Fair market value

Subsequent measurement

The cost model

the asset is carried at cost less accumulated and impairment losses

The revaluation model

the asset is carried at a revalued amount, being its fair value at the date of the revaluation, less subsequent depreciation and impairment losses

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Depreciation	• The depreciable amount is allocated on a systematic basis over the asset's useful life. • The residual value and the useful life shall be reviewed annually • Any change is accounted for prospectively as a change in an accounting estimates under Ind AS 8 • Depreciation is charged to profit or loss, unless it in included in the carrying amount of another asset • Depreciation commences when the asset is available for use.
Depreciation method	• Should reflect the pattern in which the asset's future economic benefits are expected to be consumed • It should be reviewed annually and • Any significant change is accounted for as a change in an accounting estimate under Ind AS 8 • Method of depreciation- 1.straight line method 2. Diminishing balance method 3. Units of production method

Others

Cost of replacing part/major inspection-

- It is recognized in the carrying amount of the item of PPE if the recognition criteria are satisfied and
- Remaining carrying amount of the parts that are replaced or previous inspection cost is de-recognized

Spare parts, stand-by or servicing equipment: are classified as PPE when they meet the definition of PPE otherwise classified as inventory.

Subsequent Revaluation

Previously there was

- Increase in Value
  - Now Increase in value → Create RR
  - now decrease in Value → First adjust to RS, then to P&L
- Decrease in value
  - now increase in value → First adjust to P&L euqal to above, then RS
  - now Decrease in value → Charge to P&L

De-recognition

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- The carrying amount of an item of PPE shall be derecognized-
  a) On disposal or
  b) When no future economic benefits are expected from its use or disposal
- Gain or loss = difference between net disposal proceeds and carrying amount
- Gain or loss is included in profit or loss
- In case of revalued asset: revaluation surplus may be transferred directly to retained earnings
- Revaluation shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of the reporting period
- Revaluation frequency depends upon the movements (annual revaluation for volatile items or intervals between 3-5 years for others)
- If an item is revalued, the entire class of asset to which that asset belongs is required to be revalued
- The net carrying amount of the asset is adjusted to the revalued amount and either
  - The gross carrying amount is adjusted in manner consistent with the net carrying amount
  - Accumulated depreciation is adjusted to equal the difference between the gross and net carrying amount, or
  - Accumulated depreciation is eliminated against the gross carrying amount
- An increase in revaluation is recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus except when the increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

Disclosure

Disclosures include but are not limited to-

- Measurement bases used for determining the gross carrying amount
- Depreciation method used
- Useful life or depreciation rates used
- Gross carrying amount and the accumulated depreciation at the start and end of the period
- A reconciliation of the carrying amount at the start and end of the period showing-addition/ assets held for sale/ other disposal/ acquisition through business combination/ revaluation/ impairment losses recognized and reversed / depreciation / exchange differences/ other changes
- Existence and amounts of restrictions on the title, and PPE pledged as security
- Contractual commitments for the acquisition of PPE.

AS7: CONSTRUCTION CONTRACTS

Scope

- To establish ground rules for recognition of revenue and cost, relating to construction contracts, in different accounting periods in which construction work is performed

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Fixed Price Contract

- Contract price or rate per unit of output is fixed
- Escalation clause could be present

Cost plus contract

- Revenue = Cost + Some percentage or fixed amount

Identification of contracts

Group of assets

(Construction of each asset to be treated as seperate contract if:)

- Seperate proposal for each asset
- seperate negociation for each asset with acceptance/rejection possible for each part
- identification of cost and revenue for each asset

Group of contracts

(With single or several customers to be treated as single if:)

- Negotiated as a single package
- Contacts closely inter related and in substance part of a single project
- performed concurrently or in continuous sequence

Contract Revenue

- Recognised on Percentage Completion method
- Depends on initial amount agreed
- Variations in receipt maybe recognised if measurable and probable

Contract Expense

- Recognised on Percentage Completion method
- Any expected loss to be charged off immediately
- Includes all Direct cost and allocable cost

AS 9 : REVENUE RECOGNITION

Interest Charges & Royalty	• Accrual basis
Dividend	• Right to receive established
Interest, royalty, dividend from foreign	• exchange permission granted
escalation, incentives etc.	• when uncertainty removed
delivery delayed at buyers request	• recognise if item is ready for delivery
installation major portion	• when installation is complete

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sale on approval	• approved or approval time expired w.e.l.
guaranteed sales	• provision as per previous experience
consignment sales	• when sold by consignee
subscriptions	• straight line basis
hire purchase	• installments-recognise immediately • interest- accrual basis
advertising	• service completed
financial service commisions	• project charges- one time basis • consultancy- continuous basis

AS11: FOREIGN EXCHANGE TRANSACTION

DEFINITIONS	
Net investment in foreign operations	the amount of the reporting entity's interest in the net assets of that operation
	An item of which settlement is neither planner more likely to occur in the foreseeable future is, E.g.: Long term receivable
	Trade receivable or trade payables are not included in the investment in foreign operations
Monetary items	Units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency. E.g.: employee benefits to be paid in cash; provision that are to be settled in cash; and cash dividends that are recognized as a liability.
Non-Monetary items	Other than Monetary item I.e. absence of a right to receive (or an obligation to deliver) a fixed or determinable number of units of currency. E.g. prepaid rent, goodwill; intangible assets; inventories, PPE etc.

when closing rate cannot be used for monetary items	• restrictions on remittances • closing rate is unrealistic
integral operations	• exchange difference recognised as income or loss in P&L
non integral operations	• exchange difference recognised in Foreign exchange reserve account • on disposal income or expense recognised in P&L

Accounting for Integral Assets

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Fixed Assets	Historical cost
Inventory	Purchase date price or NRV at fair value w.e.l.
Current Assets & Liab.	Closing rate
Share Capital & Reserve	Purchase date Exchange rate
P&L	Average Rate
Foreign Exchange Fluctuation	Transferred to Profit and Loss

Accounting for Non Integral Operations	
All assets and liab.	Closing rate
Income and Exp.	Date of transaction
Share Capital & Reserve	Purchase date Exchange rate
P&L	Average Rate
Foreign Exchange Fluctuation	Transferred to Foreign Currency Translation Reserve

AS12: GOVERNMENT GRANT

Definition

- Assistance by government
- In the form of transfer of monetary resources to an entity
- In return for past or future compliance with certain conditions relating to the operating activities on the entity
- Exclude those forms of government assistance which cannot reasonably have a value placed on them and which cannot be distinguished from the normal trading transactions of the entity

Scope

- It shall be applied in accounting and disclosure of government grant except
  - Special problems were changing prices affect government grants
  - Tax benefits: income tax holidays, investment tax credits, accelerated depreciation
  - Government participation in the ownership of an entity

Related to specific fixed Asset	Deduct form value of asset or,
	Created a deferred reserve account charged to P&L as deferred income account
Related to non-depreciable asset	Credited to Capital Reserve
Related to obligatory requirement	Credit to P&L over the period of incurring cost of obligation
Related to revenue	Credit to P&L
Non-monetary asset at concessional rate or no cost	No accounting required
Related to compensation for expense or loss	Treated as extra-ordinary item
Becomes refundable	Treated as extraordinary expense
(refund related to specific fixed asset)	Depreciate prospectively

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Scope

- To prescribe accounting treatment for Investments in the financial statements of an enterprise amd related disclosure requirements

Current Investments

- Readily realizable within 12 months from the date of purchase
- Carried at cost or Fair Value w.e.l., diff trf to P&L

Long term Investments

- Intended to be held for long term
- Carried at Cost unless Permanent Decline

Assets acquired for other than cash

by issue of securities	by exchange of another asset
fair value of securities	Fair value of asset given up or investment received whichever is more clearly evident

Identification of contracts

Group of assets

(Construction of each asset to be treated as seperate contract if:)

- Seperate proposal for each asset
- seperate negociation for each asset with acceptance/rejection possible for each part
- identification of cost and revenue for each asset

Group of contracts

(With single or several customers to be treated as single if:)

- Negotiated as a single package
- Contacts closely inter related and in substance part of a single project
- performed concurrently or in continuous sequence

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Reclassified from Current to Long Term	Reclassified from Long Term to Current
• Transfer at Lower of Cost and Fair Value at the date of transfer	• Transfer at lower of Cost or Carrying Amount at the date of transfer

acquired cum dividend/interest rights	• dividend/interest is deducted from the asset value
pre aquisition dividend	• deducted from the asset value
post acquisition dividend	• accounted in P&L

rights issue	• added to carrying amount of investment
rights not subscribed and sold	• transferred to P&L
if investment acquired cum right	• deduct sale of such rights portion from asset value

AS 14: AMALGAMATION

Type of Amalgamation

- **Pooling of Interest**
  - All assets and liabilities transferred
  - 90% of shareholders continue
  - Consideration only in equity shares
  - Business not discontinued
  - no adjustment in book value made
- **Purchase Method**
  - if any of the condition stated in PoI not satisfied

Accounting Treatment		
Method	**Pooling of Interest**	**Purchase Method**
Reserves of transferor company	Continued	Discontinued except statutory reserves
Difference of consideration paid to asset acquired	Adjusted to reserves	If excess – CR If less paid – Goodwill
Recording assets/ liabilities	Existing carrying amount	Fair value recognition permitted

AS 15: EMPLOYEE BENEFITS

Objective and scope	To prescribe accounting and disclosure for employee benefits Applied by an employer in accounting for all employee benefits except shared base payments.

Definition

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Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment

Types of employee benefits	**SHORT TERM EMPLOYEE BENEFITS**	
	E.g.: Wages, salaries, bonuses, etc. that are expected to be settled wholly within the 12 month's from the date service is rendered	
	Compensated absence :	Accumulating: carried forward and can be used in future periods if the current period's entitlement is not used in full
		Non-accumulating: Cannot be carried forward to be used in future period. Recognize expenses when absence occurs
	All short term benefit	Recognize the undiscounted amount as an expense / liability when the employee has rendered service in exchange for the benefits
	Profit sharing & bonus schemes	Recognize the expenses when entity has a present legal or constructive obligation to make payment ; and
		A reliable estimate of the obligation can be made
	OTHER LONG TERM BENEFITS	
	E.G: long service leave, etc An entity shall recognize the net total of the following amounts in profit or loss: (a) Service Cost; (b) Net interest received on the defined benefits asset; and (c) Re-measurement of the net defined benefits assets	
	TERMINATION BENEFITS	
	Provided in exchange for the termination either	An entity's decision to terminate an employee's employment before the normal retirement date or
		An employee's decision to accept an offer of benefits in exchange for the termination of employment
	Recognize liability and expense at the earlier of	The date the entity cannot be longer withdraw the benefit or offer
		The date the entity recognizes restricting cost
	If termination benefits settled wholly before 12 months – **apply short term employee benefits**	
	If termination benefits are not settled wholly before 12 months –**apply other long term employee benefits**	
	POST EMPLOYEE BENEFITS	
	Post-employee benefits included: • Retirement benefits (e.g.: pension , lump sum payments • Other post –employment benefits life insurance, medical care.)	
	Insured benefits	An entity may pay insurance premiums of fund a post employment benefit plan.
		Treat such plan as a defined contribution plan unless the entity will have a legal or constructive obligation either
		To pay the employee benefits directly when they fall due;

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		To pay further amounts if the insurer does not pay all future employee benefits		
		If the entity retains such a legal or constructive obligation, the entity shall treat the plan as defined benefits plan		
	Multi employee plans	These are defined contribution plans or defined benefit plans that pools the asset of various entities that are not under the common control and use those assets to provide benefits to employees of more than one entity		
		If the plan is defined benefit plan, an entity may apply defined contribution accounting when sufficient information is not available to apply the accounting requirements for defined benefit plans		
	State Plans	An entity shall account for a state plan in the same way as for the multi employer plan		
	Defined Contribution Plan	Straightforward scheme	Obligation is determined by the amount paid into the plan each period	
			No actuarial assumption	
		The entity shall recognize the contribution payable to the defined contribution plan in exchange for the service	As a liability	
			As an expense	
		Disclose the amount recognized as an expense for DCP		
	Defined Benefit Plan	More complex scheme ○ Need actuarial assumptions for estimating future benefits ○ Need discounting of obligation to present value ○ Since assumption change there will be actuarial gain or loss		
		Recognition and measurement Following steps to account for defined benefit plans		
		Determine the deficit or surplus	Make the reliable estimate of the ultimate cost of the benefit that the employees have earned in return for their service in the current and prior periods (using the actuarial technique by the projected unit credit method)	
			Discount that benefit in order to determine the present value of the defined benefit obligation – fair value of the plan assets	
		Determine net defined benefit asset/ liability	Amount of the deficit or surplus as above, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling	
		Determine amount to be recognized in profit or loss	Current service cost	
			Past service cost or gain or loss on settlement	
			Net interest on net defined benefit liability	
			Actuarial Gain or loss	

Presentation : offset
An entity shall offset an asset relating to one plan against a liability relating to another plan when the entity.:
(a) Has a legally enforceable right ;and
(b) Intend either to settle the obligation on a net basis ,or to realize the surplus in one plan and settle its obligation under the other plan simultaneously

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Curtailment and Settlement	Decrease in the amount of obligation accounted for Steps • Reduce unamortized past service cost • Determine Curtailment benefit on gross obligation • Reduce Gross obligation proportionately by related curtailment after reducing curtailment related to Unamortized past service cost

AS16: BORROWING COST

Scope

- It applies in accounting for borrowing cost.
- does not deal with the actual or imputed cost of entity
- it does not apply to the borrowing cost direcly attributable to the :
  - A qualifiying assets measured at fair value

Definition	
Borrowing cost	• Borrowing cost are interest and other costs incurred by an entity in connection with the borrowing of funds • Borrowing cost may included : (a) Interest expense (b) Amortization of discount/ premium on loans (c) Amortization of ancillary cost (d) Finance lease charges (e) Exchange differences arising from foreign currency
Qualifying assets (QA)	A qualified asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Example include: I. Inventories (that are not produced over a short period of time.) II. Manufacturing plant II. Power generation facilities IV. Intangible assets Example that is not (QA) I. Financial assets II. Assets that are ready for their intended use or sale when acquired

Recognition	Capitalize borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying assets as part of the cost of that assets
	Other borrowing cost as an expense in the period in which it incurs them.
Borrowing cost eligible	Those borrowing cost that would have been avoided if the expenditure on the qualifying assets had not been made.

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for capitalization	In case of specific borrowing – actual borrowing costs incurred on that borrowing less any investments income on the temporary investment of those borrowings.
	In case of general borrowing apply a capitalization rate* to the expenditure on this assets The amount of the borrowing cost capitalization during the period cannot exceed the amount of borrowing costs incurred during the period
	*capitalization rate= weighted average of borrowing costs applicable to the general borrowing

Disclosure
▪ Amount of borrowing cost capitalized during the period ▪ Capitalization Rate used

Commencement of the capitalization

Incurs expenditures of the assets

Incurs borrowing cost

Undertakes activities that are necessary to prepare the assets for its intended use or sale

Suspension of capitalization

Suspend capitalization of borrowing cost during extended period in which it suspends active development of a qualifying assets

When temporary delay is a part of prodn / construction than capitalization continues

Cessation of capitalization

Cease capitalization when substantially all the activities necessary to prepare the assets for this intended use or sale are complete.

When in entity completes the contrucation of a qualifying assets in parts and each part is capable of being used while contrucation continues on other parts then cease capitalization borrowing costs when it completes substsncially all the activities necessary to prepare that part for its intended use or sale

AS 17: SEGMENT REPORTING

Core principle	an entity is required to disclose information to enable the nature and financial effect of the business activities and the economic environments in which it operates
Scope	• If an entity voluntarily chooses to disclose information about segment, it shall not describe the information as segment information. • If a financial report contains both the consolidation FS of a parent within this AS scope +parent's separate FS, then applicable to only consolidated FS
Operating segment	• If risk and returns related to product or service- Business Segment • If risk and return related to geographical area – Geographical Segment
Quantities threshold	• Information about an operating segment is required to be disclosed separately that meets any of the following quantitative threshold : - Its reported revenue, including both external sales and intersegment sales, =10 % or more of the combined revenue of all operating segments

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	- The absolute amount of its reported profit or loss is 10 % or more of the greater of : ○ The combined reported profit of all operating segments that did not report a loss; and ○ The combined reported loss of all operating segments that reported a loss. - Its assets are 10 % or more of the combined assets of all operating segments. - If qualified minimum threshold limit in PY - Management Discretion • If the total external revenue reported by operating segment constitutes less than 75% of the total revenue, additional operating segments shall be identified as reportable segments until at least 75 % of the entity's revenue is included in reportable segment

AS 18: RELATED PARTY DISCLOSURE

Objective & Scope

- To ensure that financial statement contains disclosure requirement of related party relationships
- **This standard shall be applied in:**
  - Indentifying relating party relationships, and transactions ;
  - Identifying outstanding balances, including commitments;
  - Identifying the circumstances in which disclosure is required; and
  - Determining the discloser to be made

Disclosure is also required of

- Related party relationship transaction and outstanding balance **in the related consolidated and separate financial statement of:**
  - A parent
  - Investors with joint control of an investee
- Investor with significant influence over an investee

DEFINITIONS	
Key management personnel	persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or close family member) **Related party is** a person or entity that is related to the reporting entity
Close family member	those family member how may be expected to influence , or be influenced by that person in their dealing with the entity including : • That person's children ,spouse, brother ,sister father and mother ; • Children of that person's spouse; and

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	• Dependents of the that person or that person's spouse
Government	refers to government , government agencies and similar bodies whether local, national or international

Related party	
Individual	A person or a close family member is related to a reporting entity if that person : I. Has control or joint control of the reporting entity; II. Has significant influence over the reporting entity; or II. Is a member of the key management personnel of the reporting entity or of its parent.
Entity	Applies to an entity is related to a responding entity: I. Parent, subsidiary and fellow subsidiary; II. Associate & Joint venture; II. The entity is controlled or jointly controlled by a person identified in above table IV. A person identified in above table has significant influence over the entity or is a member of the key management personnel of the entity (or of parent of the entity) V. The entity, or any of its group member provides key management personnel services.
Non related party	• Two entities simply because they have a director or key management personnel in common • Two joint ventures who share joint control over a joint venture. • Provider of finance, trade unions, public utilities, and department and agencies of a government simply by virtue of their normal dealings with an entity. • A single customer, supplier, franchiser, distributor, or general with whom an entity transects a significant volume of business merely by virtue of the resulting economic dependence.

DISCLOSURE	
All Entities	Relationship between a parent and its subsidiaries shall be disclosed irrespective of whether there has been transaction between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party
	If there has been related party transaction during the reporting period then disclose • The nature of the related party relationship • Information about those transitions and • Outstanding balances, including commitments • Provisions for doubtful debts • Bad or doubtful debt expense recognized from related parties
	The above disclosure be made separately

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	• For the parent; • Entities with the joint control of, or significant influence over, the entity; subsidiaries; associates; • Joint ventures in which the entity is a joint venture; • Key management personnel of the entity or its parent; and • Other related parties
	Amounts incurred by the entity for the provision of key management personnel services that are provide by a separate management entity shall be disclosed

AS19: LEASES

Definition	**Lease**	an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time
	Minimum lease payments	lease payments over lease term + residual value guaranteed to lessor +amount guaranteed by or on behalf of lessee
	Gross investments	**MLP** under finance lease + unguaranteed residual value
	Net investment	gross investment - unearned finance income

Classification:

Depends on the substance of the transaction rathr than the form of the contract

Operating lease: lease other than a finance lease

Accounting treatment-

Lessee:

Recognizes lease expense on straight line basis over the lease term or transferred to P&L

Accounting treatment-

Lessors:

lessors should record assets in their balance sheet as per the nature of the asset

recognizes lease income on a straight line basis over the lease term

initial direct cost shall be added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income

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finance lease: lease that transfer substantially all the risk and rewards incidental to ownership of an asset

Accounting treatment:

Lessor:

recognizes a receivable equal to the net investment of the lease

recognizes finance income based on a pattern reflecting a constant periodic rate of return on the lease

initial direct costs are included in the initial measurement of the finance lease receivable and reduce the amount of income recognized over the lease term

there is a special requirement in case of manufacturer granting finance lease

Accounting treatment:

Lessee:

recognizes as an asset and a liability in the balance sheet

recognizes asset at the lower of the fair value of the leased asset and present value of MLP

discount rate = implicit rate in the lease

lease payment are appointed between finance charges and reduction of liability

finance charge allocation is allocated to a period to produce a constant rate of interest over the period of time

depreciation on the leased asset should be done on systematic basis

Sales and leaseback transactions

Finance lease

any excess of sale proceeds over carrying amount shall not be recognized immediately but deferred and amortized over the lease term

Operating lease

if the sale price is at fair value , any excess of sale proceeds over carrying amount is recognized by the lessor immediately

if the sale is below fair value, If profit, recognize immediately. If loss,difference between WDV and FV should be transferrd to P&L and difference between SP and FV to be deferred over lease term

if the sale price is above market value, If loss, recognize immediately. If profit, difference between FV and WDV should be transferrd to P&L and difference between SP and FV to be deferred over lease term

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Examples of finance lease	1. lease transfers ownership of the asset to the lessee by the end of the lease term 2. lessee has a bargain purchase option and it is certain at the date of inception that the option will be exercised 3. the lease term is for the major part of the economic life of the asset 4. at the inception of the lease the present value of the minimum lease payments amounts to substantially all of the fair value of the ;eased asset 5. the leased asset are of such a specialized nature that only the lessee can use them without major modification 6. gains and losses from the fluctuation in the fair value of the residual accrue to the lessee 7. the lessee has the ability to continue the lease for a secondary period at a rent substantially lower than the market rent 8. if the lessee can cancel the lease, the lessor's associated losses are borne by lessee

AS20: EARNING PER SHARE

Objective & Scope

- To prescribe for the determination and presentation of earning per share
- Applied to companies that have issued ordinary shares to which ASs notified under the Companies Act apply.
- An entity that discloses EPS shall calculate & disclose EPS as per this Std.
- When an entity present both consolidated and separate financial statements respectively, the disclosure shall be presented both in the consolidated (based on info in consolidated ES) and separate financial statements(based on info in separate FS)

DEFINITIONS	
ordinary share	An ordinary share is an equity instrument that is subordinate to all other classes of equity instruments
A potential ordinary share	A potential ordinary share is a financial instruments that may entitle its holder to ordinary shares
Dilution	○ is a reduction in EPS (increase in loss per share) ○ from the assumption ○ that convertible instruments are converted, options/warrant exercised, or ordinary share issued upon the satisfaction of conditions
Anti-dilution	○ is an increase in EPS (reduction in loss per share) ○ from the assumption ○ That convertible instruments are converted, option/warrants exercised, or ordinary shares issued upon the satisfaction of conditions.

MEASUREMENT: TYPE OF EPS

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Basic EPS	Diluted EPS (DEPS)
Calculate Basic EPS = (a) / (b) (a) = Earnings (b)= Weighted Average No.s of Equity shares	Calculate Diluted EPS = (c) / (d) (c) = Earnings for Basic EPS as per (a) with adjustments (d) = Weighted Average no. s of Equity shares for Basic EPS as per (c) with adjustments
Earnings (a) = amounts for profit or loss attributable to ordinary equity holders of the parent entity from continuing operations. I.e. Net Profit or Loss after Tax, Adjusted for the after- tax amounts of: ○ preference dividends, ○ difference arising on the settlement of preference share, and ○ Other similar effects of preference shares classified as equity. ○ Income / expense debited or credited to security premium/other reserves.	**Earnings (c)** = Basic Earnings as per (a) adjusted for after- tax effect of : ○ Any dividends or interest or other items related to dilutive potential ordinary shares and ○ Changes in income or expense from the conversion of the dilutive potential ordinary shares
Basic – Weighted average number of shares = ○ The number of ordinary shares outstanding at the beginning of the period, ○ Adjusted by the number of ordinary shares bought back or issued during the period ○ Multiplied by a time-Weighting factor. Notes : ○ share included : from the consideration is receivable ○ Bonus issue included : in the number of shares as if the issue had occurred at the beginning of the earliest period presented (so restate comparatives)	**Diluted – Weighted average number of shares (d) =** ○ Weighted average number of ordinary shares in Basic EPS per (a) plus ○ Additional shares that would be issued on the conversion of all the dilutive potential ordinary shares. ○ It is presumed that conversion is at beginning of year / date of issue of potential ordinary share. ○ Diluted EPS presented when it would decrease EPS or increase loss per share from continuing operations.

Presentation
- an entity shall present basic and diluted earnings per share with equal prominence for all periods presented - The basic and diluted EPS for a discontinued operation should be disclosed either in the statement of profit and loss or in the notes.

Disclosure
An entity shall disclose the following : (a) The amounts used in the numerators and its reconciliation to profit or loss. (b) The Weighted average number of ordinary shares used in the denominator and its reconciliation to each other. (c) Instruments that could potentially dilute basic earnings per share in the future but were not included because they are currently anti-dilutive.

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Objective

- lays down principles and procedures for preparation and presentation of CFS

PROCEDURE	a) Ascertain and eliminate cost of investment by parent in each subsidiary b) Ascertain and eliminate parents portion of equity in each subsidiary c) If a>b, record goodwill else CR d) Ascertain Minority interest in income and net assets of the company e) Consolidate profits of both the company by eliminating MI of profits f) Eliminate intra group transactions, balance, resulting unrealized profits or losses

- Seperate Financial Statement to be prepared even if CFS are prepared
- All domestic and foreign subsidiaries to be consolidated even if the business activities are dis similar
- in no case the difference between reporting dates should exceed 6 months
- CFS to be made on the basis of uniform accouting policies
- For seperate financial statement of holding, investment to be reflected as per AS 13
- in case enterprise ceases to be subsidiary, it shall be accounted for as per AS 13
- when controlled by two enterprise, both will prepare CFS
- negative minority not to be reflected in CFS, to be adjusted against Consolidated reserves
- Arrears of preference dividend to be adjusted related to minority while preparing CFS
- Recognise profit or loss on disposal of subsidiary in Consolidated P&L
- Tax expense not to be recomputed

AS 22: INCOME TAXES

Current taxes

Recognized as a liability to the extent unpaid → Recognized as an asset to the extent the amount already paid exceeds the amount due → The benefits relating to a tax loss that can be carried back to recover current tax of a previous period shall be recognized as an asset

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Current tax- measurement

- Measure the asset / liability using the tax rates that are enacted or substantially enacted to the reporting date

Timing difference	Permanent Difference
Differences between taxable income and accounting income for a period that originate in one period and are capable of reversal in one or more subsequent periods	These are the differences between taxable income and accounting income for a period that originate in one period and do not reverse subsequently

Deferred Taxes

- of an asset
  - Tax of initial years being higher and subsequent years being lower
  - P&L - Credit, BS - Debit
- of a liability
  - Tax of initial years being lower and subsequent years being higher
  - P&L - Debit BS - Credit

Deferred tax - measurement

- Measure the balance at tax rates that have been enacted or substantially enacted by the end of the reporting period
- They should be measured at tax rates that are expected to apply in the period when the asset is realized or liability settled
- Deferred tax assets and liabilities are not discounted
- Average rate used when difference tax rates apply to different levels of taxable income
- In case of losses/ unabsorbed depreciation, recognise DTA only if it is virtually certain with convincing evidence that future taxable income will be available
- The carrying amount of a deferred tax asset is reduced when it is no longer virtually certain that sufficient taxable profit will be available for utilization with convincing evidence
- Reduction shall be reversed to the extent that it becomes virtually certain with convincing evidence that sufficient taxable profit will be available
- Ignore timing difference originating and reversing in tax holiday period
- Ignore MAT while calculating DTA / DTL

Offset

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Current tax asset/liability

An entity shall offset current tax assets and current tax liability if it has

A legally enforceable right to set off and

Intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously

Deferred tax asset/liability

An entity shall offset deferred tax asset and liability if it has:

A legally enforceable right to set off current assets against current tax liability; and

The deferred tax assets and deferred tax liability relate to income taxes levied by the same taxation authority

AS 23: ACCOUNTING FOR ASSOCIATE

Meaning

- Other than subsidiary or joint venture
- Has significant influence gained by statute, agreement or share ownership being more than 20%

Initial Recognition

- At cost
- Identify goodwill/ CR and reflect it seperately

Subsequent Recognition

- Distribution received to be deducted from investment
- Increase / Decrease post acquisition profits/ losses

Eliminat e

- Unrealized profits/ losses from transaction with investor to the extent of investors interest
- arrears of preference dividend

If Investors share of losses of an associate equals or exceeds the carrying amount of Investment, show Investment at NIL Value

Exceptions	• Investment intended to be temporary • Associate operates in severe long term restrictions significantly impairing its liability to transfer funds

AS 24: DISCONTINUING OPERATIONS

Objective & scope	The objective of this Statement is to establish principles for reporting information about discontinuing operations, thereby enhancing the ability of users of financial statements to make projections of an enterprise's cash flows, earnings-generating capacity, and financial position by segregating information about discontinuing operations from information about continuing operations
Definition	That the enterprise, pursuant to a single plan, • Disposing of substantially in its entirety, such as by selling the component in a single transaction or by demerger or spin-off of ownership of the component to the enterprise's shareholders; or

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	• Disposing of piecemeal, such as by selling off the component's assets and settling its liabilities individually; • Terminating through abandonment; and • That represents a separate major line of business or geographical area of operations; and • That can be distinguished operationally and for financial reporting purposes
Initial Disclosure Event	The enterprise has entered into a binding sale agreement for substantially all of the assets attributable to the discontinuing operation; or
	The enterprise's board of directors or similar governing body has both (i) approved a detailed, formal plan for the discontinuance and (ii) made an announcement of the plan
Exception	• Change in scope of operations is not discontinuing • Gradual phasing of a product line or class of service not a discontinuing operations • Discontinuing several products within an ongoing line of business not necessarily discontinuing operations • Shifting of some production or marketing activities- not discontinuing • Closing activity to achieve productivity improvements in other cost saving- not necessarily discontinuing operations

AS 25 : INTERIM FINANCIAL REPORTING

Objective and scope

- To prescribe the minimum contact of anintrarin financial report and to prescribe recognition and measurement principals
- This std dos not mandate which entities should be required to public intrarin financial riports
- This std applies if an entity is required or elect to publish an interim financial report as per ind As

Definitions	
Interim period	Interim period is a financial reporting period shorter than a full financial year
Interim financial report	Interim financial report means a financial report containing either a complete set of financial statement or a set of condensed financial statement for an interim period

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Content of interim financial report

- Condensed balance sheet
- Condensed statement of profit & loss
- Condensed statement of cash flows
- Selected explanatory notes

The condensed statement should include, at the minimum

- Each of the headings and subtotals that were included in its most recent annual financial statement
- Selected explanatory notes as required by this standard
- Additional line items should be included if their omission would make the condensed interim financial stame
- Basic and diluted earnigs per share for that period (when applicable)not misleading

Significant events and transactions	• Significant events and transaction of changes in financial position and performance of the entity since the end of the last annual reporting period should be included • Followings are the significant discloser: (the list is not exhaustive) (a) Write-down of inventories to NRV and reversals; (b) Reorganization of a impairment loss and reversals ; (c) The reversal of any provision for the costs of restructuring ; (d) Acquisitions and disposals of property , plant and equipment; (e) Commitments for the purchase of property, plant and equipment; (f) Litigation settlements; (g) Corrections of prior period errors; (h) Changes in the business or economic circumstances; (i) Any loan default or breach of a loan agreements; (j) Related party transaction;
Other disclosure	○ A statement that the same accounting policies or, if those changed, a description of the nature and effect of the change. ○ Explanatory comments about the seasonality or cyclicality of interim operations ○ The nature and amount of unusual items affecting assets liability, equity, net income or cash flows because of their nature, size or incidence. ○ The nature and amount of changes in estimates ○ Issues, repurchases and repayments of debt and equity securities. ○ Dividends paid separately for ordinary share and other share. ○ Segment information ○ Event after the interim period that have not been reflected in the financial statement for the interim period. If an entity's interim financial report is in compliance with this standards, that fact shall be disclosed.

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What periods are required to be presented?	○ Balance sheet as of end of the current interim period and its comparative for the immediately preceding financial years ○ St. of P&L for the current interim period and cumulatively for the current financial year to date along with its prior period comparative ○ Statement of changes of equity cumulatively for the current financial year to date along with its prior period comparative ○ Statement of cash flow cumulatively for the current financial year to date along with the prior period comparatively.
Disclosure in annual financial statement	○ If an estimated in an interim period is changed significantly during the final interim of the financial year but a separate financial reports is not published ○ The nature and amount of that changes should be disclosed in the annual financial statement for the financial year

Recognition and measurement

Accounting policies	Revenues, received seasonally, cyclically, or occasionally	Cost incurred unevenly during the financial year	Use of estimates
○ Same accounting policies as annual ○ Except for accounting policy changes that are to be reflected in the next annual financial statement	Should not be anticipated or deferred in interim reports.	Should only be anticipated or deferred for interim reporting if it is also appropriate in the annual financial statements	The preparation of interim reports generally requires a greater use of estimation methods than annual financial reports

AS 26: INTANGIBLE ASSET

Objective & scope

- To prescribe the accounting treatment for intangible assets
- It should be applied to all intangible assets, except:
  - Intangible assets covered by another standard
  - Financial assets as defined in Ind AS 32 :
  - Exploration and evaluation of assets and expenditure on minerals, oil, natural gas etc

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Intangible assets

- identifiable, non-monetary assets, without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes has been removed from the definition of an intangible asset.

Identifiability

- If it either :
  - is payable, ie is capable of being separated and sold, transferred licensed, rented or exchange; or
  - arises from contractual or other legal rights

Notes

- some intangibles is contained in a physical asset, e.g. compact disc.
- When software is not an integral part of related hardware, it is an intangible asset

RECOGNITION AND MEASUREMENT		
Separate acquisition	Recognition	- Probable that the expected future economic benefits will flow of the entity - Cost can be reliably measured
	Measurement	- Measured initially at cost - Cost comprise of : (a) Its purchase price+(import duties and non-refundable purchase taxes)-(trade discounts & rebates; and (b) Any directly attributable cost of preparing the asset for its intended use.
Acquisition by way government grant		recognize at nominal value (a) airport landing rights, licenses to operate radio or television stations, import licenses or (b) quotas or right to access other restricted resource

internally generated goodwill	Internally generated goodwill should not be recognized as an asset. <u>Other Examples include;</u> • internally generated brand • customer lists • mastheads, publishing titles <u>Reason</u> as the Expenses cannot be distinguished from the cost of developing the business as a whole
internally generated intangible assets	• an entity classifies the generation of the asset into: (a) a research phase; and (b) a developing phase; • If the research phase cannot be separated from the development phase then the expenses is to be taken in the research phase only. Research phase • Expenditure on research should be recognized as expenses when it is incurred. Development phase

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	• Expenditure on development phase should be capitalized as an Intangible Asset if, and only if, all of the following are net : (a) Technical feasibility of completing the intangible asset. (b) Its intention to complete. (c) Its intention to complete. (d) Probable future economic benefits and the existence of a market or list usefulness. (e) The availability of adequate technical, financial and other resources to complete. (f) Its ability to measure expenditure reliably.

Recognition of expense	• Expenditure on an intangible item should be recognized as an expense when it is incurred unless ○ It forms part of the cost of the intangible asset ○ The item is acquired in a business combination and cannot be recognized as an intangible asset. Then it forms part of the goodwill • Past expense cannot be capitalized in the later period
Subsequent Measurement	• It is carried at its cost less any accumulated amortization and any accumulated impairment losses
Useful life	• An entity should assess the useful life of an intangible asset
When finite useful life	Amortization period and amortization method • The depreciable amount of an intangible asset should be allocated on a systematic basis over its useful life • Amortization begins when the asset is available for use • Amortization ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized • The amortization method used should reflect the pattern of future economic benefits expected to be consumed Residual value It should be assumed to be zero unless (a) There is a commitment by the third party to purchase the asset at the end of the useful life (b) There is an active market for the asset a. Residual value can be determined by reference to that market and b. It is probable that such market will exist at the end of the assets useful life
Indefinite useful life	• Amortized maximum for 10yrs • Account for the change in accounting estimate
Retirement and disposal	• An intangible asset should be derecognized ○ On disposal or ○ When no future economic benefits are expected from its use or disposal ○ The gain or loss: Net disposal proceeds – Carrying amount of the asset ○ Recognized in profit or loss (Gains not to be classified as revenue)

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AS 27: FR OF INTEREST IN JV

Jointly Controlled Operations
- no seperate legal entity
- no seperate accounting records and FS required

Jointly Controlled Assets
- No seoerate legal entity
- No seperate FS required, accounting limited to common expenses incurred

Jointly Controlled Entity
- Seperate legal entity
- Seperate FS and accounitng required

RECOGNITION REQUIREMENTS		
JCO	**JCA**	**JCE**
Assets owned by venture and liabilities incurred by it to be included in CFS or Separate FS	Share of JCA shown in the books of venture Share of liabilities incurred Share of Income	Separate FS – Apply AS 13 CFS • Proportionate share of assets, liability and Income consolidated • Uniform accounting policy adjustment required

Inter Transactions
- **JCO & JCA**
  - Sale by venturer
    - Profit- Recognise other venturers portion
    - Loss - Recognise full
  - Purchase by Venturer
    - Recognise at purchase price
- **JCE**
  - Whether purchase or sale
    - recognise gain or loss of other venturers portion
    - recognise loss in full

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AS 28: IMPAIRMENT

Objective

- To prescribe the procedure that an entity applies to ensure that its assets are carried at no more than their recoverable amount

Scope

- Applied in accounting for the impairment of all assets, other than;
- Inventories, contract assets, deferred tax assets, employee benefits, financial assets, biological assets, insurance contract assets, amount

Definition

- An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.
- An cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflow from other assets or group of assets.
- The recoverable amount of an asset or a cash- generating until is the fair value less costs of disposal and its value in use.
- Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit

IMPAIRMENT LOSS = Carrying Amount > Recoverable Amount
(i.e. When recoverable amt > carrying amt. No. impairment)

What Assets to be identified for impairment?

- Individual Assets
- Cash Generating units (CGUs)

When & what to test for Impairment?	**External sources of information**	i. Significant decline in market value ii. Change in technological, market, economic or legal environment iii. Change in interest rate iv. Low market capitalization
	Internal source of information	i. Evidence of obsolescence or physical damage ii. Discontinuance, disposal or restructuring plans - Declining asset performance

Disclosure
The event and circumstances led to the recognition or reversal of the important loss.
The amount of the impairment loss recognized or reversed
For an individual asset : (i) The nature of the asset; and (ii) The reportable segment to which the asset belongs
For a cash-generating unit : (i) A description of the cash-generating unit

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(ii) The amount of the impairment loss recognized or reversed by assets and by reportable segment; and generating unit's recoverable amount (if any), a description of the current and former way of aggregating assets and the reasons for changing the way the cash-generating unit is identified.
The recoverable amount and whether is fair value less asset (cash-generating unit) is its fair value less cost of disposal or its value in use.
It the recoverable amount is fair value costs of disposal, the entity should disclose a level of the fair value hierarchy, a description of the technique for measuring fair value less cost of disposal, key assumptions and the discount rates used
If recoverable amount is value in use, the discount rate used in the current estimate and previous estimate (if any) of value in use.
Additional disclosure
The main classes of assets affected by impairment losses and the main classes of assets affected by reversals of impairment losses.
The main event and circumstances that led to the recognition of these impairment losses and reversals of impairment losses.

RECOGNIZING AND MEASURING AN IMPAIRMENT LOSS	
Consider Individual Assets	- Determine Recoverable Amount - If carrying amount>Recoverable amt, difference is charged to P/L as impairment loss (or adjusted against existing revaluation reserve)
Consider CGU	- Determine Recoverable Amount of CGU to which the asset belongs - If carrying amt (including goodwill > Recoverable amt, difference is impairment loss - Allocate impairment loss in the following order ○ 1st : against Goodwill ○ Next : to other Corporate Assets on pro-rata basis of carrying amt of each asset
In Allocating Important loss, an asset should not reduce below highest of	- Its fair value less costs of disposal; - Its fair value in use; and - Zero
After recognition of an impairment loss	Depreciation is adjusted in future period over the asset's revised carrying amount, less its residual value on a systematic basis over its remaining useful life

REVERSING AN IMPAIRMENT LOSS	
1. Assess : at each balance sheet date whether any indication that an impairment loss recognized in prior period is to be reversed. 2. If yes, Estimate the Recoverable Amount 3. Recognize Reversal of impairment loss as follows: ○ Individual asset- recognize in profit and loss asset carried at revalued amount. ○ CGUs- allocated to assets of CGUs on a pro-rata basis. ○ Goodwill- Impairment of goodwill is reversed same as above	
EXTERNAL INDICATORS	• Significant increase in market value • Favorable changes in technological market, economic or legal environment • Change in interest rates • Market interest rates have decreased.

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INTERNAL INDICATOR	• Significant favorable changes in a way asset is used or expected to be used • Evidence from internal reporting indicates that economic performance of the asset will be better than expected

AS29: CONTINGENT LIABILITIES AND ASSET

Objective & scope

- To ensure that appropriate recognition criteria and measurement bases applied to provision, contingent liabilities and contingent assets with sufficient discloser
- Applied by the entity expert:
  - From executor contracts, expert where contracts is onerous; and
  - Those covered by another standards

DEFINITIONS	
Provision	- A liability of - Uncertain timing or amount
Onerous contract	One where the unavoidable costs of meeting the obligations under the contract > the economic benefits expected to be received under it
contingent liability	- A possible obligation - That arise from last event - Whose existence will be conformed only by the occurrence or non-occurrence of one or more uncertain future events - Not wholly in the control of the control of the entity; or - A present obligation - That arise from last event - That is not recognized - Because it is not probable that an outflow will be required to settle the obligation or - The amount of the obligation cannot be measured reliably
Contingent assets	- Possible assets - That arise from the last event and - Whose existence will be confirmed only by the occurrence of one or more uncertain future events. - Not wholly within the control of the entity.
A restructuring	- Is a program that is planned and controlled by management, and - Materially changes either : (a) The scope of a business undertaken by a entity ; or (b) The manner in which that business is conducted.

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RECOGNITION		
Provision	A provision should be recognized when : (a) An entity has a present obligation (legal or constructive) as a result of a past event. (b) It is probable that an outflow will be required to settle the obligation ; and (c) A reliable estimate of the amount of obligation can be made.	
Contingent liability	- An entity should not recognize a contingent liability - A contingent liability disclosed - Unless the possibility of an outflow is remote.	
Contingent assets	- An entity should not recognize a contingent asset. - A contingent asset is not disclosed	
Measurement	**Best estimate**	- Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. - Where there is a large population is involved: the obligation should be estimated by weighing - U[p shall possible outcomes - Where a signal obligation is being measured: the most likely outcome should be chosen. - In determining the best estimate, mgt judgment, experience of similar transaction, reports from independent experts, evidence, related risks and uncertainties be considered
	Reimbursement	- When some of the expenses is to be reimbursed from third parties, reimbursement should be recognized only when, it is probable that reimbursement will be received if the entity settles the obligation. - It is treated as a separate asset. - It should not exceed the provision. - In the statement of profit & loss, the expense relating to a provision may be presented net of reimbursement.
	Changes in provisions	- Provisions are reviewed at each reporting date and adjusted to reflect current best estimate - If it is no longer probable that an outflow will be required to settle the obligation, the provision is reserved
Application of the recognition and	**Future operating losses**	provision should not be recognized for future operating losses

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measurement rules	**Onerous contracts**	- the provision is recognized & measured for onerous contract at the lower of: ▪ Costs of fulfilling the contract ▪ Compensation arising from failure to fulfilling it.
	Restructuring	- A constructive obligation or restructure arises only when an entity has the following: (a) Has a detailed formal plan for the restructuring identifying at least ; I. The business or part of the business concerned ; II. The principal of business are affected ; III. The location, function and no's of employees being compensated for terminating services. IV. The expenditures that will be undertaken ; and V. When the plan will be implemented ; and (a) Has raised a valid expectation in those affected that will carry out the restructuring by starting to important that plan or announcing its main features. - A restructuring provision should included only the direct expenditures arising from the restructuring, which are those that are both: A) Necessarily entailed by the restructuring ; and - Not associated with the ongoing activities of the entity

C O M P A R A T I V E S

AS 1: Accounting Policies

	Point of Difference	AS 1	Ind AS 1
1	Compliance with AS	Not required	Disclose
2	Extraordinary items	Disclose separately	Prohibited
3	Opening balance sheet	Not required	In case of change in policy
4	Statement of change in equity	Not required	Required
5	Statement of Other Comprehensive Income	Not required	Below P&L
6	Comparative information	Not required	Required

AS 2: Inventory

	Point of Difference	AS 2	Ind AS 2
1	Inventory of Service Provider	Excluded	Included
2	Inventory of Commodity trader/ broker	Included	Excluded
3	Subsequent assessment of NRV	Covered in AS 5	Covered in Ind AS 2

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4	Inventory purchased on deferred basis	Recorded at purchase price	Purchase price less interest chargeable beyond normal credit period
5	Machine spares	Defined	Defined in Ind AS 16

AS 3: Cash flow statements

	Point of Difference	AS 3	Ind AS 7
1	Bank OD	Financing Activity	Cash Equivalent
2	Asset purchase and sale in rental business	Investing Activity	Operating Activity
3	Undistributed profits of associate	Not covered	Deduct from profit while calculating cash flow from OA
4	Cash flow from Extra ordinary Activity	Separately disclosed	Not covered
5	Sale of subsidiary stake without loss of control	Investing Activity	Financing Activity
6	Dividend paid in case of Financial Enterprise	Operating Activity	Financing Activity

AS 5: Change in policy, Prior period items and Change in Estimate

	Point of Difference	AS 5	Ind AS 8
1	Extraordinary items	Covered	Excluded
2	Accounting for change in accounting policy	Retrospective calculation, prospective accounting	Retrospective calculation retrospective accounting
3	Change in accounting policy in case required by statute	Covered	Not covered
4	Prior period items	Accounting in current year	Accounting retrospectively
5	Disclosure requirement	Comparatively less	Comparatively more

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AS 4: Events occurring after balance sheet date

	Point of Difference	AS 4	Ind AS 10
1	Non Adjusting Events	Disclose in Directors report	Disclose in notes to accounts
2	Proposed dividend	Recognize in BS	Disclose in notes to accounts
3	Going concern	Restate balance sheet	Fundamental change in basis of accounting
4	Breach rectified later of long term loan arrangement	Not covered	Continue to classify as long term loan

AS 22: Income Taxes

	Point of Difference	AS 22	Ind AS 12
1	Approach	Income	Balance Sheet
2	DTA related to losses and unabsorbed Depreciation	Virtual certainty with convincing evidence	Probable benefits in future
3	Disclosure	Separately	Noncurrent asset/ liability

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4	Revaluation of Fixed Asset	No DTL/DTA	DTL @ sale of asset rather than through use
5	Guideline on change in tax status of entity	Not covered	Covered
6	Deferred taxes related to tax holiday period	Covered	Not covered

AS 15: Employee Benefits

	Point of Difference	AS 15	Ind AS 19
1	Constructive (Assumed) Obligation	Not Covered	Covered
2	Directors in Definition	Only whole time	All
3	Short term employee benefit	Due within 12 months from date of rendering service	Due within 12 months from date of reporting date
4	Surplus funds accounting in Multi employer plan	Not covered	Covered
5	Contribution to multi employer fund	Not related party	Related party transaction
6	Actuary valuation	Over regular interval	Ones in every three years
7	Actuarial gains/ losses	Recognized In P&L	Recognized In OCI

AS 19: Leases

	Point of Difference	AS 19	Ind AS 17
1	Land Lease	Not Covered	Covered
2	Property other than investment property held for operating lease	Not Covered	Covered
3	Biological asset other than Agriculture Activity	Not covered	Covered
4	Initial transaction cost for Mfg./ Dealer	P&L	OL- Amortize FL- P&L
5	Initial transaction cost for Others	Option to Amortize or charge to P&L	Amortize
6	Cost incurred between inception and commencement of lease	Not covered	Covered
7	Accounting for incentives	Not defined	Defined
8	Escalation in lease rent under Operating lease	Straight lined	Other than related to inflation straight lined

AS 12: Government Grant

	Point of Difference	AS 12	Ind AS 20
1	Government Assistance	Not Covered	Covered
2	Non Depreciable asset received at concessional price	Nominal Value	Fair Value
3	Deferment of Govt. Grant related to non depreciable asset	Not required	Covered
4	Deferment of Govt. Grant related to Promoters Contribution	Not required	Covered

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5	Loans at concessional rate	Recognized at full amount	Recognized at discounted amount

AS 11: Foreign Exchange Fluctuation

	Point of Difference	AS 11	Ind AS 21
1	Forward Exchange Contracts	Covered	Not covered
2	FCMITDA	Covered	Not Covered
3	Currency Type	1. Reporting Currency 2. Foreign Currency	1. Functional Currency 2. Presentation Currency 3. Foreign Currency

AS 16: Borrowing Cost

	Point of Difference	AS 16	Ind AS 23
1	Fair Value Assets	Not Excluded	Not covered
2	Repetitive inventory	Covered	Not Covered
3	Interest rate	Weighted Avg. for GL and Specific for SL	Effective interest rate
4	Substantial period of time	Not Defined	Defined
5	Disclosure of Capitalization rate	Not required	Required

AS 18: Related Party Disclosure

	Point of Difference	AS 18	Ind AS 24
1	Domestic Partner	Not covered	Covered
2	State Controlled Enterprise	Control of CG/SG	Control or Significant influence of CG/SG
3	KMP of holding in case of subsidiary	Not covered	Covered
4	JV to JV, JV to Associate	Not Covered	Covered
5	Post Employment Plans	Not covered	Covered
6	Compensation to KMP	Disclose in aggregate	Disclose each type separately
7	Govt. Related Entities	Exempted	Covered

AS 20: Earnings Per Share

	Point of Difference	AS 20	Ind AS 33
1	Options related to own share	Not covered	Covered
2	Basic and Diluted EPs of Continuing and Discontinued Operations	Aggregate	Separately
3	Extra Ordinary Items	Separately	Not covered

AS 25: Interim Financial Reporting

	Point of Difference	AS 25	Ind AS 34
1	Compliance	If interim report prepared	Interim report not necessarily as per Ind AS 34
2	Change in Equity	Not Required	Required
3	Reversal of Impairment Loss related to Goodwill	Permitted	Not permitted

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4	Parents Separate Financial Statements in case of CFS	Present both	Separate financial statement not required
5	Dividend related to equity and other shares	Aggregate	Separately
6	Contingent Assets	Not disclosed	Disclosed
7	Extraordinary items	Required	Prohibited
8	Comparatives in case of change in policy	Not revised	Revised

AS 28: Impairment Loss

	Point of Difference	AS 28	Ind AS 36
1	Financial assets like subsidiary, JV and Associate	Not covered	Covered
2	Biological Assets	Not excluded	Agriculture related not covered
3	Intangible Asset with indefinite Life	Not tested every year	Tested for impairment every year
4	Reversal of Goodwill	Permitted	Not permitted
5	Bottom up and Top down test	Covered	Not covered as goodwill is always allocable

AS 29: Contingent Liabilities

	Point of Difference	AS 29	Ind AS 37
1	Constructive Obligation	Not Covered	Covered
2	Discounting	Prohibited	Permitted
3	Contingent Assets	Not disclosed	Disclosed
4	Onerous Contracts	No specific guidelines	IL to be provided

AS 26: Intangible Assets

	Point of Difference	AS 26	Ind AS 38
1	Definition	Held for use in admin or production or rental	No such requirement
2	Assumed probable benefit	No such assumption	If IA is purchased
3	Payment on deferred basis	Recorded at purchase price	Purchase price less interest
4	Exchange of assets	No guidelines	FV of asset given
5	Government Grant	Recorded at nominal value	Fair Value
6	Indefinite Life asset	Amortized within 10yrs	Not amortized, tested for impairment
7	Cessation, de-recognition guidelines	Not provided	Provided
8	Fair Value model	Not given	Given
9	Amortization over Useful life vs. legal life	Legal life	Useful life
10	Residual value	Not checked annually	Checked annually, no amortization if value more than CA

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AS 13: Investments

	Point of Difference	AS 13	Ind AS 40
1	Coverage	All type of Investments	Only properties

AS 24: Discontinuing Operations

	Point of Difference	AS 24	Ind AS 105
1	Scope	Discontinuing Operations	Discontinued Operations and Asset Held For Sale
2	Cash flow statement	Separate disclosure	No such requirement
3	Time period	Not defined	12 months
4	Initial Disclosure Event	Defined	Not required
5	Measurement of Asset held for disposal	Defined in AS 10	Cost or FV wel
6	Abandonment of Asset	Considered as discontinuing	Disclosed Separately
7	Reclassification as continued asset	Not defined	Defined

AS 17: Segment Reporting

	Point of Difference	AS 17	Ind AS 108
1	Identification of Segment	Risk and Return Approach	Management Approach
2	Basis of Measurement	As per accounting policies defined	As defined by Chief Operating Decision Maker
3	Aggregation criteria	Not defined	Defined
4	Single reportable segment	No disclosure	Certain disclosures
5	Interest Expense	Not presented	Presented

AS 7: Construction Contracts

	Point of Difference	AS 7	Ind AS 11
1	Borrowing Cost	Included as per AS 16	No specific reference
2	Fair Value	Not recognized	Revenue recognized at FV
3	Service concession arrangement	Not specified	Recognize as expense

AS 27: Joint Venture

	Point of Difference	AS 27	Ind AS 111
1	Type	1. Jointly controlled operations 2. Jointly controlled assets 3. Jointly controlled entities	1. Joint operation 2. Joint venture
2	Equity method	Only proportionate consolidation method	Equity method defined
3	Near future disposal	Considered joint venture	Not considered joint venture
4	Applicability	Only in case of CFS	Applied in other than separate financial statements

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5	Post acquisition reserves	Disclosed	No such requirement

AS 21: Consolidation

	Point of Difference	AS 21	Ind AS 110
1	Mandatory	No	Yes
2	Control	One half of voting rights	Investor controls investee
3	More than one parent	Disclose	Cannot be more than one parent
4	Difference in reporting dates	Not more than 6 months	3 months
5	Non controlling interest	Presented separately other than equity and liability	Presented separately in equity
6	Potential voting rights	Not covered	Defined
7	Temporary investment	Not considered subsidiary	No such exemption

AS 23: Investment in Associate

	Point of Difference	AS 23	Ind AS 28
1	Significant influence	Does not include joint control	Includes joint control
2	Potential equity shares	Not considered	Considered
3	Equity method	Only if CFS prepared	Statement other than separate financial statement
4	Exemption	If fund transfer restriction	No such exemption
5	Near future saleable	Not considered as Associate	Covered under Ind AS 105
6	Difference in reporting dates	Can be any period	3 months
7	Uniform accounting policies	Not necessary	required

AS 14: Amalgamation

	Point of Difference	AS 14	Ind AS 103
1	Method of accounting	Pooling of interest and purchase method	Purchase method
2	Asset and liability under purchase method	Cost of fair value	Fair value
3	Amortization of goodwill	5yrs	Not amortized
4	Reverse acquisition	Not covered	covered
5	Contingent consideration	Not Covered	Covered
6	Bargain purchase gain	Capital Reserve	Other Comprehensive income

AS 10: Property, Plant and Equipment

	Point of Difference	AS 10	Ind AS 16
1	Assets held for disposal	Covered	Covered under Ind AS 105
2	Stripping cost in mine	Not covered	covered

AS 9: Revenue

	Point of Difference	AS 9	Ind AS 18

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1	Definition	From goods, services etc.	Which result in increase in equity
2	Measurement	Nominal value	Fair value
3	Barter	Not covered	Covered
4	Interest	Accrual basis	Effective interest method
5	Customer loyalty program	Not covered	Covered
6	Excise duty	Deduct from revenue	Not specifically provided
7	Disclosure	Comparatively less	Comparatively more

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