

 BB VIRTUALS

Edition 6

 Make My Delivery

CA | CMA Final

FR



Financial Reporting
DIGEST

VOLUME-1

CA AAKASH KANDOI



 Make My Delivery

For CA FINAL

FINANCIAL REPORTING

DIGEST

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Telegram Channel (@aakashkandoi_FR)

Youtube Channel (CA Aakash Kandoi)

Edition - 6

KEY FEATURES:

- ✓ Based on the Institute's Revised Module
- ✓ Simple and Lucid Language
- ✓ Complex Theories Presented via Simplified Charts
- ✓ Handy for Regular Reading and Last Day Revision

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FINANCIAL REPORTING

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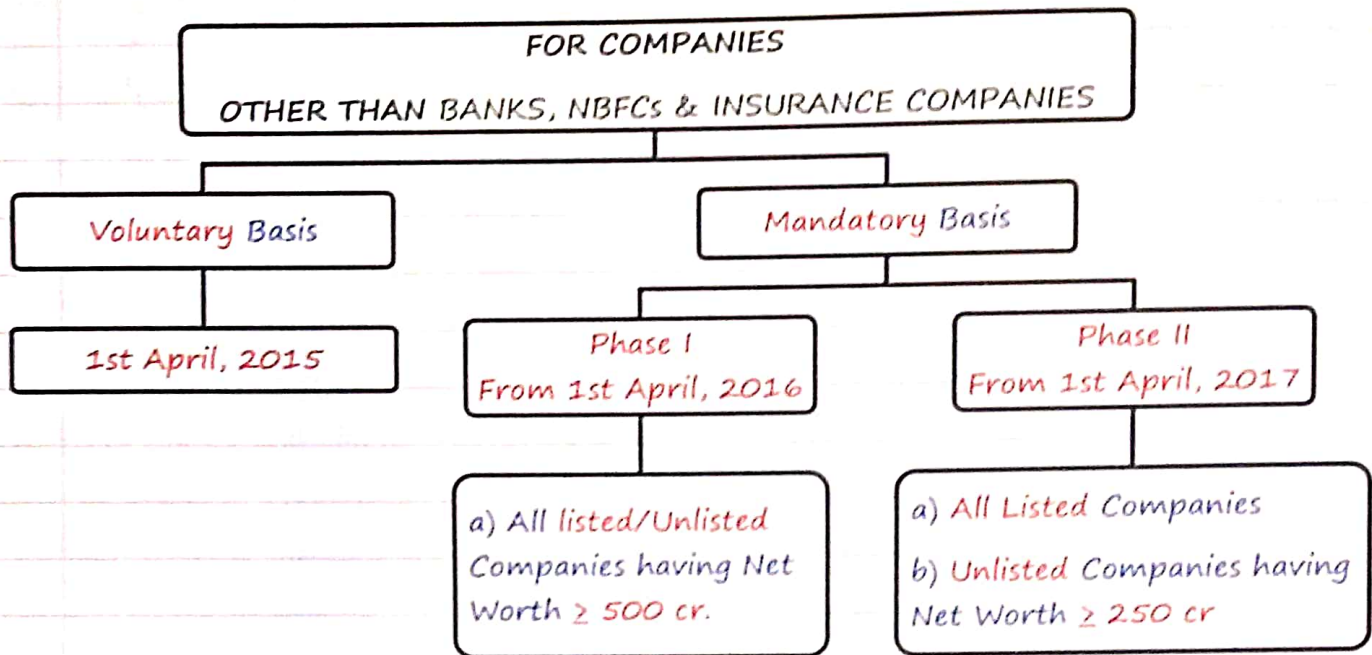
ROADMAP TO IND AS & SCHEDULE III – DIVISION II

1. INTRODUCTION OF IND AS IN INDIA

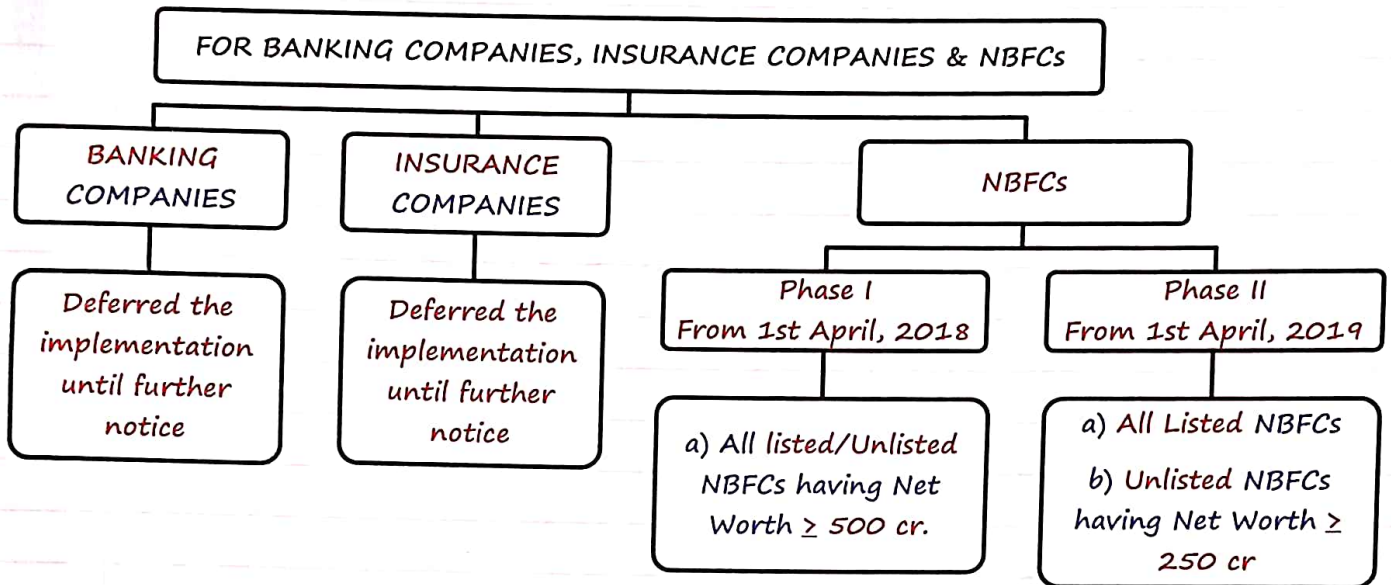
- Ind-AS are IFRS converged standards issued by the CG of India under the supervision ASB of ICAI and in consultation with NACAS (National Advisory Committee on Accounting Standards).
- NACAS recommends these standards to MCA. MCA has to spell out the accounting standards applicable for companies in India.
- The Ind AS are named and numbered in the same way as the corresponding IFRS (IFRS includes IAS).
- MCA has issued the Companies (Indian Accounting Standards) Rules, 2015 vide Notification dated February 16, 2015 covering the revised roadmap of implementation of Ind AS for companies OTHER THAN Banking companies, Insurance Companies and NBFCs.

2. WHAT ARE CARVE OUTS/INS IN IND AS?

- Since IND AS are IFRS converged, therefore changes made to IND AS during convergence are categorised into Carve-Ins & Carve-Outs
- CARVE INS
 - Terminology changes made to make it consistent with the terminology used in law.
Eg: 'Statement of profit and loss' in place of 'Statement of comprehensive income' and 'Balance sheet' in place of 'Statement of financial position'.
 - Removal of options in accounting principles and practices given in Ind AS vis-a-vis IFRS.
 - If there is no guidance under IFRS for any particular transaction or event, then the guidance provided under Ind AS is known as "Carve-Ins".
- CARVE OUTS
 - Certain changes have been made considering the economic environment in India, which is different as compared to the economic environment presumed to be in existence by IFRS. These differences which are in deviation to the accounting principles and practices stated in IFRS, are commonly known as 'Carve-outs'

3. APPLICABILITY & IMPLEMENTATION OF IND AS**NOTE:**

- i) Net worth in case of companies shall be checked from 31.03.14 & thereafter. The company meeting the specified threshold for the first time at the end of any accounting year shall apply IND AS from the immediate next accounting year with comparatives.
- ii) IND AS once applicable, always applicable
- iii) An entity covered under IND-AS as per above will make its Parent, Subsidiary, Associate & Joint Venture also covered under IND AS
- iv) Application of Ind AS is for both standalone as well as consolidated financial statements if threshold criteria met or adopted voluntarily.
- v) If Parent, Subsidiary, Associate & Joint Venture is Bank/Insurance/NBFC, then IND AS to such companies is applicable from their respective date (i.e. Dates Applicable to Banks/Insurance/NBFCs)
- vi) Companies listed on SME exchange not required to apply IND AS
- vii) Comparatives shall also be presented as per IND AS
- viii) Companies not covered above shall continue to apply Accounting Standards (AS)

**NOTE:**

- i) Net worth in case of NBFCs shall be checked from 31.03.16 & thereafter.
- ii) Voluntary adoption of IND AS is not allowed in case of Banks, Insurance & NBFCs
- iii) Urban Cooperative banks (UCBs) and Regional Rural banks (RRBs) are not required to apply Ind AS.
- iv) Holding, Subsidiary, JV and Associate companies of above Banks, Insurance, NBFC other than those already covered under corporate roadmap shall also apply IND AS from said date.
- v) Comparatives shall also be presented as per IND AS.

❖ Net Worth = Paid up Share Capital + All Reserves created out of profits + Securities Premium – Accumulated losses – Deferred Expenditure – Miscellaneous expenditure not written off.

BUT Net worth DOES NOT include reserves created out of revaluation of assets, write back of depreciation, Amalgamation Reserve.