Ind AS Accounting and disclosure guide

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Contents

Foreword

About the Ind AS Accounting and Disclosure Guide

This Guide has been produced by KPMG in India to assist entities in preparing financial statements in accordance with Indian Accounting Standards (Ind AS). It identifies the potential and significant accounting, reporting and disclosure requirements that are applicable to a first-time adopter of Ind AS in the preparation of financial statements.

Standards covered

This Guide is based on the standards that have been notified by the Ministry of Corporate Affairs (MCA) on 16 February 2015 and includes the amendments notified by the MCA on 30 March 2016. It does not include any standards or interpretations that may have been issued by the MCA or the Institute of Chartered Accountants in India (ICAI) after 1 June 2016. These 40 standards are to be applied by an entity that is required to or elects to apply Ind AS for annual reporting periods beginning on or after 1 April 2016.

This Guide specifies the scope of the individual standards and their key recognition, measurement and disclosure requirements. However, this Guide should not be used as a substitute for referring to the standards and interpretations themselves or for professional consultation where required.

While this Guide identifies significant areas of interaction between the guidance in the standards and the provisions of the Companies Act, 2013 as well as the Income Computation and Disclosure Standards notified under the Income Tax Act, 1961, entities should also consider the applicable legal and regulatory requirements when referring to this Guide. Further, entities should consider the impact of any changes that may occur in Ind AS and their interpretation, as well as the applicable legal and regulatory requirements.

Need for judgement

This Guide has been prepared to assist entities in complying with the significant accounting, reporting and disclosure requirements of Ind AS. However, the preparation of an entity's financial statements requires the use of judgement in terms of the evaluation and selection of accounting policies and disclosure choices based on the standards, the entity's specific circumstances and the materiality of disclosures in the context of the organisation.

Using the Guide

The Guide is organised by standard and is designed in a question-based format. Each question seeks a response on whether a preparer of financial statements under Ind AS has complied with a significant accounting consideration or disclosure requirement in the standard. The questions are structured in a manner that a 'yes' response generally indicates compliance, whereas a 'no' response would generally indicate non-compliance. If the guidance or nature of a transaction/financial statement item does not apply to the entity, an 'NA' response should be inserted. This pattern is designed to assist a preparer or reviewer of financial information to easily identify areas of non-compliance in a structured and comprehensive manner.

References and abbreviations

Each question includes a reference to the relevant guidance within the standard. Further, where a standard directs the preparer to another standard for certain types of transactions, a relevant cross-reference has been inserted. Abbreviations, where used, are defined within the text of the Guide.

Ind AS-101 First-time Adoption of Indian Accounting Standards

1. Executive summary

- Indian Accounting Standard (Ind AS) 101, *First-time Adoption of Indian Accounting Standards* is applied by the entity in its first Ind AS financial statements and each interim financial report, if any, that it presents in accordance with Ind AS 34, *Interim Financial Reporting*, for part of the period covered by its first Ind AS financial statements.
- The entity's first Ind AS financial statements are the first annual financial statements in which the entity adopts Ind AS notified under the Companies Act, 2013 and makes an explicit and unreserved statement in those financial statements of compliance with Ind AS.
- Ind AS 101 sets out specific transition requirements and exemptions available on the first time adoption of Ind AS.
- An opening balance sheet is prepared at the date of transition, which is the starting point for accounting in accordance with Ind AS.
- The date of transition is the beginning of the earliest comparative period presented on the basis of Ind AS.
- At least one year of comparatives is presented on the basis of Ind AS, together with the opening balance sheet.
- The transition requirements and exemptions on the first-time adoption of Ind AS apply to both annual and interim financial statements.
- Accounting policies are chosen from Ind AS effective at the first annual Ind AS reporting date.
- Generally, those accounting policies are applied retrospectively in preparing the opening balance sheet and in all periods presented in the first Ind AS financial statements, unless there is an explicit exemption or option provided under the standard.
- Ind AS 101 requires the entity to do the following in the opening Ind AS statement of financial position that it prepares as a starting point for its accounting under Ind AS:
  - Recognise all assets and liabilities whose recognition is required by Ind AS,
  - Not recognise items as assets or liabilities if Ind AS do not permit such recognition,
  - Reclassify items that it recognised in accordance with previous GAAP (Indian GAAP) as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity in accordance with Ind AS, and
  - Apply Ind AS in measuring all recognised assets and liabilities.
- This standard grants exemptions (either mandatory or as an option) from the Ind AS requirements in specified areas where the cost of complying with them would be likely to exceed the benefits to users of financial statements.
- This Ind AS prohibits retrospective application of some aspects of other Ind AS.
- Detailed disclosures on the first-time adoption of Ind AS including reconciliations of equity and profit or loss from previous GAAP (Indian GAAP) to Ind AS will be required in the entity's annual financial statements as well as some disclosures in its interim financial statements.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability		
	Ind AS 101 is to be applied by the entity in preparation of its first Ind AS financial statements and each interim report, if any, that it presents in accordance with Ind AS 34, *Interim Financial Reporting* for part of the period covered by its first Ind AS financial statements.		
1	If this is the first Ind AS financial statements in which the entity makes an explicit and unreserved statement of compliance with Ind AS notified under Companies Act, 2013, then has the entity applied this standard in the preparation of such financial statements?	101.3 101.5	
	(Note*: This standard shall not apply to an entity that already applies Ind AS, but makes changes to its accounting policies in accordance with the requirements of Ind AS. This standard will also apply for consolidation purposes to overseas entities that prepare financial statements based on IFRS/other standards.)*		
	Periods required to be presented		
2	Do the entity's first Ind AS financial statements include at least:	101.21	
	a) Three balance sheets (including an opening balance sheet),		
	b) Two statements of profit and loss,		
	c) Two statements of cash flows,		
	d) Two statements of changes in equity, and		
	e) Related notes, including comparative information for all statements presented?		
	Opening Ind AS balance sheet on transition date		
3	Except to the extent of exceptions from retrospective application of Ind AS in Q 5 and exemptions availed in accordance with Q 6, has the entity prepared its opening balance sheet at the transition date to Ind AS by:	101.10	
	a) Recognising all assets and liabilities whose recognition is required by Ind AS,		
	b) Derecognising all assets and liabilities whose recognition is not permitted by Ind AS,		
	c) Reclassifying items that it recognised under Indian GAAP as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity in accordance with Ind AS, and		
	d) Measuring of all recognised assets and liabilities in accordance with Ind AS?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Accounting Policies		
4	Have the adjustments, that arise from events and transactions before the date of transition to Ind AS, as a result of the difference between the accounting policies used by the entity in its opening Ind AS balance sheet, as compare to those used for the same date under Indian GAAP, been recognised directly in retained earnings (or, if appropriate, another category of equity) at the date of transition to Ind AS?	101.11 101.12	
5	In preparing its opening Ind AS balance sheet and for all the periods presented in such financial statements, has the entity used the same accounting policies, and ensured that such accounting policies comply with each Ind AS effective at the end of its first Ind AS reporting period, except to the extent that retrospective application of some aspects of Ind AS is prohibited, including:	101.7	
	a) Estimates (refer Q 7 to 9),		
	b) Derecognition of financial instruments (refer Q 10),		
	c) Hedge accounting (refer Q11),		
	d) Non-controlling interest (refer Q 12),		
	e) Classification and measurement of financial assets (refer Q 13),		
	f) Impairment of financial assets (refer Q 14),		
	g) Embedded derivatives (refer Q 15), and		
	h) Government loans (refer Q 16)?		
6	In preparing its opening Ind AS balance sheet, if the entity has availed of any optional exemptions from retrospective application of Ind AS accounting policies (that are available on the date of first time transition to Ind AS), has the entity ensured that any deviation from the requirements of Q 3 is only to the extent permitted by the following exemptions in accordance with the standard:	101.12 Appendix C-D	
	a) Business combinations (refer Q 17 and 18),		
	b) Share based payments (refer Q 24 and 25),		
	c) Insurance contracts (refer Q 36),		
	d) Deemed cost exemption for:		
	i) Property, plant and equipment, investment property and intangible assets (refer Q 19),		
	ii) Oil and gas assets (refer Q 34), and		
	iii) Rate regulated companies (refer Q 35)		
	e) Leases (refer Q 26 and 27),		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	f) Cumulative translation differences (refer Q 28 and 29),		
	g) Investments in subsidiaries, associates and joint ventures (refer Q 30),		
	h) Compound financial instruments (refer Q 22),		
	i) Designation of previously recognised financial instruments (refer Q 20),		
	j) Fair value measurement of financial assets or financial liabilities at initial recognition (refer Q 21),		
	k) Decommissioning liabilities (refer Q 32),		
	l) Financial assets or intangible assets arising from service concession arrangements (refer Q 33),		
	m) Extinguishment of financial liabilities with equity instruments (refer Q 23 below),		
	n) Severe hyperinflation (refer Q 38),		
	o) Joint arrangements (refer Q 31),		
	p) Stripping costs in the production phase of a surface mine (refer Q 39),		
	q) Designation of contracts to buy or sell a non-financial item (refer Q 40),		
	r) Non-current assets held for sale and discontinued operations (refer Q 37), and		
	s) Transfers of Assets from Customers (refer Q 41)?		
	(Note: *If the answer to Q 6 is yes, the entity is not required to comply with Q 3 to the extent permitted by the relevant exemption.)*		
	Specific exception for estimates		
7	Are estimates at the date of transition to Ind AS consistent with estimates made for the same date in accordance with Indian GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error?	101.14	
8	If the entity has received information after the date of transition to Ind AS about estimates that it had made under Indian GAAP, that requires the revision of such estimates, has the entity treated such information in the same manner as non-adjusting events after the reporting period in accordance with Ind AS 10, *Events after the Reporting Period*?	101.15	
9	If the entity is required to make any estimates in accordance with Ind AS at the date of transition to Ind AS, that were not required at that date under previous GAAP, do those estimates reflect conditions that existed at the date of transition to Ind AS?	101.16	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Specific exception for derecognition of financial assets and financial liabilities		
10	a) Has the entity applied the derecognition requirements in Ind AS 109, *Financial Instruments* prospectively for transactions occurring on or after the transition date?	101.B2	
	b) Therefore, has the entity ensured that non-derivative financial assets and liabilities derecognised in accordance with Indian GAAP before the transition date, are not recognised on adoption of Ind AS, unless they qualify for recognition as a result of a later transaction or event?		
	c) Despite the mandatory exception to apply the derecognition guidance from the transition date, a first-time adopter may elect to apply the derecognition requirements retrospectively from a specific date of its choosing (prior to transition date) provided that the information required to do so was obtained at the time of initially accounting for those transactions?	101.B3	
	d) If the entity opted to apply the derecognition guidance retrospectively, has this been applied to all transactions occurring after the specified date?		
	Specific exception for hedge accounting		
11	a) At transition date, has the entity measured all derivatives at fair value and eliminated all deferred losses and gains arising on derivatives that were reported in accordance with Indian GAAP as if they were assets and liabilities?	101.B4	
	b) Has the entity ensured that it does not reflect in its opening Ind AS balance sheet a hedging relationship of the type that does not qualify for hedge accounting in accordance with Ind AS 109?	101.B5	
	(Note: However, if the entity designated a net position as a hedged item in accordance with Indian GAAP, it may designate (on a date no later than the transition date) as a hedged item in accordance with Ind AS, an individual item within that net position, or a net position if that meets the requirements in paragraph 6.6.1 of Ind AS 109.)		
	c) If, before the date of transition to Ind AS, the entity had designated a transaction as a hedge but the hedge does not meet the conditions for hedge accounting in Ind AS 109, has the entity applied paragraphs 6.5.6 and 6.5.7 of Ind AS 109 to discontinue hedge accounting?	101.B6	
	Specific exception for non-controlling interest		
12	Has the entity applied the following requirements of Ind AS 110 prospectively from the date of transition to Ind AS (unless the entity elects to apply Ind AS 103 retrospectively to past business combinations (in accordance with Q 17), in which case Ind AS 110 also applies:	101.B7	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) The requirements in paragraph B94 of Ind AS 110 that total comprehensive income (OCI) is attributable to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests (NCI) having a deficit balance,		
	b) The requirements in paragraph 23 and B96 of Ind AS 110 for accounting for changes in the parent's ownership interest in a subsidiary that do not result in a loss of control, and		
	c) The requirements in paragraph B97-99 of Ind AS 110 for accounting for a loss of control over a subsidiary, and the related requirements of paragraph 8A of Ind AS 105, *Non-current Assets Held for Sale and Discontinued Operations*?		
	(Note: *If the entity elects to apply Ind AS 103 retrospectively to past business combinations, it shall also apply Ind AS 110 in accordance with Q 17(b)*).		
	Specific exception for classification and measurement of financial assets		
13	a) Has the entity assessed whether a financial asset meets the conditions in paragraph 4.1.2 or 4.1.2A of Ind AS 109 (for classification at amortised cost or at fair value through other comprehensive income) on the basis of facts and circumstances that exist at the date of transition to Ind AS?	101.B8	
	b) If it is impracticable (as defined in Ind AS 8, *Accounting Policies, Changes in Accounting Estimates, and Errors*) for the entity to apply retrospectively the effective interest method in Ind AS 109, has the fair value of the financial asset or the financial liability at the date of transition to Ind AS been considered as the new gross carrying amount of that financial asset or the new amortised cost of that financial liability at the date of transition to Ind AS?		
	Specific exception for impairment of financial assets		
14	If at the date of transition to Ind AS, the entity would be required to incur undue cost or effort in determining whether there has been a significant increase in credit risk since the initial recognition of a financial instrument, has the entity recognised a loss allowance at an amount equal to lifetime expected credit losses (unless that financial instrument is of low credit risk at reporting date)?	101.B8G	
	Specific exception for embedded derivatives		
15	Has the entity assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date it first became a party to the contract and the date a reassessment is required by paragraph B4.3.11 of Ind AS 109 (based on a change in terms of the contract that significantly modifies the cash flows under the contract)?	101.B9	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Specific exception for government loans		
16	Has the entity classified all government loans received as a financial liability or an equity instrument in accordance with Ind AS 32, *Financial Instruments: Presentation* and applied the requirements in Ind AS 109 and Ind AS 20, *Accounting for Government Grants and Disclosure of Government Assistance* prospectively to government loans existing at the date of transition to Ind AS, unless the entity chooses to apply these requirements retrospectively based on information that has been obtained at the time of initially accounting for that loan?	101.B10	
	(Note*: Consequently, if a first-time adopter did not, under its previous GAAP, recognise the corresponding benefit of a below-market rate of interest government loan (such as a sales tax deferral scheme) as a government grant on transition, it should use the loan's Indian GAAP carrying amount at the date of transition as the carrying amount of the loan in the opening Ind AS balance sheet, unless it qualifies for applying these requirements retrospectively).*		
	Exemptions for past business combinations		
17	For business combinations that occurred before the date of transition to Ind AS (past business combinations):	101.C1	
	a) Has the entity elected not to apply Ind AS 103 retrospectively and complied with the consequential requirements in Q 18, or		
	b) If the entity restates any such business combination to comply with Ind AS 103, has it restated all later business combinations and also applied Ind AS 110 from that same date?		
	(Note: *This exemption is only applicable to business combinations within the scope of Ind AS 103 (i.e., including common-control transactions but excluding asset acquisitions.)*		
18	If the entity has elected not to apply Ind AS 103 retrospectively in accordance with Q 17 (a), has it complied with the following consequential requirements at the date of transition to Ind AS:	101.C4	
	a) Maintain Indian GAAP classification (as an acquisition by the legal acquirer, reverse acquisition by the legal acquiree, or a uniting of interests),		
	b) Recognise and measure all assets and liabilities that were acquired or assumed in a past business combination (on the basis that Ind AS would require in the balance sheet of the acquiree), other than:		
	i) Some financial assets and financial liabilities derecognised in accordance with Indian GAAP (refer Q 10), and		
	ii) Assets, including goodwill, and liabilities that were not recognised in the consolidated balance sheet in accordance with Indian GAAP and also would not qualify for recognition in accordance with Ind AS in the separate balance sheet of the acquiree,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	c) Exclude from the opening Ind AS balance sheet any item recognised in accordance with Indian GAAP that does not qualify for recognition as an asset or liability under Ind AS and account for the resulting change as follows:		
	i) Reclassify a previously recognised intangible asset (that does not qualify for recognition as an asset in accordance with Ind AS 38) as part of goodwill or capital reserve to the extent not exceeding the balance available in that reserve, and		
	ii) Recognise all other resulting changes in retained earnings,		
	d) Subsequently measure assets and liabilities, acquired or assumed in a past business combination, on a basis as required by Ind AS, and		
	e) Adjust the carrying amount of goodwill or capital reserve (in accordance with Indian GAAP) as follows:		
	i) Recognise separately certain intangible assets that were subsumed within goodwill under Indian GAAP, including effect on deferred tax and NCI,		
	ii) Subsume within goodwill certain intangible assets which were recognised separately under Indian GAAP, including effect on deferred tax and NCI, and		
	iii) Test goodwill for impairment in accordance with Ind AS 36 and recognise any impairment loss in retained earnings at the date of transition?		
	(Note*: The entity should consider the consequential effects on deferred tax and NCI whenever an adjustment is made.)*		
	Exemption for property, plant and equipment, intangible assets and investment property		
19	If the entity has availed of the transition exemption to measure an item of property, plant and equipment, intangible assets or investment property (accounted for in accordance with the cost model) at the date of transition based on deemed cost, is the deemed cost measured on the basis of any of the following:	101.30 101.D5-D7AA	
	a) Fair value on transition date,		
	b) An Indian GAAP revaluation that was broadly on a basis comparable to fair value under Ind AS,		
	c) An Indian GAAP revaluation that is based on a cost or depreciated cost measure broadly comparable to Ind AS adjusted to reflect, for example, changes in a general, or specific price index, or		
	(Note: *Options (a) and (b) are available on an individual asset basis. However, if option (c) is applied, it shall be applied to all items of property, plant and equipment or intangible assets.*)		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	d) Where there is no change in its functional currency on the date of transition to Ind AS, the entity may elect to continue with the carrying value for all of its property, plant and equipment recognised in the financial statements as at the date of transition to Ind AS, measured as per Indian GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments in accordance with Q 32?		
	(Note: *i) For the purpose of Q 19(d), if the financial statements are consolidated financial statements, the previous GAAP amount of the subsidiary shall be that amount used in preparing and presenting consolidated financial statements. Where a subsidiary was not consolidated under previous GAAP, the amount required to be reported by the subsidiary as per previous GAAP in its individual financial statements shall be the previous GAAP amount,* *ii) If the entity avails of the option in Q 19(d), no further adjustments to the deemed cost of the property, plant and equipment so determined in the opening balance sheet shall be made for transition adjustments that might arise from the application of other Ind AS, and* *iii) This option can also be availed for intangible assets covered by Ind AS 38, Intangible Assets and investment property covered by Ind AS 40, Investment Property.)*		
	Optional exemptions/exceptions for financial instruments		
	Designation of a financial asset or liability		
20	If the entity has any previously recognised financial assets or financial liabilities that are now designated as financial assets or financial liabilities at fair value through profit and loss, then has the entity made this designation only if the relevant criteria for such classification in Ind AS 109 are met on the basis of facts and circumstances that exist at the date of transition to Ind AS?	101.29 101.29A 101.D19 101.D19A	
	Fair value measurement of financial assets or financial liabilities at initial recognition		
21	If the entity has elected not to retrospectively apply the requirements of recognition of 'day one' gains or losses in respect of a financial asset or liability, then has this exemption been applied uniformly for all financial assets and financial liabilities as at transition date?	101.D20	
	(Note: *In the measurement of financial instruments at fair value, Ind AS 101 provides an optional exemption for the measurement of day one gains or losses. Under the optional exemption, the criteria for recognition of gains or losses subsequent to initial recognition of a financial asset or liability need only be applied prospectively from the transition date.)*		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Compound financial instruments		
22	Ind AS 32 requires a compound financial instrument to be split at inception into separate liability and equity components. Has the entity availed of the exemption from this requirement of Ind AS 32 (on separating a compound financial instrument into its liability and equity components) on transition to Ind AS, only if the liability component is no longer outstanding at the date of transition to Ind AS?	101.D18	
	Extinguishment of liabilities with equity instruments		
23	If the entity had transactions in which it issued equity instruments to a creditor to extinguish all or part of a financial liability then has the entity applied the guidance in Appendix D of Ind AS 109, *Extinguishing Financial Liabilities with Equity Instruments,* prospectively only if it has availed of the exemption in accordance with this standard?	101.D25	
	Share based payment transactions		
24	a) If the entity has granted equity instruments that vested before the date of transition to Ind AS, and has elected the exemption to not apply the requirements of Ind AS 102, *Share –based Payment* to such grants of equity instruments, then has the entity still disclosed the information required by paragraphs 44 and 45 of Ind AS 102?		
	b) If the entity has applied Ind AS 102 retrospectively to equity instruments that have vested before the transition date, has it done so only if the fair value of those equity instruments, determined at the measurement date as defined in Ind AS 102 was disclosed publicly?	101.D2	
	c) If the entity has elected to apply Ind AS 102 to liabilities arising from share based payment transactions that were settled before the date of transition to Ind AS, has it applied Ind AS 102 retrospectively to such liabilities?	101.D3	
25	On first-time adoption of Ind AS, has the entity accounted for a modification in the terms or conditions of a grant of equity instruments as follows:	101.D2	
	a) *Modification before the date of transition*: The recognition and measurement requirements of Ind AS 102 are not required to be applied if Ind AS 102 has not been applied to the original grant, or		
	b) *Modification after the date of transition*: The recognition and measurement requirements of Ind AS 102 are applied even if Ind AS 102 has not been applied to the original grant?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Leases		
26	If the entity has elected to apply Appendix C to Ind AS 17, *Determining whether an Arrangement Contains a Lease*, to determine whether an arrangement existing at the date of transition to Ind AS contains a lease, has it made this determination on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material?	101.D9 101.D9A	
	(Note: *Although the evaluation of whether an arrangement contains a lease is made at the date of transition to Ind AS, the accounting for such leases will be from the inception of the lease term.)*		
27	For leases that include both land and building elements, if the entity has elected to assess the classification of each element as a finance or operating lease at the date of transition to Ind AS, has the entity:	101.D9AA	
	a) Assessed the classification of each element at the date of transition on the basis of facts and circumstances existing at that date, and		
	b) Recognised assets and liability at fair value on transition date, for land leases that are newly classified as finance leases, with any difference between those fair values recognised in retained earnings?		
	Foreign currency translation		
28	If the entity has availed of the exemption from the requirements of Ind AS 21, *Accounting for Foreign Exchange transactions*, relating to cumulative translation differences on foreign operations at the date of transition to Ind AS, has the entity:	101.D12 101.D13	
	a) Deemed the cumulative translation differences for all foreign operations to be zero on the date of transition i.e. this exemption shall be applied consistently for all foreign operations, and		
	b) Excluded translation differences that arose before the date of transition to Ind AS from gains and losses on a subsequent disposal of a foreign operation, if any?		
	(Note*: In addition, if it is determined that the functional currency of the reporting entity is different from the presentation currency, then this exemption would also be available to such entities even though this translation adjustment does not relate to foreign operations*.)		
29	If the entity has elected to continue the accounting policy adopted under Indian GAAP for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period, has the entity continued to amortise (into the profit and loss account) the exchange differences in respect of such items over the balance period of the long term foreign currency monetary item?	101.D13AA	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note: *If there is a change in the carrying amount of the long term foreign currency monetary item, for example, due to adjustment of loan origination costs, the foreign currency translation for the purpose of this exemption should be based on the net amount.)*		
	Subsidiaries, associates and joint ventures		
30	a) If the entity has investments in subsidiaries, associates or joint venture entities, and the entity chooses to measure such investments in its opening separate Ind AS balance sheet at cost in accordance with Ind AS 27, does it measure such cost as either:	101.31 101.D14 101.D15	
	i) Cost determined in accordance with Ind AS 27, *Separate Financial Statements*, or		
	ii) Deemed cost which is either		
	• Fair value at transition date, or		
	• Indian GAAP carrying amount at that date?		
	(Note: *The above options are available for each investment in a subsidiary, associate or joint venture.*)		
	b) If the entity is a subsidiary, associate or joint venture that becomes a first-time adopter later than its parent, has the entity measured its assets and liabilities at either:	101.D16	
	i) The carrying amounts that would be included in the parent's consolidated financial statements, based on the parent's date of transition to Ind AS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the entity (unless the parent is an investment entity as defined in Ind AS 110, that is required to measure its subsidiaries at fair value through profit or loss); or		
	ii) The carrying amounts required by the rest of this standard, based on the entity's date of transition to Ind AS? (Note: *These carrying amounts could differ from those described in Q 30(b)(i) when the exemptions in this standard result in measurements that depend on the date of transition to Ind AS and when the accounting policies used in the entity's financial statements differ from those in the consolidated financial statements.)*		
	c) If the entity is a parent that becomes a first-time adopter later than its subsidiary, associate or joint venture, has the entity, in its consolidated financial statements, measured the assets and liabilities of the subsidiary (or associate or joint venture), at the same carrying amounts as in the financial statements of the subsidiary (or associate or joint venture), after adjusting for consolidation and equity accounting adjustments and for the effects of the business combination in which the entity acquired the subsidiary?	101.D17	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note: *A non-investment entity parent shall not apply the exception to consolidation that is used by any of its investment entity subsidiaries when applying this provision of the standard.)*		
31	When changing from proportionate consolidation to the equity method, has the entity recognised its investment in the joint venture at transition date to Ind AS as follows:		
	a) The initial investment shall be measured as the aggregate of the carrying amounts of the assets and liabilities that the entity had previously proportionately consolidated, including any goodwill arising from acquisition,	101.D31AA	
	b) If the goodwill previously belonged to a larger cash generating unit, or to a group of cash-generating units, the entity shall allocate goodwill to the joint venture on the basis of the relative carrying amounts of the joint venture and the cash-generating unit or group of cash generating units to which it belonged, and		
	c) Tested the investment in joint venture for impairment in accordance with Ind AS 36 at the date of transition to Ind AS and recognised any resulting impairment loss as an adjustment to retained earnings?	101.D31AC	
	Decommissioning liabilities		
32	Has the entity availed of the option to not measure changes (that occurred before the date of transition to Ind AS) in existing decommissioning, restoration and similar liabilities at the transition date and applied the exemption as follows:	101.D21 101.D21A	
	a) Measure the liability at transition date in accordance with Ind AS 37, *Provisions, Contingent Liabilities and Contingent Assets,*		
	b) To the extent that the liability is within the scope of Appendix A of Ind AS 16, *Property, Plant and Equipment* estimate the amount that would have been included in the cost of the related asset when the liability first arose, by discounting the liability to that date using the best estimate of the historical risk-adjusted discount rate that would have applied over the intervening period, and		
	c) Calculate the accumulated depreciation on that asset at the transition date on the basis of the current estimate of its useful life, in accordance with the entity's depreciation policy under Ind AS?		
	Service concession arrangements		
33	Has the entity availed of the exemption from retrospective application of changes in accounting policies relating to service concession arrangements only in accordance with this standard as follows:	101.D22	
	a) The change in accounting policy adopted under Ind AS for amortisation of intangible assets arising from service concession arrangements related to toll roads recognised in the financial statements for the period ending immediately before the beginning of		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	the first Ind AS financial reporting period may be applied prospectively, and		
	b) Where it is impracticable for the entity (as an operator) to apply the guidance in Appendix A of Ind AS 11, *Service Concession Arrangement* retrospectively at the date of transition to Ind AS, the entity shall: i) Recognise financial assets or intangible assets at the date of transition in accordance with Indian GAAP carrying amounts, and		
	ii) Test for impairment at the date of transition or if that is impracticable, then test for impairment at the start of the current reporting period?		
	Other specific exemptions		
	Deemed cost for oil and gas assets		
34	Ind AS provides for an optional exemption to measure: • Exploration and evaluation assets at the carrying amount at transition date under Indian GAAP, and • Assets in development or production phases at amounts determined based on the related cost centre under Indian GAAP, which is then allocated on a pro rata basis to the cost centre's underlying assets using reserve volumes or reserve values at the date of transition a) Has the entity availed of this optional exemption if, under Indian GAAP, it accounted for exploration and development costs for properties in the development or production phases, in cost centres that included all properties in a large geographical area, and	101.31A 101.D8A	
	b) If this exemption is applied, then has an impairment test been applied at the transition date under Ind AS 106 or Ind AS 36 as applicable?		
	Deemed cost for rate regulated operations		
35	If the entity has availed of the optional exemption that permits it to use Indian GAAP carrying amounts as deemed cost for items of property, plant and equipment used in certain rate regulated operations (as per Ind AS 114, *Regulatory Deferral Accounts*), has this exemption been availed on an item by item basis provided that each item to which it is applied is tested for impairment in accordance with Ind AS 36 at transition date?	101.31B 101.D8B	
	Insurance contracts		
36	a) If the entity has elected to apply Ind AS 104 *Insurance Contracts* for an earlier period (prior to the date of transition to Ind AS), has it disclosed this fact?	101.D4	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) If the entity is an insurer that has changed its accounting policies for insurance liabilities when it first applied Ind AS 104, and is consequently permitted to reclassify its financial assets 'at fair value through profit or loss', has such reclassification been considered a change in accounting policy and Ind AS 8 been applied?	101.D4	
	Held for sale		
37	If the entity has elected to avail of the exemption from retrospective application of Ind AS 105, *Non-current Assets Held for Sale and Discontinued Operations*, relating to non-current assets held for sale or for distribution to owners and discontinued operations, has the entity:	101.31B 101.D8B	
	a) Measured such assets or operations at lower of carrying amount or fair value less cost to sell at the transition date in accordance with Ind AS 105, and		
	b) Recognise directly in retained earnings the difference between Indian GAAP carrying amounts and the amount so determined?		
	Severe hyperinflation		
38	If the entity has a functional currency that was, or is, the currency of a hyperinflationary economy (that was subject to severe hyperinflation) before the date of transition to Ind AS, has the entity elected to measure all assets and liabilities at fair value on the date of transition to Ind AS only if the transition date is on, or after, the functional currency normalisation date (i.e. the date on which the functional currency ceases to be subject to severe hyperinflation)?	101.D29	
	(Note*: This fair value may be used as the deemed cost of those assets and liabilities in the opening Ind AS balance sheet.)*		
	Stripping costs in the production phase of a surface mine		
39	If the entity has availed of the exemption to apply Appendix B of Ind AS 16, *Stripping Costs in the Production Phase of a Surface Mine* from the date of transition to Ind AS, has the entity at transition date:	101.D32	
	a) Reclassified any previously recognised asset balances that resulted from stripping activity during the production phase to an existing asset to which this activity related, to the extent there remains an identifiable component of the ore body with which the previous asset can be associated,		
	b) Depreciated or amortised the asset over the remaining useful life of the identified component of the ore body to which the previous asset balance relates, and		
	c) If no identifiable component of the ore body remains, recognised the previous asset balances in opening retained earnings at the date of transition to Ind AS?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Designation of contracts to buy or sell a non-financial item		
40	Has the entity availed of the exemption to designate contracts to buy or sell a non-financial item that exist at the date of transition to Ind AS, as measured at fair value through profit or loss only if they meet the requirements of paragraph 2.5 of Ind AS 109 at that date and the entity designates all similar contracts in this manner?	101.D33	
	Transfers of Assets from Customers		
41	Has the entity applied Appendix C of Ind AS 18 prospectively to transfers of assets from customers received on or after the transition date, unless it elects to apply this guidance to past transfers provided the valuations and other information needed to apply it to past transfers were obtained at the time those transfers occurred?	101.D36	
	Presentation and disclosure		
42	Has the entity complied with the detailed presentation and disclosure requirements of Ind AS 101 that require the entity to make comprehensive disclosures as follows:	101.6 101.17 101.23	
	a) In order to comply with the provisions of Ind AS 1, *Presentation of Financial Statements*, has the entity included in the first Ind AS financial statements at least three balance sheets, two statements of profit or loss and OCI, two separate statements of profit and loss (if presented), two statements of cash flows and two statements of changes in equity and related notes, including one year of comparative information under Ind AS, and		
	b) If any financial statements contain historical summaries or comparative information under Indian GAAP, then has the entity:		
	i) Labelled the Indian GAAP information prominently as not being prepared under Ind AS,		
	ii) Disclosed the nature of the main adjustments that would make it comply with Ind AS. (The entity need not quantify those adjustments), and		
	iii) Has the entity explained how the transition from Indian GAAP to Ind AS affected the reported financial position, financial performance and cash flows?		
	Reconciliations		
43	Has the entity included the following reconciliations in its first Ind AS financial statements:	101.24	
	a) Reconciliations of equity reported in accordance with Indian GAAP to its equity in accordance with Ind AS for both of the following dates:		
	i) The date of transition to Ind AS, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	ii) The end of the latest period presented in the entity's most recent annual financial statements in accordance with Indian GAAP,		
	b) Reconciliation to its total comprehensive income in accordance with Ind AS for the latest period in the entity's most recent annual financial statements. The starting point of such reconciliation would be the Indian GAAP reported balances,		
	c) Disclosures required by Ind AS 36, *Impairment of Assets* if the entity had recognised those impairment losses or reversals in the period beginning with the date of transition to Ind AS, and		
	d) Explanation of all material adjustments to the statement of cash flows?		
44	Have the reconciliations included in Q 43 distinguished between:	101.26	
	a) Correction of errors made under Indian GAAP, and		
	b) Changes in accounting policies?		
45	If the entity has any financial assets or financial liabilities designated as at fair value through profit or loss (refer Q 20), then has the entity disclosed:	101.29	
	a) The fair value of the financial assets or financial liabilities designated into each category at the date of designation, and		
	b) Their classification and carrying amount in the previous financial statements?		
46	If the entity used fair value in its opening Ind AS balance sheet as deemed cost for an item of investment property (refer Q 19), then has the entity disclosed in its first Ind AS financial statements, for each line item in the opening Ind AS balance sheet:	101.30	
	a) The aggregate of those fair values, and		
	b) The aggregate adjustment to the carrying amounts reported under Indian GAAP?		
47	If the entity used a deemed cost in its opening Ind AS balance sheet for an investment in a subsidiary, jointly controlled entity or associate in its separate financial statements (refer Q 30), then has the entity disclosed in its first Ind AS separate financial statements:	101.31	
	a) The aggregate deemed cost of those investments for which deemed cost is their Indian GAAP carrying amount,		
	b) The aggregate deemed cost of those investments for which deemed cost is fair value, and		
	c) The aggregate adjustment to the carrying amounts reported under Indian GAAP?		
48	If the entity used fair values in its opening Ind AS balance sheet as deemed cost for oil and gas assets (refer Q 34), has the entity disclosed in its first financial statements that fact and the basis on which carrying amounts determined under Indian GAAP were allocated?	101.31A	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
49	If the entity used the exemption in Ind AS 101 for operations subject to rate regulation (refer Q 35), then has the entity disclosed that fact and the basis on which carrying amounts were determined under Indian GAAP?	101.31B	
50	For all grants of equity instruments for which Ind AS 102 has not been applied (refer Q 24), has the entity disclosed the information required by paragraphs 44 and 45 of Ind AS 102?	101.D2	
51	Has the entity disclosed the date from which Appendix C of Ind AS 18 was applied (also refer Q 41)?	101.D36	
	Interim financial reports		
52	If the entity presents an interim financial report in accordance with Ind AS 34 for part of the period covered by its first Ind AS financial statements, has the entity satisfied the following requirements in addition to the requirements of Ind AS 34: a) Each such interim financial report shall, if the entity presented an interim financial report for the comparable interim period of the immediately preceding financial year, include: i) A reconciliation of its equity in accordance with Indian GAAP at the end of that comparable interim period to its equity under Ind AS at that date, and	101.32	
	ii) A reconciliation to its total comprehensive income in accordance with Ind AS for that comparable interim period (current and year to date). The starting point for that reconciliation shall be total comprehensive income in accordance with Indian GAAP for that period or, if an entity did not report such a total, profit or loss in accordance with previous GAAP,		
	b) In addition to the reconciliations required by (a), the entity's first interim financial report in accordance with Ind AS 34 for part of the period covered by its first Ind AS financial statements shall include the reconciliations described in Q 43 (a) and (b) (supplemented by the details required by Q 43) or a cross-reference to another published document that includes these reconciliations, and		
	c) If the entity changes its accounting policies or its use of the exemptions contained in this Ind AS, it shall explain the changes in each such interim financial report in accordance with Q 42?		
53	Has the entity disclosed in its most recent annual financial statements (in accordance with previous GAAP), information material to an understanding of the current interim period, or disclosed that information in its interim financial report or included a cross-reference to another published document that includes it?	101.33	

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- Ind AS 101 provides an optional exemption to apply the Ind AS accounting policy for amortisation of intangible assets relating to toll road service concession arrangements on a prospective basis. Therefore, amortisation of such intangible assets that were recognised prior to the first Ind AS financial reporting period may continue on the basis of an entity's previous accounting policy, in accordance with Schedule II of the 2013 Act.
- An entity may be required to comply with the accounting, presentation and disclosure requirements prescribed in a court approved scheme relating to a merger or amalgamation transaction. The requirements of Ind AS 101 may stand modified to this extent.
- It is also uncertain whether the adjustments made in accordance with Ind AS 101 in retained earnings on first-time adoption of Ind AS will form part of free reserves as defined in the 2013 Act.

Significant carve-outs from IFRS

- In connection with adjustments arising on business combinations, IFRS 1, *First-time Adoption of International Financial Reporting Standards* requires a first-time adopter to exclude from its opening Ind AS balance sheet any item recognised in accordance with previous GAAP that does not qualify for recognition as an asset or liability under Ind AS. Resulting change is effected in retained earnings except in certain specific instances where it requires adjustment in the goodwill.
- In specific instances where IFRS 1 allows adjustment in the goodwill, Ind AS 101 permits adjustment with capital reserve to the extent such adjustment amount does not exceed the balance available in capital reserve. This is consistent with the carve-out on business combinations accounting under Ind AS 103 as compared to IFRS 3, *Business Combination*.
- Ind AS 101 in addition to exemptions provided under IFRS 1, also provides certain optional exemptions relating to the long-term foreign currency monetary items. This is consistent with the exemptions provided in the past under AS 11, *The Effects of Changes in Foreign Exchange Rates*, to carry forward certain foreign currency adjustments in the balance sheet.
- Ind AS 101 provides an additional option exemption to apply the accounting policy under Ind AS for amortisation of intangible assets arising from service concession arrangements relating to toll roads on a prospective basis.
- IFRS 1 provides for various optional exemptions that an entity can seek while an entity transitions to IFRS from its previous GAAP. Similar provisions have been retained under Ind AS 101. However, there are few changes that have been made, which can be broadly categorised as follows:
  - Elimination of effective dates prior to transition date to Ind AS. IFRS 1 provides for various dates from which a standard could have been implemented.
  - Deletion of borrowing cost exemptions which are not relevant for India.
  - Inclusion/modification of existing exemptions to make it relevant for India. For example in connection with property, plant and equipment, Ind AS 101 provides for additional exemptions that Indian GAAP costs can be carried forward as deemed cost to Ind AS.
- Exemptions provided under IFRS 9, *Financial Instruments* have been included in Ind AS 101 given the earlier transition dates for the respective standards in India.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- While transition exemptions may not change the measurement of the respective items of assets and liabilities under tax, it is currently not clear if transition adjustments would impact taxes.
- The MAT- Ind AS Committee constituted by the Central Board of Direct Taxes (CBDT) is also in the process of evaluating the tax implication of such first time adjustments arising from the transition on the computation of book profits for levy of Minimum Alternate Tax.

Glossary

Date of transition to Ind AS is the beginning of the earliest period for which an entity presents full comparative information under Ind AS in first Ind AS financial statements.

Deemed cost is the amount used as a surrogate for cost or depreciated cost at a given date. Subsequent depreciation or amortisation assumes that the entity had initially recognised the asset or liability at the given date and that its cost was equal to the deemed cost.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See Ind AS 113)

First Ind AS financial statements are the first annual financial statements in which an entity adopts *Indian Accounting Standards* (Ind AS), by an explicit and unreserved statement of compliance with Ind AS.

First Ind AS reporting period the latest reporting period covered by an entity's first Ind AS financial statements.

First-time adopter is an entity that presents its first Ind AS financial statements.

Indian Accounting Standards (Ind AS) are accounting standards prescribed under Section 133 of the 2013 Act.

Normalisation date is the date when the functional currency no longer has either or both of the following characteristics:

a) A reliable general price index is not available to all entities with transactions and balances in the currency, and

b) Exchangeability between the currency and a relatively stable foreign currency does not exist,

Or when there is a change in the entity's functional currency to a currency that is not subject to severe hyperinflation.

Opening Ind AS balance sheet is an entity's balance sheet at the date of transition to Ind AS.

Previous GAAP is the basis of accounting that a first-time adopter used for its statutory reporting requirement in India immediately before adopting Ind AS's. For instance, companies required to prepare their financial statements in accordance with section 133 of the 2013 Act, shall consider those financial statements as previous GAAP financial statements.

(Source: Ind AS 101, *First-time Adoption of Indian Accounting Standards* as issued by the Ministry of Corporate Affairs)

Ind AS-102 Share-based Payment

1. Executive summary

- Indian Accounting Standard (Ind AS) 102, *Share-based Payments* requires goods or services received in a share-based payment transaction to be measured at fair value unless that fair value cannot be estimated reliably.
- Equity-settled transactions with employees are generally measured based on the grant date fair value of the equity instruments granted.
- Equity-settled transactions with non-employees are generally measured based on the fair value of the goods or services obtained.
- For equity-settled transactions, an entity recognises a cost and a corresponding increase in equity. The cost is recognised as an expense unless it qualifies for recognition as an asset.
- Initial estimates of the number of equity-settled instruments that are expected to vest are adjusted to current estimates and ultimately to the actual number of equity-settled instruments that vest unless differences are due to market conditions.
- For cash-settled share-based payment transactions, the entity recognises a cost and a corresponding liability. The cost is recognised as an expense unless it qualifies for recognition as an asset. At each reporting date and at settlement date, the recognised liability is remeasured at fair value. The remeasurements are recognised in the statement of profit and loss.
- Modification of a share-based payment results in the recognition of any incremental fair value but not any reduction in fair value. Replacements are accounted for as modifications.
- Cancellation of a share-based payment results in accelerated recognition of any unrecognised expense.
- Grants in which the counterparty has the choice of equity or cash-settlement are accounted for as compound instruments. Therefore, the entity accounts for a liability component and a separate equity component.
- The classification of grants in which the entity has the choice of equity or cash-settlement depends on whether the entity has the ability and intent to settle in shares.
- A share-based payment transaction in which the entity that receives the goods or services, the reference entity and the entity that settles the share-based payment transaction are in the same group from the perspective of the ultimate parent, is a group share-based payment transaction and is accounted for as such by both the receiving and the settling entities.
- A share-based payment transaction that is settled by a shareholder external to the group is also in the scope of the standard from the perspective of the receiving entity, as long as the reference entity is in the same group as the receiving entity.
- A receiving entity that has no obligation to settle the transaction accounts for the share-based payment transaction as equity-settled.
- A settling entity classifies a share-based payment transaction as equity-settled if it is obliged to settle in its own equity instruments, otherwise it classifies the transaction as cash-settled.
- For share-based payments with non-employees, goods are recognised when they are obtained and services are recognised over the period in which they are received.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability		
1	Has the entity applied this standard in accounting for all share-based payment transactions, whether or not the entity can identify specifically some or all of the goods or services received, including:	102.2	
	a) Equity-settled share-based payment transactions,		
	b) Cash-settled share-based payment transactions, and		
	c) Transactions in which the entity receives or acquires goods or services and the terms of the arrangement provide either the entity or the supplier of those goods or services with a choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments?		
2	Has the entity also applied this standard when it:	102.3A	
	a) Receives goods or services when another entity in the same group (or a shareholder of any group entity) has the obligation to settle the share-based payment transaction, and		
	b) Has an obligation to settle a share-based payment transaction when another entity in the same group receives the goods or services?		
	(Note: *Unless the transaction is clearly for a purpose other than payment for goods or services supplied to the entity receiving them.*)		
3	Has the entity excluded the following items from the scope of this standard:		
	a) Transaction with an employee (or other party) in his/her capacity as a holder of equity instruments of the entity,	102.4	
	b) Transactions in which the entity acquires goods as part of the net assets acquired in a business combination as defined by Ind AS 103, *Business Combinations*, in a combination of entities or businesses under common control as described in Appendix C of Ind AS 103, or the contribution of a business on the formation of a joint venture as defined by Ind AS 111, *Joint Arrangements*, and	102.5	
	c) Has the entity excluded from the scope of this standard, share-based payment transactions in which the entity receives or acquires goods or services under a contract within the scope of paragraphs 8–10 of Ind AS 32, *Financial Instruments: Presentation,* or paragraphs 2.4 – 2.7 of Ind AS 109, *Financial Instruments*?	102.6	
4	Does the entity have the following transactions (share-based payments arising from business combinations):	102.5	
	a) Equity instruments granted to employees of the acquiree in their capacity as employees (e.g. in return for continued service), and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) The cancellation, replacement or other modification of share-based payment arrangements because of a business combination or other equity restructuring?		
	If yes, this standard will be applicable to such transaction.		
	Recognition		
5	Has the entity recognised the goods or services received or acquired in a share-based payment transaction when it obtained the goods or as the services are received?	102.7	
6	Has the entity appropriately recognised a corresponding increase in equity if the goods or services were received in an equity-settled share-based payment transaction (refer Q 8 to 33), or a liability if the goods or services were acquired in a cash-settled share-based payment transaction (refer Q 34 to 46)?	102.7	
7	Has the entity recognised as expenses, the goods or services received or acquired in a share-based payment transaction that do not qualify for recognition as assets?	102.8	
	Equity-settled share-based payment transactions		
8	With regard to equity-settled share-based payment transactions:	102.10	
	a) Has the entity measured the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, and		
	b) Has the entity measured their value and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, if the entity cannot estimate reliably the fair value of the goods or services received?		
9	a) With regards to transactions with employees and others providing similar services, has the entity measured the fair value of the services received by reference to the fair value of the equity instruments granted (typically it is not possible to estimate reliably the fair value of the services received)?	102.11	
	b) Has the entity measured the fair value as mentioned in Q 9 (a) above equity instruments at grant date?		
10	With regard to equity-settled share-based payment transactions (with parties other than employees):	102.13	
	a) Has the entity measured the fair value of the goods or the service received, directly, at the date it obtains the goods or the counterparty renders service (presuming that such fair value can be estimated reliably), and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) Has the entity measured the goods or services received, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, measured at the date the entity obtained the goods or the counterparty renders service, only in rare cases, if the entity rebuts the presumption that the fair value of the goods or services received can be estimated reliably?		
11	Where the identifiable consideration received (if any) by the entity appears to be less than the fair value of the equity instruments granted or liability incurred:	102.13A	
	a) Has the entity measured the identifiable goods or services received in accordance with this standard,		
	b) Has the entity measured the unidentifiable goods or services received as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received (or to be received) at the grant date, and (Note: *The entity shall measure the unidentifiable goods or services received at the grant date.*)		
	c) For cash-settled transactions, has the entity re-measured the liability at the end of each reporting period until it is settled in accordance with Q 34 to 36?		
	Transactions in which services are received		
12	Where the equity instruments granted vest immediately, has the entity presumed that services rendered by the counterparty as consideration for the equity instruments have been received and recognised the services received in full, with a corresponding increase in equity on the grant date?	102.14	
13	Where the equity instruments granted do not vest until the counterparty completes a specified period of service, has the entity :	102.15	
	a) Presumed that the services to be rendered by the counterparty as consideration for those equity instruments will be received in the future, during the vesting period, and		
	b) Accounted for those services as they are rendered by the counterparty during the vesting period, with a corresponding increase in equity?		
	(Note: *For example:* *a) If an employee is granted share options conditional upon completing three years' service, then the entity should presume that the services to be rendered by the employee as consideration for the share options will be received in the future, over that three-year vesting period.* *b) If an employee is granted share options conditional upon the achievement of a performance condition and remaining in the entity's employment until that performance condition is satisfied, and the length of the vesting period varies depending on when that performance condition is satisfied, then the entity should:*		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	i) Presume that the services to be rendered by the employee as consideration for the share options will be received in the future, over the expected vesting period, and *ii) Estimate that the length of the expected vesting period based on the most likely outcome of the performance condition as follows:* • *If the performance condition is a market condition, is the estimate of the length of the expected vesting period consistent with the assumptions used in estimating the fair value of the options granted, and shall not be subsequently revised,* • *If the performance condition is not a market condition, the entity should revise its estimate of the length of the vesting period, if necessary, when subsequent information indicates that such length differs from previous estimates.)*		
	Transactions measured by reference to the fair value of the equity instruments granted		
	Determining the fair value of equity instruments granted		
14	Has the entity measured the fair value of equity instruments granted at the measurement date, based on market prices if available, taking into account the terms and conditions upon which the equity instruments were granted (refer Q 16 to 23) for transactions measured by reference to the fair value of the equity instruments granted (also refer Q 51)?	102.16	
15	Has the entity estimated the fair value of the equity instruments granted using a valuation technique to estimate what the price of those equity instruments would have been on the measurement date in an arm's length transaction between knowledgeable, willing parties, if market prices are not available (also refer Q 52 to 69)? (Note*: The valuation technique shall be consistent with generally accepted valuation methodologies for pricing financial instruments, and shall incorporate all factors and assumptions that knowledgeable, willing market participants would consider in setting the price subject to the requirement of Q 16 to 23.)*	102.17	
	Treatment of vesting conditions		
16	Has the entity ensured that vesting conditions, other than market conditions, are not taken into account when estimating the fair value of the shares or share options at the measurement date?	102.19	
17	Has the entity taken into account vesting conditions by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest?	102.19	
18	Has the entity ensured that on a cumulative basis, no amount is recognised for goods or services received if the equity instruments granted do not vest because of failure to satisfy a vesting condition, other than a market condition?	102.19	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
19	Has the entity recognised an amount for the goods or services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and revised that estimate, if necessary, if subsequent information indicated that the number of equity instruments expected to vest differs from previous estimates?	102.20	
20	Has the entity revised the estimate to equal the number of equity instruments that ultimately vested on vesting date?	102.20	
21	For grants of equity instruments with market conditions (such as a target share price), has the entity taken such market condition into account when estimating the fair value of the equity instruments granted and recognised the goods or services received from a counterparty that has satisfied all other vesting conditions, irrespective of whether the market condition is satisfied?	102.21	
22	For grants of equity instruments with non-vesting conditions, has the entity taken such non-vesting conditions into account when estimating the fair value of equity instruments granted, and recognised the goods or services received from a counterparty that has satisfied all non-market vesting conditions irrespective of whether the non-vesting conditions are satisfied?	102.21A	
	Treatment of a reload feature		
23	Has the entity accounted for the reload option as a new option grant, if and when a reload option was subsequently granted for options with a reload feature?	102.22	
	After vesting date		
24	Has the entity ensured that no subsequent adjustment has been made to total equity after the vesting date? (Note: *For example, the entity shall not subsequently reverse the amount recognised for services received from an employee, if the vested instruments are later forfeited, or in the case of share options, the options are not exercised.)*	102.23	
	If the fair value of the equity instruments cannot be estimated reliably		
25	If the entity is unable to estimate reliably, the fair value of the equity instruments granted at the measurement date (as required by Q 14 to 24), has the entity ensured that it does not apply Q 27 to 33 and: a) Has the entity measured the equity instruments at their intrinsic value, initially at the date it obtained the goods or the counterparty rendered the service and subsequently at the end of each reporting period and at the date of final settlement, with any change in intrinsic value recognised in profit or loss, and (Note: *For a grant of share options, the share-based payment arrangement is finally settled when the options are exercised, are forfeited or lapse*.) b) Has the entity recognised the goods or services received based on the number of equity instruments that ultimately vest or (where applicable) are ultimately exercised?	102.24	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
26	If an entity settles a grant of equity instruments to which Q 25 has been applied, has the entity:	102.25	
	a) Accounted for the settlement as an acceleration of vesting, and recognised immediately the amount that would otherwise have been recognised for services received over the remainder of the vesting period, if the settlement occurs during the vesting period, and		
	b) Accounted for any payment made on settlement as the repurchase of equity instruments, i.e. as a deduction from equity, except to the extent that the payment exceeds the intrinsic value of the equity instruments, measured at the repurchase date?		
	(Note: *Any such excess shall be recognised as an expense.)*		
	Modifications to the terms and conditions on which equity instruments were granted, including cancellations and settlements		
27	Has the entity applied the guidance on modification in Q 28 to 33 to share-based payment transactions with parties other than employees that are measured by reference to the fair value of the equity instruments, and considered the grant date as the date on which the entity had obtained the goods or the counterparty rendered services?	102.26	
28	a) Has the entity recognised, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date?	102.27	
	b) Has the entity recognised the effects of modifications that increase the total fair value of the share-based payment arrangement or are otherwise beneficial to the employee (refer Q 69 to 74)?		
29	If the grant of equity instruments is cancelled or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied):	102.28	
	a) Has the entity accounted for the cancellation or settlement of a grant as an acceleration of vesting, and therefore recognised immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period,		
	b) Has any payment made to the employee on the cancellation or settlement of the grant been accounted for as the repurchase of an equity interest (i.e. as a deduction from equity) except to the extent that the payment exceeds the fair value of the equity instruments granted, measured at the repurchase date,		
	c) Has the entity recognised any such excess (in Q 29 (b) above) (to the extent that the payment exceeds the fair value of the equity instruments granted, measured at the repurchase date) as an expense,		
	d) Has the entity remeasured the fair value of the liability at the date of cancellation or settlement, if the share-based payment arrangement (in Q 29 (b)) included liability components, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	e) Has any payment made to settle the liability component referred to in Q 29 (d) above, been accounted for as an extinguishment of the liability?		
30	If new equity instruments are granted to the employee and the entity has identified any new equity instruments granted as replacement equity instruments for the cancelled equity instrument, has it accounted for the granting of such replacement equity instruments in the same way as a modification of the original grant of equity instruments (refer Q 28 and 73)?	102.28 (c)	
31	Has the entity accounted for those new equity instruments as a new grant of equity instruments, if the entity does not identify new equity instruments granted as replacement equity instruments for the cancelled equity instruments?	102.28 (c)	
32	Has the entity treated the entity's or counterparty's failure to meet a non-vesting condition during the vesting period as a cancellation where the entity or counterparty could choose whether to meet a non-vesting condition or not?	102.28A	
33	a) If the entity repurchased vested equity instruments, has the payment made to the employee been accounted for as a deduction from equity, except to the extent that the payment exceeds the fair value of the equity instruments repurchased, measured at the repurchase date?	102.29	
	b) Has any such excess been recognised as an expense?		
	Cash-settled share-based payment transactions		
34	a) For cash-settled share-based payments, has the entity measured the goods or services acquired and the liability incurred at the fair value of the liability?	102.30	
	b) Has the entity remeasured the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period, until the liability is settled?		
35	a) Has the entity recognised the services received, and a liability to pay for those services, as the employees rendered service?	102.32	
	b) Has the entity presumed that the services rendered by the employees in exchange for the share appreciation rights have been received, in the absence of evidence to the contrary? (Note*: Thus, the entity shall recognise immediately the services received and a liability to pay for them.)*		
	c) If the share appreciation rights do not vest until the employees have completed a specified period of service, has the entity recognised the services received, and a liability to pay for them, as the employees render service during that period?		
36	a) Has the entity measured the liability, initially and at the end of each reporting period until settled, at the fair value of the share appreciation rights, by applying an option pricing model?	102.33	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) Does the option pricing model take into account terms and conditions on which the share appreciation rights were granted, and the extent to which the employees have rendered service to date?		
	Share-based payment transactions with cash alternatives		
37	Has the entity accounted for share-based payment transactions (or components of those transactions) in which the terms of the arrangement provide either the entity or the counterparty with the choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments as follows (also refer Q 38 to 46):	102.34	
	a) As a cash-settled share-based payment transaction if, and to the extent that, the entity has incurred a liability to settle in cash or other assets,		
	b) As an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred?		
	Share-based payment transactions in which the terms of the arrangement provide the counterparty with a choice of settlement		
38	If the entity has granted the counterparty the right to choose whether a share-based payment transaction is settled in cash or by issuing equity instruments:	102.35	
	a) Has the entity considered this to be a compound financial instrument, which includes a debt component (i.e. the counterparty's right to demand payment in cash) and an equity component (i.e. the counterparty's right to demand settlement in equity instruments rather than in cash), and		
	b) Has the entity measured the equity component of the compound financial instrument as the difference between the fair value of the goods or services received and the fair value of the debt component, at the date when the goods or services are received, for transactions with parties other than employees, in which the fair value of the goods or services received is measured directly?		
39	Has the entity measured the fair value of the compound financial instrument at the measurement date, taking into account the terms and conditions on which the rights to cash or equity instruments were granted, for transactions other than those covered in Q 38, including transactions with employees (refer Q 40)?	102.36	
40	a) In applying Q 39, has the entity first measured the fair value of the debt component and then measured the fair value of the equity component, considering that the counterparty must forfeit the right to receive cash in order to receive the equity instrument (the fair value of the compound financial instrument is the sum of the fair values of the two components)?	102.37	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) For share based payment transactions in which the counterparty has the choice of settlement, that are structured such that the fair value of one settlement alternative is the same as the other, has the entity measured the fair value of the compound financial instrument as the same as the fair value of the debt component?	102.37	
41	The entity shall account separately for the goods or services received or acquired in respect of each component of the compound financial instrument as follows:	102.38	
	a) Has the entity recognised the goods or services acquired, and a liability to pay for those goods or services, as the counterparty supplies goods or renders service, in accordance with the requirements applying to cash-settled share-based payment transactions (refer Q 34 to 36) for the debt component, and		
	b) Has the entity recognised the goods or services received, and an increase in equity, as the counterparty supplies goods or renders service, in accordance with the requirements applying to equity-settled share-based payment transactions (refer Q 9 to 11) for the equity component?		
42	Has the entity transferred the liability direct to equity, as the consideration for the equity instruments issued, if the entity issued equity instruments on settlement rather than paying cash?	102.39	
43	Has the entity applied any payment made in cash on settlement to settle the liability in full and ensured that the equity component previously recognised continues to remain within equity (However, this requirement does not preclude the entity from recognising a transfer within equity, i.e. a transfer from one component of equity to another)?	102.40	
	Share-based payment transactions in which the terms of the arrangement provide the entity with a choice of settlement		
44	If the entity has a present obligation to settle in cash, has it accounted for the transaction in accordance with the requirements applying to cash-settled share-based payment transactions?	102.42	
	(Note: *The entity has a present obligation to settle in cash if the choice of settlement in equity instruments has no commercial substance (e.g. because the entity is legally prohibited from issuing shares) or the entity has a past practice or a stated policy of settling in cash, or generally settles in cash whenever the counterparty asks for cash –settlement.)*		
45	Has the entity accounted for the transactions in accordance with the requirements applying to equity-settled share-based payment transaction, if no present obligation to settle in cash exists?	102.43	
46	If no present obligation to settle in cash exists, upon settlement, has the entity:	102.43	
	a) Accounted for a cash payment as the repurchase of an equity interest, i.e. as a deduction from equity, if the entity elected to settle in cash (except as required by Q 46 (c) below),		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) Undertaken no further accounting (other than a transfer from one component of equity to another, if necessary), if the entity has elected to settle by issuing equity instruments, and		
	c) Recognised an additional expense for the excess value given, if the entity has elected the settlement alternative with the higher fair value, as at the date of settlement?		
	Share-based payment transactions among group entities		
47	Has the entity receiving the goods or services measured the goods or services received as either an equity-settled or a cash-settled share-based payment transaction by assessing the nature of the awards granted, and its own rights and obligations in its separate or individual financial statements?	102.43A	
48	Has the entity receiving the goods or services measured the goods or services received as an equity-settled share-based payment transaction when: a) The awards granted are its own equity instruments, or	102.43B	
	b) The entity has no obligation to settle the share-based payment transaction?		
	If yes, has the entity subsequently remeasured such an equity-settled share-based payment transaction only for changes in non-market vesting conditions (refer Q 16 to 20)?		
49	Has the entity settled a share-based payment transaction when the other entity in the group receives the goods or services: a) If yes, has the entity recognised the transaction as an equity-settled share-based payment transaction only if it is settled in the entity's own equity instruments,and	102.43C	
	b) If no, has the entity recognised the transaction as a cash-settled share-based payment transaction?		
50	Has the entity that received the goods or services accounted for the share-based payment transaction as per Q 48, regardless of intragroup repayment arrangements that require one group entity to pay another group entity for the provision of the share-based payments to the suppliers of goods or services?	102.43D	
	Appendix B		
	Shares		
51	Has the entity measured the fair value of the shares at the market price of the entity's shares (or an estimated market price, if the entity's shares are not publicly traded), adjusted to take into account the terms and conditions upon which the shares were granted for shares granted to employees (refer Q 14)?	102.B2	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Share options		
52	For share options granted to employees, in many cases market prices are not available (refer Q 15), because the options granted are subject to terms and conditions that do not apply to traded options. If traded options with similar terms and conditions do not exist, is the fair value of the options granted, estimated by applying an option pricing model (refer Q 53 to 56)?	102.B4	
53	Has the entity considered the factors that knowledgeable and willing market participants would consider in selecting the option pricing model to apply?	102.B5	
54	Has the entity considered in its option pricing models, as a minimum, the following factors:	102.B6	
	a) The exercise price of the option,		
	b) The life of the option (Q 59 to 61),		
	c) The current price of the underlying shares,		
	d) The expected volatility of the share price (Q 62 to 64),		
	e) The dividends expected on the shares (if appropriate) (Q 65 to 66),and		
	f) The risk-free interest rate for the life of the option (Q 67)?		
55	Has the entity taken into account other factors that knowledgeable, willing market participants would consider in setting the price?	102.B7	
56	Have factors that a knowledgeable, willing market participant would not consider in setting the price of a share option (or other equity instrument) not been taken into account when estimating the fair value of share options (or other equity instruments) granted?	102.B10	
	Inputs to option pricing models		
57	Has the entity calculated an expected value, by weighting each amount within the range by its associated probability of occurrence when there is likely to be a range of reasonable expectations about future volatility, dividends and exercise behavior?	102.B12	
58	Has the entity made sure that they did not simply base estimates of volatility, exercise behavior and dividends on historical information without considering the extent to which the past experience is expected to be reasonably predictive of future experience?	102.B15	
	Expected early exercise		
59	Has the entity considered the following factors in estimating early exercise:	102.B18	
	a) The length of the vesting period, because the share option typically cannot be exercised until the end of the vesting period. Hence, determining the valuation implications of expected early exercise is based on the assumption that the options will vest,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) The average length of time similar options have remained outstanding in the past,		
	c) The price of the underlying shares. Experience may indicate that the employees tend to exercise options when the share price reaches a specified level above the exercise price,		
	d) The employee's level within the organisation, and		
	e) Expected volatility of the underlying shares. On an average, employees might tend to exercise options on highly volatile shares earlier than on shares with low volatility?		
60	Did the entity based its estimate on an appropriately weighted average expected life for the entire employee group or on appropriately weighted average lives for subgroups of employees within the group, based on more detailed data about employees' exercise behavior when estimating the expected life of share options granted to a group of employees?	102.B19	
61	Has the entity separated an option grant into groups for employees with relatively homogeneous exercise behaviour?	102.B20	
	Expected volatility		
62	Has the entity considered the following factors in estimating expected volatility:	102.B25	
	a) Implied volatility from traded share options on the entity's shares, or other traded instruments of the entity that include option features (such as convertible debt), if any,		
	b) The historical volatility of the share price over the most recent period that is generally commensurate with the expected term of the option (taking into account the remaining contractual life of the option and the effects of expected early exercise),		
	c) The length of time an entity's shares have been publicly traded. A newly listed entity might have a high historical volatility, compared with similar entities that have been listed longer. Further guidance for newly listed entities is given below,		
	d) The tendency of volatility to revert to its mean, i.e. its long-term average level, and other factors indicating that expected future volatility might differ from past volatility, and		
	e) Appropriate and regular intervals for price observations. The price observations should be consistent from period to period?		
63	a) Has the entity considered historical volatility of the share price over the most recent period that is generally commensurate with the expected option term?	102.B26	
	b) Has the entity computed historical volatility for the longest period for which trading activity is available, if the entity is a newly listed entity and does not have sufficient information on historical volatility?		
64	Has the entity considered the following factors to consider when estimating expected volatility, if the entity is an unlisted entity:	102.B27	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) In some cases, an unlisted entity that regularly issues options or shares to employees (or other parties) might have set up an internal market for its shares. Has the volatility of those share prices been considered when estimating expected volatility,	102.B28	
	b) Alternatively, has the entity consider the historical or implied volatility of similar listed entities, for which share price or option price information is available, to use when estimating expected volatility, and	102.B29	
	(Note: *This would be appropriate if the entity has based the value of its shares on the share prices of similar listed entities.*)		
	c) Has the entity derived an estimate of expected volatility consistent with that valuation methodology, if the entity has not based its estimate of the value of its shares on the share prices of similar listed entities, and has instead used another valuation methodology to value its shares?	102.B30	
	Expected dividends		
65	Has the entity made no adjustment for expected dividends if the employee is entitled to receive dividends paid during the vesting period, if the grant date for fair value of shares granted to employees is estimated?	102.B33	
	(Note: *No adjustment is required for expected dividends.*)		
66	a) Has the grant date valuation of the rights to shares or options taken expected dividends into account, if the employees are not entitled to dividends or dividend equivalents during the vesting period (or before exercise, in the case of an option)?	102.B34	
	b) Has expected dividends been included in the application of an option pricing model when the fair value of an option grant is estimated?		
	Risk-free interest rate		
67	Has the entity used an appropriate substitute if no zero-coupon government issues exist or if circumstances indicate that the implied yield on zero-coupon government issues is not representative of the risk-free interest rate or if market participants would typically determine the risk-free interest rate by using that substitute, rather than the implied yield of zero-coupon government issues, when estimating the fair value of an option with a life equal to the expected term of the option being valued?	102.B37	
	Capital structure effects		
68	If the entity has written any share options, are new shares to be issued when those share options are exercised (either actually issued or issued in substance, if shares previously repurchased and held in treasury are used)?	102.B39	
69	Has the entity considered whether there would be a possible dilutive effect of the future exercise of the share options granted might have an impact on their estimated fair value at grant date?	102.B41	
	(Note: *Option pricing models can be adapted to take into account this potential dilutive effect.)*		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Modifications to equity-settled share-based payment arrangements		
70	Has the entity recognised, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition)] that was specified at grant date?	102.B42	
71	In addition, has the entity recognised the effects of modifications that increase the total fair value of the share-based payment arrangement or are otherwise beneficial to the employee?	102.B42	
72	In order to apply the requirements of Q 28, has the entity considered the following:	102.B43	
	a) If the modification increases the fair value of the equity instruments granted, measured immediately before and after the modification, the entity shall include the incremental fair value granted in the measurement of the amount recognised for services received as consideration for the equity instruments granted,		
	b) If the modification increases the number of equity instruments granted, the entity shall include the fair value of the additional equity instruments granted, measured at the date of the modification, in the measurement of the amount recognised for services received as consideration for the equity instruments granted, consistently with the requirements mentioned above, and		
	c) If the entity modifies the vesting conditions in a manner that is beneficial to the employee, for example, by reducing the vesting period or by modifying or eliminating a performance condition (other than a market condition, changes to which are accounted for in accordance with (a) above), the entity shall take the modified vesting conditions into account when applying the requirements of Q 16 to 22?		
73	If the entity has modified the terms or conditions of the equity instruments granted in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, has the entity nevertheless continued to account for the services received as consideration for the equity instruments granted as if that modification had not occurred (other than a cancellation of some or all the equity instruments granted, which shall be accounted for)?	102.B44	
74	Has the entity appropriately accounted for share-based payment transactions in which it receives services as consideration for its own equity instruments as equity-settled, regardless of:	102.B49	
	a) Whether the entity chooses or is required to buy those equity instruments from another party to satisfy its obligations to its employees under the share-based payment arrangement,		
	b) The employee's rights to the entity's equity instruments were granted by the entity itself or by its shareholder(s), and		
	c) The share-based payment arrangement was settled by the entity itself or by its shareholder(s)?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
75	Has the entity accounted for the transaction with its employees as cash-settled, if the entity (if not a subsidiary), received goods or services from its suppliers (including employees)?	102.B56	
76	Has the entity accounted for the above transaction as an equity-settled one, if the entity is a subsidiary?	102.B57	
77	Has the entity measured its obligation in accordance with the requirements applicable to cash-settled share-based payment transactions in Q 49, if the entity is a parent entity?	102.B58	
	Disclosure		
78	With regard to the nature and extent of share-based transactions, has the entity:	102.45	
	a) Disclosed a description of each type of share-based payment arrangement that existed at any time during the period, including the general terms and conditions of each arrangement, and		
	b) Aggregated the information for substantially similar types of share-based payment arrangements (unless separate disclosure of each arrangement is necessary)?		
79	Has the entity disclosed the number and weighted average exercise prices of share options for each of the following groups of options:	102.45	
	a) Outstanding at the beginning of the period,		
	b) Granted during the period,		
	c) Forfeited during the period,		
	d) Exercised during the period,		
	e) Expired during the period,		
	f) Outstanding at the end of the period, and		
	g) Exercisable at the end of the period?		
80	a) Has the entity disclosed weighted average share price at the date of exercise with regards to share options exercised during the period?	102.45	
	b) Has the entity disclosed the weighted average share price during the period, if options were exercised on a regular basis throughout the period?		
81	For share options outstanding at the end of the period, has the entity:	102.45	
	a) Disclosed the range of exercise prices and weighted average remaining contractual life, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) Divided the outstanding options into ranges that are meaningful for assessing number and timing of additional shares that may be issued and the cash that may be received upon exercise of those options, if the range of exercise prices is wide?		
82	If the entity measures the fair value of goods or services received as consideration for equity instruments of the entity indirectly, by reference to the fair value of the equity instruments granted, has the entity disclosed at least the following:	102.47	
	a) For share options granted during the period, the weighted average fair value of those options at the measurement date and information on how that fair value was measured, including:		
	i) The option pricing model used and the inputs to that model, including the weighted average share price, exercise price, expected volatility, option life, expected dividends, the risk-free interest rate and any other inputs to the model, including the method used and the assumptions made to incorporate the effects of expected early exercise,		
	ii) How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility, and		
	iii) Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition,		
	b) For other equity instruments granted during the period (i.e. other than share options), the number and weighted average fair value of those equity instruments at the measurement date, and information on how that fair value was measured, including:		
	i) If fair value was not measured on the basis of an observable market price, how it was determined,		
	ii) Whether and how expected dividends were incorporated into the measurement of fair value, and		
	iii) Whether and how any other features of the equity instruments granted were incorporated into the measurement of fair value,		
	c) For share-based payment arrangements that were modified during the period:		
	i) An explanation of those modifications,		
	ii) The incremental fair value granted (as a result of those modifications), and		
	iii) Information on how the incremental fair value granted was measured, consistently with the requirements set out in (a) and (b) above, where applicable?		
83	Has the entity disclosed how that fair value was determined, if the entity has measured directly the fair value of goods or services received during the period?	102.48	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
84	Has the entity disclosed that fact, and give an explanation of why the presumption was rebutted, if the entity has rebutted the presumption that the fair value of the goods or services received cannot be estimated reliably?	102.49	
85	Has the entity disclosed the following with regard to understanding the effect of share-based payment transactions on the entity's profit or loss for the period and on its financial position:	102.51	
	a) The total expense recognised for the period arising from share-based payment transactions in which the goods or services received did not qualify for recognition as assets and hence were recognised immediately as an expense,		
	b) Portion of the total expense that arises from transactions accounted for as equity-settled share-based payment transactions, and		
	c) For liabilities arising from share-based payment transactions, has the entity disclosed:		
	i) The total carrying amount at the end of the period,		
	ii) The total intrinsic value at the end of the period of liabilities for which the counterparty's right to cash or other assets had vested by the end of the period?		
86	If the information required to be disclosed by this Ind AS does not satisfy the principles in the disclosure paragraphs, has the entity disclosed such additional information as is necessary to satisfy them?	102.52	

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- There are no specific requirements arising out of the 2013 Act in the context of this standard.

Significant carve-outs from IFRS

- No significant carve-outs from IFRS have been provided in this standard.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- No specific requirement has been prescribed under the ICDS relating to share based payments.

Glossary

Cash-settled share- based transaction: A share-based payment transaction in which the entity acquires goods or services by incurring a liability to transfer cash or other assets to the supplier of those goods or services for amounts that are based on the price (or value) of equity instruments (including shares or share options) of the entity or another group entity.

Employees and others providing similar services: Individuals who render personal services to the entity and either (a) the individuals are regarded as employees for legal or tax purposes, (b) the individuals work for the entity under its direction in the same way as individuals who are regarded as those rendered by employees. For example, the term encompasses all management personnel, i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the entity, including non-executive directors.

Equity instrument: A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Equity instrument granted: The right (conditional or unconditional) to an equity instrument of the entity conferred by the entity on another party, under a share-based payment arrangement.

Equity-settled share-based payment transaction : A share-based payment transaction in which the entity (a) receives goods or services as consideration for its equity instruments own (including shares or share options), or (b) receives goods or services but has no obligation to settle the transaction with the supplier.

Fair value: The amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction.

Grant date: The date at which the entity and another party (including an employee) agree to a share-based payment arrangement, being when the entity and the counterparty have a shared understanding of the terms and conditions of the arrangement. At grant date the entity confers on the counterparty the right to cash, other assets, or equity instruments of the entity, provided the specified vesting conditions, if any, are met. If that agreement is subject to an approval process (for example, by shareholders), grant date is the date when that approval is obtained.

Intrinsic value: The difference between the fair value of the shares to which the counterparty has the (conditional or unconditional) right to subscribe or which it has the right to receive, and the price (if any) the counterparty is (or will be) required to pay for those shares. For example, a share option with an exercise price of INR15, on a share with a fair value of INR20, has an intrinsic value of INR5.

Market condition: A performance condition upon which the exercise price, vesting or exercisability of an equity instrument depends that is related to the market price of the entity's equity instruments, such as attaining a specified share price or a specified amount of intrinsic value of a share option, or achieving a specified target that is based on the market price of the entity's equity instruments relative to an index of market prices of equity instruments of other entities. A market condition requires the counterparty to complete a specified period of service (i.e. a service condition), the service requirement can be explicit or implicit.

Measurement date: The date at which the fair value of the equity instruments granted is measured for the purposes of this Ind AS. For transactions with employees and others providing similar services, the measurement date is grant date. For transactions with parties other than employees (and those providing similar services), the measurement date is the date the entity obtains the goods or the counterparty renders service.

Performance condition: A vesting condition that requires:

a) The counterparty to complete a specified period of service (i.e. a service condition), the service requirement can be explicit or implicit, and
b) Specified performance target(s) to be met while the counterparty is rendering the service required in (a).

The period of achieving the performance target(s):

a) Shall not extend beyond the end of the service period, and
b) May start before the service period on the condition that the commencement date of the performance target is not substantially before the commencement of the service period.

A performance target is defined by reference to:

a) The entity's own operations (or activities) or the operations or activities of another entity in the same group (i.e. a non-market condition), or

b) The price (or value) of the entity's equity instruments or the equity instruments of another entity in the same group (including shares and share options) (i.e. a market condition).

A performance target might relate either to the performance of the entity as a whole or to some part of the entity (or part of the group), such as a division or an individual employee.

Reload feature: A feature that provides for an automatic grant of additional share options whenever the option holder exercises previously granted options using the entity's shares, rather than cash, to satisfy the exercise price.

Reload option: A new share option granted when a share is used to satisfy the exercise price of a previous share option.

Service condition: A vesting condition that requires the counterparty to complete a specified period of service during which services are provided to the entity. If the counterparty, regardless of the reason, ceases to provide service during the vesting period, it has failed to satisfy the condition. A service condition does not require a performance target to be met.

Share-based payment arrangement: An agreement between the entity (or another group entity or any shareholder of any group entity) and another party (including an employee) that entitles the other party to receive

a) Cash or other assets of the entity for amounts that are based on the price (or value) of equity instruments (including shares or share options) of the entity or another group entity, or

b) Equity instruments (including shares or share options) of the entity or another group entity, provided the specified vesting conditions, if any, are met

Share-based payment transaction: A transaction in which the entity

a) Receives goods or services from the supplier of those goods or services (including an employee) in a share-based payment arrangement, or

b) Incurs an obligation to settle the transaction with the supplier in a share-based payment arrangement when another group entity receives those goods or services.

Share option: A contract that gives the holder the right, but not the obligation, to subscribe to the entity's shares at a fixed or determinable price for a specified period of time.

Vest: To become an entitlement. Under a share-based payment arrangement, a counterparty's right to receive cash, other assets or equity instruments of the entity vests when the counterparty's entitlement is no longer conditional on the satisfaction of any vesting conditions.

Vesting conditions: The conditions that determine whether the entity receives the services that entitle the counterparty to receive cash, other assets or equity instruments of the entity, under a share-based payment arrangement. Vesting conditions are either service conditions or performance conditions. Service conditions require the counterparty to complete a specified period of service. Performance conditions require the counterparty to complete a specified period of service and specified performance targets to be met (such as a specified increase in the entity's profit over a specified period of time). A performance condition might include a market condition.

Vesting period: The period during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied.

(Source: Ind AS 102, *Share-based Payment* as issued by the Ministry of Corporate Affairs)

Ind AS-103 Business Combinations

1. Executive summary

- Indian Accounting Standard (Ind AS) 103, *Business Combinations* provides guidance on accounting for business combinations under the acquisition method (acquisition accounting), with limited exceptions.
- A business combination is a transaction or other event in which an acquirer obtains control of one or more business.
- A 'business' is an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors by way of dividends, lower costs or other economic benefits.
- The acquirer in a business combination is the combining entity that obtains control of the other combining business or businesses. The date of acquisition is the date on which the acquirer obtains control of the acquiree.
- Consideration transferred by the acquirer, which is generally measured at fair value at the date of acquisition, may include assets transferred, liabilities incurred by the acquirer to the former owners of the acquiree and equity interests issued by the acquirer. Acquisition related costs are excluded from the consideration transferred and expensed when incurred.
- The identifiable assets acquired and the liabilities assumed are recognised separately from goodwill at the date of acquisition if they meet the definition of assets and liabilities and are exchanged as part of the business combination. They are measured at the date of acquisition at their fair values, with limited exceptions.
- The acquirer in a business combination can elect, on a transaction-by-transaction basis, to measure 'ordinary' Non-Controlling Interests (NCI) at fair value, or at their proportionate interest in the net assets of the acquiree, at the date of acquisition. All other components of NCI (such as equity components of convertible bonds and options under share based payments arrangements) shall be measured at fair value or in accordance with other relevant Ind ASs.
- Goodwill is recognised at the date of acquisition, measured as a residual. Goodwill previously recorded by the acquiree is not recorded as a separate asset by the acquirer. When the residual is a deficit (gain on a bargain purchase), it is recognised in other comprehensive income and accumulated in equity as capital reserve after reassessing the values used in the acquisition accounting.
- If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. This is referred to as a measurement period.
- Adjustments to acquisition accounting during the measurement period reflect additional information about facts and circumstances that existed at acquisition date. The measurement period cannot exceed one year. In general, items recognised in the acquisition accounting are measured and accounted for in accordance with the relevant Ind AS subsequent to the business combination.
- This standard provides additional guidance on accounting for common control business combinations.
- Transitional provisions are not provided in this standard since all transitional provisions related to Ind ASs, wherever considered appropriate have been included in Ind AS 101, *First-time Adoption of Indian Accounting Standards.*

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability		
1	Has the entity excluded the following transactions or other events from the scope of this standard as they are governed by another individual Ind AS:	103.2	
	a) Accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself,		
	b) Acquisition of an asset or a group of assets that does not constitute a business, and		
	c) Acquisition by an investment entity (as defined in Ind AS 110, *Consolidated Financial Statements*), of an investment in a subsidiary that is required to be measured at fair value through profit or loss?	103.2A	
	Identifying a business combination		
2	This Ind AS defines a business combination as a transaction or other event in which an acquirer obtains control of one or more businesses.		
	If the entity has obtained control of a business by one of the following methods, has the transaction been considered to fall within the definition of a business combination:	103.B5	
	a) Transferring cash, cash equivalents or other assets (including net assets that constitute a business),		
	b) Incurring liabilities,		
	c) Issuing equity interests,		
	d) Providing more than one type of consideration, and		
	e) Without transferring consideration, including by contract alone? (Refer Q 49)		
3	If the entity has structured business combination of any other entities in common control, has the guidance in this standard on accounting for such transactions been applied? (Refer Q 83 and 84)		
4	a) Has the entity structured the business combination in any of the following ways:	103.B6	
	i) One or more businesses become subsidiaries of an acquirer or the net assets of one or more businesses are legally merged into the acquirer,		
	ii) One combining entity transfers its net assets, or its owners transfer their equity interests, to another combining entity or its owners,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	iii) All of the combining entities transfer their net assets, or the owners of those entities transfer their equity interests, to a newly formed entity, or		
	iv) A group of former owners of one of the combining entities obtains control of the combined entity?		
	(Note: *This is only illustrative*)		
	b) If the answer to Q 4 (a) is yes, has the guidance in this standard been applied to such business combinations?		
5	Has the entity applied this standard only if the acquired set of activities satisfy the definition of a business i.e. have the following three elements:	103.3 103.B7	
	a) Inputs – economic resources that create, or have the ability to create, outputs when one or more processes are applied to them,		
	b) Processes – Systems, standards, protocols, conventions or rules that when applied to inputs, create or have the ability to create outputs, and		
	c) Outputs – The result of inputs and processes applied to those inputs that provide or have the ability to provide a return to investors or other owners, members or participants?		
	(Note: *The acquisition of all the inputs and processes used by the seller in operating a business is not necessary for the activities and assets acquired to meet the definition of business. It is important that the entity is capable of producing output by integrating what was acquired either with own inputs and processes or with inputs and processes that it could obtain. Accordingly, outputs are not required to qualify as a business as long as there is ability to create outputs.*)		
	Acquisition method		
6	Has the entity accounted for each business combination by applying the acquisition method, while applying the acquisition method, has the entity:	103.5	
	a) Identified the acquirer,		
	b) Determined the acquisition date,		
	c) Recognised and measured the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquire, and		
	d) Recognised and measured goodwill or a gain from a bargain purchase?		
7	For each business combination, has one of the combining entities been identified as the acquirer? (Refer Q 8 to 13)	103.6	
8	If a business combination has occurred, does applying the guidance in Ind AS 110 clearly indicate which of the combining entities is the acquirer?	103.7	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(If answer to above is yes, then the provisions of Ind AS 110 shall apply in identifying the acquirer. If no, then provisions of this Ind AS (Refer Question 9 to 13 for the same) shall be used to identify the acquirer.)		
9	In a business combination effected primarily by transferring cash or other assets or by incurring liabilities, has the entity considered the acquirer to be the entity that transfers the cash or other assets or incurs the liabilities?	103.B14	
10	If the business combination was effected primarily by exchanging equity interests, have the following factors been considered for identifying the acquirer:	103.B15	
	a) Identification of the combining entity issuing equity interests under the business combination (usually the entity that issues its equity interests is the acquirer; however, in some business combinations, commonly called 'reverse acquisitions', the issuing entity is the acquiree),		
	b) The relative voting rights in the combined entity after the business combination (which is the combining entity whose owners as a group retain or receive the largest portion of the voting rights in the combined entity),		
	c) The existence of a large minority voting interest in the combined entity if no other owner or organised group of owners has a significant voting interest (does a single owner or organised group of owners of a combining entity hold the largest minority voting interest in the combined entity),		
	d) The composition of the governing body of the combined entity (do the owners of a combining entity have the ability to elect or appoint or to remove a majority of the members of the governing body of the combined entity),		
	e) The ability, if any, of the (former) management of a combining entity to dominate the management of the combined entity, and		
	f) The terms of the exchange of equity interests (whether any of the combining entity that has paid a premium over the pre-combination fair value of the equity interests of the other combining entity or entities)?		
11	In a business combination involving more than two entities, for determining the acquirer, has the entity also considered, among other things, which of the combining entities initiated the combination, as well as the relative size of the combining entities (The acquirer is usually the combining entity whose relative size is significantly greater than that of the other combining entity or entities)?	103.B16 103.B17	
	Determination of acquisition date		
12	Is the date of acquisition the same as the closing date?	103.9	
	(Note: *The date on which the acquirer obtains control of the acquiree is generally the date on which the acquirer legally transfers the*		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	consideration, acquires the assets and assumes the liabilities of the acquiree, i.e. the 'closing date'.)		
13	a) Has the acquirer considered all pertinent facts and circumstances in identifying the acquisition date, and	103.9	
	b) If Q 12 is no, then is the acquisition date is a later or preceding date than the acquisition dated based on any legal evidence for the same?		
	Recognition conditions		
14	Have the identifiable assets acquired and liabilities assumed at the acquisition date been recognised by the acquirer only if they meet the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* in accordance with Ind AS issued by the Institute of Chartered Accountants of India (ICAI)?	103.11	
15	If the identifiable assets and liabilities acquired and assumed respectively are part of what the acquirer and the acquiree exchanged in the business combination transaction and not a result of separate transactions, has the guidance in this standard been applied? Refer Q 16 for identifying what forms part of business combination.	103.12	
	Determining what is part of the business combination transaction		
16	If the acquirer and the acquiree have a pre-existing relationship or other arrangement before negotiations for the business combination began, or they enter into an arrangement during the negotiations that is separate from the business combination, has the acquirer identified any amounts that are not part of what the acquirer and the acquiree (or its former owners) exchanged in the business combination?	103.51	
	(Note-*The acquirer shall recognise as part of applying the acquisition method only the consideration transferred for the acquiree and the assets acquired and liabilities assumed in the exchange for the acquiree.)*		
17	Have the following types of transactions been accounted for as a separate transaction:	103.52	
	a) A transaction that in effect settles pre-existing relationships between the acquirer and acquire,		
	b) A transaction that remunerates employees or former owners of the acquiree for future services, and		
	c) A transaction that reimburses the acquiree or its former owners for paying the acquirer's acquisition-related costs?		
18	Has the acquirer considered the following factors to determine whether a transaction is part of the exchange for the acquiree or whether the transaction is separate from the business combination:	103.B50	
	a) The reason for the transaction,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) Who initiated the transaction, and		
	c) The timing of the transaction?		
19	Does the business combination settle a pre-existing relationship?	103.B51	
	(Note: *A pre-existing relationship may also be a contract that the acquirer recognises as a re-acquired right.)*	103.B53	
20	a) If the answer to Q 19 is yes, then has the acquirer recognised the gain or loss at fair value?	103.B52	
	b) If the answer to Q 19 is no, then has the acquirer recognised the lower of (i) or (ii) as gain or loss?	103.B52	
	i) The amount by which the contract is favourable or unfavourable from the perspective of the acquirer when compared with the terms for current market transactions for the same or similar items,		
	ii) The amount of any stated settlement provisions in the contract available to the counterparty to whom the contract is unfavourable?		
	c) If (ii) is less than (i) the difference is included as part of the business combination?		
21	Has the entity classified arrangements for contingent payments to employees or selling shareholders as contingent consideration forming part of business combination or separate transactions after considering the following factors :	103.B54	
	a) Continuing employment and its duration,		
	b) Level of remuneration and incremental payment if any, and		
	c) Number of shares owned?		
22	a) Are there any assets and liabilities that had not been previously recognised as an asset or liability by the acquiree but satisfy the recognition principle or conditions?	103.13	
	b) If yes, have these assets or liabilities been recognised as such by the acquirer?		
23	a) If the assets and liabilities that are acquired or assumed are related to an operating lease and the acquiree is the lessee, has the acquirer determined whether the terms of each operating lease in which the acquiree is the lessee are favourable or unfavourable?	103.B28 103.B29	
	b) Has the acquirer recognised an intangible asset if the terms of an operating lease are favourable relative to market terms and a liability if the terms are unfavourable relative to market terms?		
24	Has the acquirer recognised, separately from goodwill, the identifiable intangible assets acquired in a business combination?	103.B31	
	(Note: *An intangible asset is identifiable if it meets either the separability criterion or the contractual-legal criterion.*)		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Classification of identifiable assets and liabilities in a business combination		
25	Has the acquirer made the relevant classifications and designations of the assets acquired and liabilities assumed on the basis of the contractual terms, economic conditions, its operating or accounting policies and other conditions that existed on the acquisition date?	103.15	
26	If the classification of the assets and liabilities is with respect to leases, is the bifurcation into operating and finance lease made in accordance with Ind AS 17, *Leases*?	103.17	
27	If the contract in concern is an insurance contract, has the same been classified in accordance with Ind AS 104, *Insurance Contracts*?	103.17	
28	In case of situations covered in Q 26 and 27 have the contracts been classified on the basis of the contractual terms and the other factors at the inception of the contract (or if the terms of the contract have been modified in a manner that would change its classification, at the date of that modification, which might be the acquisition date)?	103.17	
	Measurement principle		
29	Has the acquirer measured the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values?	103.18	
30	Has acquirer measured at the acquisition date components of non-controlling interest in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation either at:	103.19	
	a) Fair value, or		
	b) Present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets?		
31	Have all other components of non-controlling interests been measured at their acquisition date fair values, unless another measurement basis is required by Ind AS?		
	Exceptions to the recognition or measurement principles		
32	If the acquirer has identified a contingent liability assumed in a business combination, has the acquirer recognised the contingent liability at the acquisition date only if it:	103.22 103.23	
	a) Poses a present obligation that arises from past events, and		
	b) Have fair value that can be measured reliably?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
33	Has the acquirer recognised and measured a deferred tax asset or liability arising from the assets acquired and liabilities assumed in a business combination in accordance with Ind AS 12, *Income Taxes*?	103.24	
34	Has the acquirer accounted for the potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition in accordance with Ind AS 12?	103.25	
35	Has the acquirer recognised and measured a liability (or asset, if any) related to the acquiree's employee benefit arrangements in accordance with Ind AS 19, *Employee Benefits?*	103.26	
36	In the event that the seller in a business combination contractually indemnifies the acquirer for the outcome of a contingency or uncertainty related to all or part of a specific asset or liability, has the acquirer recognised an indemnification asset at the same time that it recognises the indemnified item measured on the same basis as the indemnified item, subject to the need for a valuation allowance for uncollectible amounts?	103.27	
37	In the event that the indemnification may relate to an asset or a liability that is an exception to the recognition or measurement principles, has the indemnification asset been recognised and measured using assumptions consistent with those used to measure the indemnified item, subject to management's assessment of the collectability of the indemnification asset and any contractual limitations on the indemnified amount?	103.28	
38	Has the acquirer measured the value of an intangible asset which is a reacquired right and recognised this on the basis of the remaining contractual term of the related contract regardless of whether market participants would consider potential contractual renewals when measuring its fair value? (Refer to the related application guidance provided in the standard.)	103.29	
39	Has the acquirer measured a liability or an equity instrument related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the acquirer in accordance with the method in Ind AS 102, *Share-based Payment* at the acquisition date?	103.30	
40	Has the acquirer measured an acquired non-current asset (or disposal group) that is classified as held for sale at the acquisition date in accordance with Ind AS 105, *Non-current Assets Held for Sale and Discontinued Operations?*	103.31	
	Recognising and measuring goodwill or a gain from a bargain purchase		
41	Has the excess of (a) over (b) below at the acquisition date been recognised by the acquirer as goodwill: a) The aggregate of the following :	103.32	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	i) The consideration transferred, which generally requires acquisition-date fair value,		
	ii) The amount of any non-controlling interest in the acquire, and		
	iii) In a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree?		
	b) The net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this Ind AS?		
	Bargain purchases		
42	If the amount in Q 41 (b) exceeds the aggregate of the amounts specified in Q 41 (a), has the acquirer recognised the resulting gain in other comprehensive income on the acquisition date and accumulated the same in equity as capital reserve only if:	103.34 103.36	
	a) There is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase,		
	b) The entity has correctly identified all of the assets acquired and all of the liabilities assumed, and	103.36	
	c) The procedures used to measure the following appropriately reflect consideration of all available information as of the acquisition date:		
	i) The identifiable assets acquired and liabilities assumed,		
	ii) The non-controlling interest in the acquiree, if any,		
	iii) For a business combination achieved in stages, the acquirer's previously held equity interest in the acquire, and		
	iv) The consideration transferred?		
43	If the conditions for recognising a gain described in Q 42 are not met, has the excess (subject to the above reassessment and review) been recognised directly in equity as capital reserve?		
	Consideration transferred		
44	Is the consideration transferred in a business combination measured at fair value?	103.37	
	(Note: *The fair value shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer.*)		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
45	In case the assets and liabilities of the acquirer have carrying amounts that differ from their fair values at the acquisition date, have the assets and liabilities been remeasured at fair value?	103.38	
	Applying the acquisition method to particular types of business combinations		
46	Has the acquirer obtained control of an acquiree in which it held an equity interest immediately before the acquisition date? (Note: *This Ind AS refers to such a transaction as a business combination achieved in stages, sometimes also referred to as a step acquisition*)	103.41	
47	In the event of a business combination achieved in stages, has the acquirer remeasured its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss or OCI, as appropriate?	103.42	
48	In prior reporting periods, if the acquirer has recognised changes in the value of its equity interest in the acquiree in other comprehensive income, has the amount that was recognised in other comprehensive income been recognised on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest?	103.42	
49	Has the acquirer applied the acquisition method of accounting for a business combination where it has obtained control of an acquiree without transferring consideration, by any of the following scenarios:	103.43	
	a) The acquiree repurchases a sufficient number of its own shares for an existing investor to obtain control,		
	b) Minority veto rights lapse that previously kept the acquirer from controlling an acquiree in which the acquirer held the majority voting rights, or		
	c) The acquirer and acquiree agree to combine their businesses by contract alone. The acquirer transfers no consideration in exchange for control of an acquiree and holds no equity interests in the acquiree, either on the acquisition date or previously?		
50	In a business combination achieved by contract alone, has the acquirer attributed to the owners of the acquiree, the amount of the acquiree's net assets recognised?	103.44	
	Measurement period		
51	If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, has the acquirer reported in its financial statements provisional amounts for the items for which the accounting is incomplete?	103.45	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note: *The measurement period is the period after the acquisition date during which the acquirer may adjust the provisional amounts recognised for a business combination as if the accounting for the business combination had been completed at the acquisition date.)*		
52	During the measurement period, has the acquirer:	103.45	
	a) Retrospectively adjusted the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date,		
	b) Also recognised additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date,		
	c) Ensured that the measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable, and		
	d) Ensured that the measurement period does not exceed one year from the acquisition date?		
53	During the measurement period, has the acquirer acquired information pertaining to the following:	103.46	
	a) The identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree,		
	b) The consideration transferred for the acquiree,		
	c) In a business combination achieved in stages, the equity interest in the acquiree previously held by the acquirer, and		
	d) The resulting goodwill or gain on a bargain purchase?		
54	Has the acquirer considered all pertinent factors in determining whether information obtained after the acquisition date should result in an adjustment to the provisional amounts recognised or whether that information results from events that occurred after the acquisition date?	103.47	
	(Note: *Pertinent factors include the date when additional information is obtained and whether the acquirer can identify a reason for a change to provisional amounts. Information that is obtained shortly after the acquisition date is more likely to reflect circumstances that existed at the acquisition date than information obtained several months later.*)		
55	Has the acquirer recognised an increase (or decrease) in the provisional amount recognised for an identifiable asset (or liability) by means of a decrease (or increase) in goodwill?	103.48	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
56	During the measurement period, has the acquirer recognised adjustments to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date?	103.49	
57	After the measurement period ends, has the acquirer revised the accounting for a business combination only to correct an error in accordance with Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors?*	103.50	
58	Has the acquirer accounted for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received (except the costs to issue debt or equity securities shall be recognised in accordance with Ind AS 32, *Financial Instruments*: *Presentation* and Ind AS 109, *Financial Instruments*)?	103.53	
	Subsequent measurement and accounting		
59	Has the acquirer subsequently been measuring and accounting for the following in a business combination in accordance with Ind AS 103:	103.54	
	a) Reacquired rights,		
	b) Contingent liabilities recognised as of the acquisition date,		
	c) Indemnification assets, and		
	d) Contingent consideration?		
60	Has an acquirer amortised the reacquired right, recognised as an intangible asset, over the remaining useful life?	103.55	
61	When the acquirer has subsequently sold a reacquired right to a third party, has the acquirer included the carrying amount of the intangible asset in determining the gain or loss on the sale? *(Note: A reacquired right recognised as an intangible asset shall be amortised over the remaining contractual period of the contract in which the right was granted.)*		
62	After initial recognition and until the liability is settled, cancelled or expires, has the acquirer measured a contingent liability that is recognised in a business combination at the higher of:	103.56	
	a) The amount that would be recognised in accordance with Ind AS 37, *Provisions, Contingent Liabilities and Contingent Assets*, or		
	b) The amount initially recognised less, if appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18, *Revenue*? *(Note: This requirement does not apply to contracts accounted for in accordance with Ind AS 109.)*		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
63	At the end of each subsequent reporting period:	103.57	
	a) Has the acquirer measured an indemnification asset that was recognised at the acquisition date on the same basis as the indemnified liability or asset, subject to any contractual limitations on its amount,		
	b) Has the acquirer measured, for indemnification asset that is not subsequently measured at its fair value, management's assessment of the collectability of the indemnification asset, and		
	c) Has the acquirer derecognised the indemnification asset only when it collects the asset, sells it or otherwise loses the right to it?		
	(Note: *Some changes in the fair value of contingent consideration that the acquirer recognises after the acquisition date may be the result of additional information that the acquirer obtained after that date about facts and circumstances that existed at the acquisition date. However, changes resulting from events after the acquisition date, such as meeting an earnings target, reaching a specified share price or reaching a milestone on a research and development project, are not measurement period adjustments.)*		
64	Has the acquirer accounted for changes in the fair value of contingent consideration that are not measurement period adjustments as follows:	103.58	
	a) The contingent consideration classified as equity have not been remeasured and its subsequent settlement have been accounted for within equity,		
	b) Other contingent consideration that is within the scope of Ind AS 109 have been measured at fair value at each reporting date and changes in fair value have been recognised in profit or loss in accordance with Ind AS 109, and		
	c) Other contingent consideration that is not within the scope of Ind AS 109 have been measured at fair value at each reporting date and changes in fair value have been recognised in profit or loss?		
	Disclosures		
65	Has the acquirer disclosed information that enables users of its financial statements to evaluate the nature and financial effect of a business combination that occurs either:	103.59	
	a) During the current reporting period (Refer Q 66 to 75), or		
	b) After the end of the reporting period but before the financial statements are approved for issue (Refer Q 76)?		
66	Has the acquirer disclosed the following information for each business combination that occurs during the reporting period:	103.B64	
	a) The name and a description of the acquire,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) The acquisition date,		
	c) The percentage of voting equity interests acquired,		
	d) The primary reasons for the business combination and a description of how the acquirer obtained control of the acquire,		
	e) A qualitative description of the factors that make up the goodwill recognised,		
	f) The acquisition-date fair value of the total consideration transferred and the acquisition-date fair value of each major class of consideration,		
	g) The amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed,		
	h) For each contingent liability recognised in accordance with Ind AS 103, the information required in Ind AS 37, and		
	i) The total amount of goodwill that is expected to be deductible for tax purposes?		
67	Has the acquirer disclosed for contingent consideration arrangements and indemnification assets:	103.B64	
	a) The amount recognised as of the acquisition date,		
	b) A description of the arrangement and the basis for determining the amount of the payment, and		
	c) An estimate of the range of outcomes (undiscounted) or, if a range cannot be estimated, that fact and the reasons why a range cannot be estimated?		
	(Note: *If the maximum amount of the payment is unlimited, the acquirer shall disclose that fact.*)		
68	Has the acquirer disclosed for acquired receivables:	103.B64	
	a) The fair value of the receivables,		
	b) The gross contractual amounts receivable, and		
	c) The best estimate at the acquisition date of the contractual cash flows not expected to be collected?		
	(Note: *The disclosures shall be provided by major class of receivable, such as loans, direct finance leases and any other class of receivables).*		
69	If a contingent liability is not recognised because its fair value cannot be measured reliably, has the acquirer disclosed:	103.B64	
	a) The information required by paragraph 86 of Ind AS 37, and		
	b) The reasons why the liability cannot be measured reliably?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
70	For transactions that are recognised separately from the acquisition of assets and assumption of liabilities in the business combination, has the acquirer disclosed:	103.B64	
	a) A description of each transaction,		
	b) How the acquirer accounted for each transaction,		
	c) The amounts recognised for each transaction and the line item in the financial statements in which each amount is recognised,		
	d) If the transaction is the effective settlement of a pre-existing relationship, the method used to determine the settlement amount,		
	e) Amount of acquisition-related costs and, separately, the amount of those costs recognised as an expense and the line item or items in the statement of profit and loss in which those expenses are recognised, and		
	f) The amount of any issue costs not recognised as an expense and how they were recognised shall also be disclosed?		
71	In a bargain purchase, has the acquirer disclosed:	103.B64	
	a) The amount of any gain recognised in other comprehensive income,		
	b) The amount of any gain directly recognised in equity, and		
	c) A description of the reasons why the transaction resulted in a gain in case of (a) above?		
72	For each business combination in which the acquirer holds less than 100 per cent of the equity interests in the acquiree at the acquisition date, has the acquirer disclosed:	103.B64	
	a) The amount of the non-controlling interest in the acquiree recognised at the acquisition date and the measurement basis for that amount, and		
	b) For each non-controlling interest in an acquiree measured at fair value, the valuation technique(s) and significant inputs used to measure that value?		
73	In a business combination achieved in stages, whether the acquirer has disclosed:	103.B64	
	a) The acquisition-date fair value of the equity interest in the acquiree held by the acquirer immediately before the acquisition date, and		
	b) The amount of any gain or loss recognised as a result of remeasuring to fair value the equity interest in the acquiree held by the acquirer before the business combination and the line item in the statement of profit and loss in which that gain or loss is recognised?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
74	Has the acquirer also disclosed:	103.B64	
	a) The amounts of revenue and profit or loss of the acquiree since the acquisition date included in the consolidated statement of profit and loss for the reporting period, and		
	b) the revenue and profit or loss of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period?		
	(Note: *If disclosure of any of the information required by this subparagraph is impracticable, the acquirer shall disclose that fact and explain why the disclosure is impracticable)*.		
75	For individually immaterial business combinations occurring during the reporting period that are material collectively, has the acquirer disclosed in aggregate the information required by Q 66 to 74?	103.B65	
76	If the acquirer cannot disclose the information required by Q 66 to 74, has the acquirer described which disclosures could not be made and the reasons why they cannot be made?	103.B66	
77	Has the acquirer disclosed information that enables users of its financial statements to evaluate the financial effects of adjustments recognised in the current reporting period that relate to business combinations that occurred in the period or previous reporting periods. (Refer Q 78 to 82)?	103.61	
78	If the initial accounting for a business combination is incomplete for any particular item of consideration and the amounts recognised in the financial statements for the business combination thus have been determined only provisionally, has the acquirer disclosed:	103.B67	
	a) The reasons why the initial accounting for the business combination is incomplete,		
	b) The assets, liabilities, equity interests or items of consideration for which the initial accounting is incomplete, and		
	c) The nature and amount of any measurement period adjustments recognised during the reporting period?		
79	For each reporting period after the acquisition date until the entity collects, sells or otherwise loses the right to a contingent consideration asset, or until the entity settles a contingent consideration liability or the liability is cancelled or expires, has the entity disclosed:	103.B67	
	a) Any changes in the recognised amounts, including any differences arising upon settlement,		
	b) Any changes in the range of outcomes (undiscounted) and the reasons for those changes, and		
	c) The valuation techniques and key model inputs used to measure contingent consideration?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
80	For contingent liabilities recognised in a business combination, has the acquirer disclosed the information required by Ind AS 37 for each class of provision?	103.B67	
81	Has the acquirer disclosed, a reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period showing separately:	103.B67	
	a) The gross amount and accumulated impairment losses at the beginning of the reporting period,		
	b) Additional goodwill recognised during the reporting period, except goodwill included in a disposal group that, on acquisition, meets the criteria to be classified as held for sale in accordance with Ind AS 105,		
	c) Adjustments resulting from the subsequent recognition of deferred tax assets during the reporting period,		
	d) Goodwill included in a disposal group classified as held for sale in accordance with Ind AS 105 and goodwill derecognised during the reporting period without having previously been included in a disposal group classified as held for sale,		
	e) Impairment losses recognised during the reporting period in accordance with Ind AS 36, *Impairment of Assets*,		
	f) Net exchange rate differences arising during the reporting period in accordance with Ind AS 21, *The Effects of Changes in Foreign Exchange Rates*,		
	g) Any other changes in the carrying amount during the reporting period, and		
	h) The gross amount and accumulated impairment losses at the end of the reporting period?		
82	Has the acquirer disclosed, the amount and an explanation of any gain or loss recognised in the current reporting period that both:	103.B67	
	a) Relates to the identifiable assets acquired or liabilities assumed in a business combination that was effected in the current or previous reporting period, and		
	b) Is of such a size, nature or incidence that disclosure is relevant to understanding the combined entity's financial statements?		
	Business combinations of entities under common control		
83	a) Does the entity have transactions or other events such as transfer of subsidiaries or businesses, between entities within a group?	103.C3	
	b) Is the entity controlled by an individual, or by a group of individuals who collectively have power to govern its financial and operating policies?	103.C7	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	c) Is the collective power mentioned above not transitory (i.e. is control permanent)?	103.C7	
	(Note: *If the answer to all of the questions above are yes, then the transaction is a common control business combination within the scope of this standard.*)		
	Accounting for common control business combinations		
84	a) Have the assets and liabilities of the combining entities been reflected at their carrying amounts except to harmonise accounting policies?	103.C9	
	(Note: *i) No adjustments are made to reflect fair values, or recognise any new assets or liabilities,* *ii) No new goodwill shall be recognised through a common control transaction, and* *iii) In applying book value accounting and adjacent may be required in equity to reflect any differences between the consideration paid and the capital of the acquiree.)*		
	b) Does the consideration for the business combination consist of securities, cash or other asset?	109.C10	
	If yes, has the entity done the following:		
	i) Recorded securities at nominal value, and		
	ii) Recorded asset other than cash at their fair value,		
	c) Has the financial information in respect of prior periods been restated as if the combination had occurred from the beginning of the preceding period in the financial statements (irrespective of the actual date of the combination), except in case the combination has occurred after that date (i.e. after the beginning of the prior period, the prior period information shall be restated only from that date)?	109.C9	
	d) Has the entity done the following:		
	i) The identity of the respective reserves (e.g.: general reserves, capital reserves etc.) of the transferor been preserved in the financial statements of the transferee, and	109.C11	
	ii) The balance of retained earnings of the transferor entity aggregated with the corresponding balance of retained earnings of the transferee entity or alternatively, it is transferred to general reserve, if any?	109.C12	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Disclosures and subsequent events		
85	Has the entity made the following disclosures in the first financial statements following the business combination:	103.C13	
	a) Names and general nature of business of the combining entities,		
	b) Date on which transferor obtains control of the transferee,		
	c) Description and number of shares issued, together with the percentage of each entity's equity shares exchanged to effect the combination,		
	d) Amount of any difference between the consideration and the value of net assets taken over, and the treatment thereof, and		
	e) When a combination is effected after the balance sheet but before approval of the financial statements, disclosure is made in accordance with Ind AS 110, but the combination is not incorporated in the financial statements?	103.C14	

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- Certain business combinations such as mergers and amalgamations are dealt with under Chapter XV of the 2013 Act. This requires companies to make an application to the National Company Law Tribunal (NCLT). This Chapter also provides that no compromise or arrangement shall be sanctioned by the NCLT unless a certificate by the company's auditor has been filed with the tribunal to the effect that the accounting treatment if any proposed in the scheme of the compromise or arrangement is in conformity with the standards prescribed in Section 133 of 2013 Act. While the NCLT has been constituted with effect from 1 June 2016 and the relevant provisions of the 2013 Act have been notified, the impact on schemes of compromise or arrangement that are under process at this stage is still unclear.

Significant carve-outs from IFRS

- IFRS 3, *Business Combination* excludes from its scope business combinations of entities under common control. Ind AS 103 (Appendix C) gives the guidance in this regard.
- IFRS 3 requires bargain purchase gain arising on business combination to be recognised in profit or loss. Ind AS 103 requires the same to be recognised in other comprehensive income and accumulated in equity as capital reserve, unless there is no clear evidence for the underlying reason for classification of the business combination as a bargain purchase, in which case, it shall be recognised directly in equity as capital reserve.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- There is no specific guidance in ICDS on business combinations given that the tax implications in India are currently based on the standalone financial statements of an entity. Further, as per Ind AS 103, acquisition costs are required to be charged to the income statement. The allowability of these expenses would be driven by the normal provisions of the Act.
- The accounting for common control transactions under Ind AS 103 is based on the pooling of interest method. The tax implications relating to such transactions are dealt with under the Income Tax Act, 1961. There is no specific guidance under ICDS on the accounting of such transactions.

Glossary

Transferor means an entity or business which is combined into another entity as a result of a business combination.

Transferee means an entity in which the transferor entity is combined.

Reserve means the portion of earnings, receipts or other surplus of an entity (whether capital or revenue) appropriated by the management for a general or a specific purpose other than provision for depreciation.

Common control business combination means a business combination involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

(Source: Ind AS 103, *Business Combinations* as issued by the Ministry of Corporate Affairs)

Ind AS-104
Insurance Contracts

1. Executive summary

- Indian Accounting Standard (Ind AS) 104, *Insurance Contracts* describes an insurance contract as a contract that transfers significant insurance risk. Insurance risk is 'significant' if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding those that lack commercial substance.
- A financial instrument that does not meet the definition of an insurance contract (including investments held to back insurance liabilities) is accounted for under the general recognition and measurement requirements for financial instruments specified in Ind AS 109, *Financial Instruments.*
- Financial instruments that include discretionary participation features are in the scope of the standard-i.e. existing accounting policies may be applied, although these are subject to the general financial instrument disclosures.
- Generally, entities that issue insurance contracts are required to continue their existing accounting policies with respect to insurance contracts except when the standard requires or permits changes in accounting policies.
- Changes in existing accounting policies for insurance contracts are permitted only if the new policy or a combination of new policies, results in information that is more relevant or reliable, or both, without reducing either relevance or reliability.
- The recognition of catastrophe and equalisation provisions is prohibited for contracts not in existence at the reporting date.
- A liability adequacy test is required to ensure that the measurement of the entity's insurance liabilities considers all contractual cash flows, using current estimates.
- The application of 'shadow accounting' for insurance liabilities is permitted for consistency with the treatment of unrealised gains or losses on assets.
- An expanded presentation of the fair value of insurance contracts acquired in a business combination or portfolio transfer is permitted.
- Significant disclosures are required of the terms, conditions and risks related to insurance contracts, consistent in principle with those required for financial assets and financial liabilities.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability		
1	Has the entity applied this standard if it:	104.2	
	a) Issues insurance contracts,		
	b) Issues reinsurance contracts,		
	c) Holds reinsurance contracts, or		
	d) Issues financial instruments with a discretionary participation feature?		
	(Note*: For aspects (such as accounting for financial assets/ financial liabilities) of accounting by insurers, other than those stated above, please refer Ind AS 32, Financial Instruments: Presentation, Ind AS 107, Financial Instruments: Disclosures and Ind AS 109)*	104.3	
2	Has the entity evaluated its insurance contracts as per the guidance on the definition of insurance contracts given in Appendix B of the standard?	104.B1	
3	More specifically, on evaluation do the entity's insurance contracts have significant insurance risk, if yes apply this standard. If not, such contracts will need to be recognised and measured as per applicable Ind AS?		
4	Has the entity ensured that it does not apply the guidance in this standard and applies the relevant Ind AS instead, to the following types of contracts:	104.4	
	a) Product warranties issued directly by a manufacture, dealer or retailer (refer Ind AS 37, *Provisions, contingent liabilities and contingent assets*),		
	b) Employers' assets and liabilities under employee benefit plan and retirement benefit obligations (refer Ind AS 19, *Employee benefits*),		
	c) Contractual rights or contractual obligations that are contingent on the future use of, or right to use, a non-financial item (for e.g. Some licence fee, royalties, contingent lease payments and similar items), as well as a lessees' residual value guarantee embedded in a finance lease (refer Ind AS 17, *Leases*, Ind AS 18, *Revenue* and Ind AS 38, *Intangible assets*),		
	d) Financial guarantee contracts (refer Ind AS 109) unless the issuer has previously asserted explicitly that it regards such contracts as insurance contracts and has used accounting applicable to insurance contracts,		
	e) Contingent consideration payable or receivable in a business combination (refer Ind AS 103, *Business combinations*), or		
	f) Direct insurance contracts in which entity is the policyholder?		
5	Has the entity applied this standard to reinsurance contracts that it holds as a cedant?	104.4 (f)	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
6	Has the entity separated embedded derivatives, if any, from their host insurance contract? *(Note: This standard applies to derivatives embedded in an insurance contract which needs to be separated from their host contract and measured at fair value and include changes in their fair value in profit or loss, unless the derivative is insurance contract itself. An exception to this is the policyholder's option to surrender an insurance contract for a fixed amount even if the exercise price differs from the carrying amount of the host liability.)*	104.7	
7	If the derivative contract is itself an insurance contract, then has the entity applied this standard, else applied Ind AS 109?	104.7	
8	Has the entity measured the separated embedded derivatives at fair value?	104.7	
9	Has the entity included changes in the fair value of the separated embedded derivatives in profit and loss?	104.7	
10	If the entity has insurance contracts where policyholders' have the option to surrender an the contract for a fixed amount, where the exercise price differs from the carrying amount of the host insurance liability has it elected not to separate this option and measure it as fair value (being an embedded derivative)?	104.8	
11	If the entity has a put option or cash surrender option embedded in an insurance contract, whose surrender value, varies in response to the change in a financial variable or a non-financial variable that is not specific to a party to the contract, has the entity applied the requirements of Ind AS 109 relating to separation of this embedded derivative and its measurement at fair value?	104.8	
12	If the holders' ability to exercise a put option or cash surrender option as described in Q 11 is triggered by a change in a variable, has the entity applied to requirements of Ind AS 109 relating to separation of embedded derivatives?	104.8	
13	If the entity as an insurer has insurance contracts that contain both insurance and a deposit component, has the entity ensured that it has unbundled those components if: a) It can measure the deposit component (including any embedded surrender option) separately, excluding the insurance component, and b) Its accounting policies do not otherwise require it to recognise all obligations and rights arising from the deposit component? (Note*: If the conditions in Q 13(a) are met but those in Q 13(b) are not, then unbundling is not required, but is permitted. If the conditions in both Q 13(a) and (b) are not met then unbundling is prohibited.)*	104.10	
14	If the components mentioned in Q 13 are unbundled, then has the entity applied this standard to the insurance component and Ind AS 109 to the deposit component?	104.12	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
15	Has the entity ensured that it complies with the implications of the criteria in paragraph 10-12 of Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, specifically that an insurer:	104.12	
	a) Has not recognised as a liability any provisions for possible future claims, if those claims arise under insurance contracts that are not in existence at the end of the reporting period (such as catastrophe provisions and equalisation provisions),	104.14	
	b) Has carried out the liability adequacy test as described in Q 16 to 20,		
	c) Has remove an insurance liability (or a part of an insurance liability) from its balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires,		
	d) Has not offset reinsurance assets against the related insurance liabilities or income/expense from reinsurance contracts against the expense/income from the related insurance contracts, and		
	e) Has considered whether its reinsurance assets are impaired?		
	Recognition and measurement		
16	Has the entity assessed at the end of each reporting period, whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts?	104.15	
17	In case the carrying amount of entity's insurance liabilities is inadequate in the light of estimated future cash flows, has the entity recognised the entire deficiency in profit or loss?	104.15	
18	a) In the liability adequacy test, has the entity considered current estimates of all contractual cash flows and of related cash flows such as claims handling costs, as well as cash flows resulting from embedded options and guarantees?	104.16	
	b) If the test shows that the liability is inadequate, has the entire deficiency been recognised in profit or loss?		
19	In case the entity's accounting policies do not require a liability adequacy test, then, and	104.17	
	a) Has the entity determined the carrying amount of the relevant insurance liabilities less the carrying amount of any related deferred acquisition costs and any related intangible assets (such as those acquired in a business combination or portfolio transfer), and		
	b) If the net amount so determined is less than the carrying amount as per Ind AS 37, *Provisions, Contingent Liabilities and Contingent Assets,* then has the entity recognised the entire difference in profit and loss and decreased the carrying amount of the related deferred acquisition costs or related intangible assets or increase the carrying amount of the relevant insurance liabilities?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
20	a) If an insurer's liability adequacy test meets the minimum requirements of Q 18, has the test been applied at the level of aggregation specified in that test?	104.18	
	b) If the liability adequacy test does not meet the minimum requirements in Q 18, has the comparison described in Q 19 been made at the level of a portfolio of contracts that are subject to broadly similar risks and managed together as a single portfolio?		
21	Has a reinsurance asset been considered as impaired if, and only if:	104.20	
	a) There is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the cedant may not receive all amounts due to it under the terms of the contract, and		
	b) That event has a reliably measurable impact on the amounts that the cedant will receive from the reinsurer?		
22	If a cedant's reinsurance asset is impaired as determined in Q 21, has the cedant reduced its carrying amount accordingly and recognised the impairment loss in profit and loss?	104.20	
23	Has the entity changed its accounting policies for insurance contracts if, and only if, the change makes the financial statements more relevant to the economic decision-making needs of users and no less reliable, or more reliable and no less relevant to those needs, based on the criteria in Ind AS 8?	104.22	
24	If the insurer has elected to change its accounting policies for designated insurance liabilities to reflect current market interest rates and require other current estimates and assumptions, has it continued to apply current market interest rates, and the other estimates and assumptions consistently in all periods to these liabilities until they are extinguished?	104.24	
	(Note*: The election in this paragraph permits an insurer to change its accounting policies for designated liabilities, without applying those policies consistently to all similar liabilities as Ind AS 8 would otherwise require.)*		
25	While the entity may continue the following practices, has it ensured that it has not changed its accounting policies to introduce any of the following practices (as they do not satisfy the criteria in Q 23):	104.25	
	a) Measuring insurance liabilities on an undiscounted basis,		
	b) Measuring contractual rights to future investment management fees at an amount that exceeds their fair value as implied by a comparison with current fees charged by other market participants for similar services, or		
	c) Using non-uniform accounting policies for the insurance contracts (and related deferred acquisition costs and related intangible assets, if any) of subsidiaries, except as permitted in Q 24?		
26	Has the entity ensured that it has not changed its accounting policies to introduce additional prudence if it already measures its insurance contracts with sufficient prudence?	104.26	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
27	While the entity need not change its accounting policies for insurance contracts to eliminate future investment margins, has it ensured that it does not introduce an accounting policy that reflects future investment margins in the measurement of insurance contracts, unless it overcomes the rebuttable presumption that introduction of such an accounting policy will result in the financial statements becoming less relevant and reliable?	104.27	
	Shadow Accounting		
28	If the insurer has changed its accounting policies so that a recognised but unrealised gain or loss on an asset affects measurements of its insurance liabilities, deferred acquisition costs and related intangible assets in the same way that a realised gain or loss does, has the related adjustment been recognised in other comprehensive income if, and only if, the unrealised gains or losses are recognised in other comprehensive income (shadow accounting)?	104.30	
29	Has the insurer, at the acquisition date, measured at fair value the insurance liabilities assumed and insurance assets acquired in a business combination in compliance with Ind AS 103? (Note*: An insurer is permitted but not required to use an expanded presentation that splits the fair value of acquired insurance contracts into two components:* *a) The liability measured in accordance with the insurer's accounting policies for insurance contracts that it issues, and* *b) An intangible asset, representing the difference between the fair value of the contractual insurance rights acquired/insurance obligations assumed and the amount described in (a) above. The subsequent measurement of this asset shall be consistent with the measurement of the related insurance liability.)*	104.31	
30	In the case of insurance contracts containing a discretionary participation feature as well as a guaranteed element: a) If the entity has recognised the guaranteed element and the discretionary participation feature separately, has it: i) Classified the guaranteed element as a liability,	104.34	
	ii) Classified the discretionary participation feature as either a liability or a separate component of equity, or split it into liability and equity components based on a consistent accounting policy (ensuring that is not classified as an intermediate category that is neither liability nor equity),		
	iii) Recognised all premiums received as revenue without separating any portion that relates to the equity component and recognised resulting changes, in the guaranteed element and in the portion of the discretionary participation feature classified as a liability, in profit and loss, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	iv) Recognised the portion of profit or loss attributable to any equity component of a discretionary participation feature as an allocation of profit or loss, not as expense or income?		
	b) If the entity has not recognised the guaranteed element and discretionary participation feature separately, has it classified the whole contract as a liability?		
	c) If the contract contains an embedded derivative within the scope of Ind AS 109, has the entity applied Ind AS 109 to that embedded derivative?		
	d) Has the entity continued its existing accounting policies for such contracts (to the extent not described in Q 15 to 21 and Q 30(a) to (c) above), unless it changes those policies in a manner that complies with Q 23 to 28?		
31	For a financial instrument with a discretionary participation feature, if the entity has classified the entire discretionary participation feature as a liability, has the entity applied the liability adequacy test in Q 16 to 20 to the whole contract?	104.35(a)	
32	If the entity classifies part or all of the discretionary participation feature mentioned in Q 30 as a separate component of equity, has the entity ensured that the liability recognised for the whole contract is not less than the amount that would result from applying Ind AS 109 to the guaranteed element?	104.35(b)	
	Disclosures		
33	Has the insurer disclosed information that identifies and explains the amounts in its financial statement arising from insurance contracts as follows:	104.36	
	a) Has the insurer disclosed its accounting policies for insurance contracts and related assets, liabilities, income and expenses,	104.37	
	b) Has the insurer disclosed the recognised assets, liabilities, income and expenses arising from insurance contracts,		
	c) If the entity is a cedant, then has it disclosed the gains and losses recognised in profit and loss on buying reinsurance,		
	d) If the entity, as a cedant defers and amortises gains and losses arising on buying reinsurance, has the entity disclosed the amortisation for the period and the amounts remaining unamortised at the beginning and end of the period,		
	e) Has the entity disclosed the process used to determine the assumptions that have the greatest effect on the measurement of the recognised amounts described in Q 33(b) to (d) and given a quantified disclosure of those assumptions,		
	f) Has the entity disclosed the effect of changes in assumptions used to measure insurance assets and insurance liabilities, showing separately the effect of each change that has a material effect on the financial statements, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	g) Has the entity disclosed the reconciliations of changes in insurance liabilities, reinsurance assets and, if any, related deferred acquisition costs?		
34	Has the entity disclosed information that enables users of its financial statements to evaluate the nature and extent of risks arising from insurance contracts as follows:	104.38	
	a) Has the entity disclosed, its objectives, policies and processes for managing risks arising from insurance contracts and the methods used to manage those risks,	104.39	
	b) Has the entity disclosed information about insurance risk (both before and after risk mitigation by reinsurance), including: i) Sensitivity to insurance risk, by disclosing either: • A sensitivity analysis that shows how profit or loss and equity would have been affected if changes in the relevant risk variable that were reasonably possible at the end of the reporting period had occurred, the methods and assumptions used in preparing the sensitivity analysis, and any changes from the previous period in the methods and assumptions used, or		
	• Qualitative information about sensitivity, and information about those terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of the insurer's future cash flows,		
	ii) Has the entity disclosed, concentrations of insurance risk, including a description of how management determines concentrations and a description of the shared characteristic that identifies each concentration, and		
	iii) Has the entity disclosed, the actual claims compared with previous estimates,		
	(Note: *The disclosure about claims development goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments, but need not go back more than 10 years. Further, disclosure of this information is not needed for claims for which uncertainty about the amount and timing of claims payments is typically resolved within one year)* c) Has the entity disclosed the information about credit risk, liquidity risk and market risk as Ind AS 107 would require if the insurance contracts were within the scope of Ind AS 107, and		
	d) Has the entity disclosed the information about exposures to market risk arising from embedded derivatives contained in a host insurance contract if the insurer is not required to, and does not, measure the embedded derivatives at fair value?		

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- There are no specific provisions under the 2013 Act in context to this standard.

Significant carve-outs from IFRS

- No significant carve-outs from IFRS have been provided in this standard.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- ICDS scopes out revenue from insurance contracts.
- ICDS does not deal with securities held by an entity engaged in the business of insurance.
- ICDS does not deal with provisions, contingent liabilities and contingent assets arising in insurance business from contracts with policyholders.

Glossary

Cedant is the policyholder under a reinsurance contract.

Deposit component is a contractual component that is not accounted for as a derivative under Ind AS 109 and would be within the scope of Ind AS 109 if it were a separate instrument.

Direct insurance contract is an insurance contract that is not a reinsurance contract.

Discretionary participation feature is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits:

a) That are likely to be a significant portion of the total contractual benefits,

b) Whose amount or timing is contractually at the discretion of the issuer, and

c) That are contractually based on:

   i) The performance of a specified pool of contracts or a specified type of contract,

   ii) Realised and/or unrealised investment returns on a specified pool of assets held by the issuer, or

   iii) The profit or loss of the company, fund or other entity that issues the contract.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Guaranteed benefits are payments or other benefits to which a particular policyholder or investor has an unconditional right that is not subject to the contractual discretion of the issuer.

Guaranteed element is an obligation to pay guaranteed benefits, included in a contract that contains a discretionary participation feature.

Insurance asset is an insurer's net contractual rights under an insurance contract.

Insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. (See Appendix B for guidance on this definition.)

Insurance liability is an insurer's net contractual obligations under an insurance contract.

Insurance risk is a risk, other than financial risk, transferred from the holder of a contract to the issuer.

Insured event is an uncertain future event that is covered by an insurance contract and creates insurance risk.

Insurer is the party that has an obligation under an insurance contract to compensate a policyholder if an insured event occurs.

Liability adequacy test is an assessment of whether the carrying amount of an insurance liability needs to be increased (or the carrying amount of related deferred acquisition costs or related intangible assets decreased), based on a review of future cash flows.

Policyholder is a party that has a right to compensation under an insurance contract if an insured event occurs.

Reinsurance asset is a cedant's net contractual right under a reinsurance contract.

Reinsurance contract is an insurance contract issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant.

Reinsurer is the party that has an obligation under a reinsurance contract to compensate a cedant if an insured event occurs.

Unbundle refers to accounting for the components of a contract as if they were separate contracts.

(Source: Ind AS 104, *Insurance Contracts* as issued by the Ministry of Corporate Affairs)

Ind AS-105 Non-current Assets Held for Sale and Discontinued Operations

1. Executive summary

- Indian Accounting Standard (Ind AS) 105, *Non-current Assets Held for Sale and Discontinued Operations* requires non-current assets and some groups of assets and liabilities (known as disposal groups) to be classified as held for sale when their carrying amounts will be recovered principally through sale rather than through their continuing use.
- Assets classified as held for sale are not amortised or depreciated.
- Non-current assets and disposal groups held for sale are generally measured at the lower of their carrying amount and fair value less cost to sell, and are presented separately on the face of the balance sheet.
- The comparative balance sheet is not re-presented when a non-current asset or disposal group is classified as held for sale.
- The classification, presentation and measurement requirements that apply to items that are classified as held for sale also apply to a non-current asset or disposal group that is classified as held for distribution.
- A discontinued operation is a component of the entity that either has been disposed of or classified as held for sale.
- Discontinued operations are limited to those operations that are a separate major line of business or geographical area, and to subsidiaries acquired exclusively with a view to resell.
- Discontinued operations are presented separately of the face of the statement of profit and loss and Other Comprehensive Income (OCI).
- The comparative statement of profit and loss and OCI is restated for discontinued operations.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability		
	This standard shall be applied in accounting for assets held for sale and the presentation and disclosure of discontinued operations.		
1	Have the classification, presentation and measurement requirements in Ind AS 105 applicable to a non-current asset (or disposal group) that is classified as held for sale also been applied to a non-current asset that is held for distribution?	105.5A	
2	If the entity has non-current assets (or disposal groups) classified as held for sale, then has it excluded such assets from the disclosure requirements in other Ind ASs (or disposal groups) unless those Ind ASs require:	105.5B	
	a) Specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale. This includes the disclosure of earnings per share for a discontinued operation that is classified as held for sale and disclosures required under Ind AS 113, *Fair Value Measurement*, which are applicable when a non-current asset or disposal group held for sale is measured at fair value less costs to sell, or		
	b) Disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of Ind AS 105 (e.g. investment property measured at fair value) and such disclosures are not already provided in other notes to the financial statements?		
	Classification of non-current asset (or disposal groups) as held for sale or as held for distribution to owners		
3	Has the entity classified non-current assets (or disposal groups) whose carrying amounts will be recovered principally through a sale transaction rather than through continuing use as 'held for sale' if the following conditions are met:	105.6	
	a) The asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups),	105.7	
	b) Its sale is highly probable,	105.8	
	For sale to be highly probable, has the entity considered the following:		
	i) The appropriate level of management must be committed to a plan to sell the asset (or disposal group),		
	ii) An active programme to locate a buyer and complete the plan must have been initiated,		
	iii) The asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	iv) In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by Q 5,		
	v) Actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn, and		
	vi) The probability of shareholders' approval (if required in the jurisdiction) should be considered as part of the assessment of whether the sale is highly probable?		
4	If the entity is committed to a sale plan involving loss of control of a subsidiary has it classified all the assets and liabilities of that subsidiary as held for sale when the criteria in Q 3 are met, regardless of whether the entity will retain a non-controlling interest in its former subsidiary after the sale?	105.8A	
	Extension of the period required to complete a sale		
5	If there are any events/circumstances which may extend the period to complete the sale beyond one year, is there sufficient evidence to indicate that the entity remains committed to its plan to sell the assets (or disposal group) based on the following criteria being met:	105.9	
	a) At the date the entity committed itself to a plan to sell a non-current asset (or disposal group) it reasonably expects that others (not a buyer) will impose conditions on the transfer of the asset (or disposal group) that will extend the period required to complete the sale, and:	105.B1	
	i) Actions necessary to respond to those conditions cannot be initiated until after a firm purchase commitment is obtained, and		
	ii) A firm purchase commitment is highly probable within one year,		
	b) The entity obtains a firm purchase commitment and, as a result, a buyer or others unexpectedly impose conditions on the transfer of a non-current asset (or disposal group) previously classified as held for sale that will extend the period required to complete the sale, and:		
	i) Timely actions necessary to respond to the conditions have been taken, and		
	ii) A favourable resolution of the delaying factors is expected,		
	c) During the initial one-year period, circumstances arose that were previously considered unlikely and, as a result, a non-current asset (or disposal group) previously classified as held for sale is not sold by the end of that period, and:		
	i) During the initial one-year period the entity took action necessary to respond to the change in circumstances,		
	ii) The non-current asset (or disposal group) is being actively marketed at a price that is reasonable, given the change in circumstances, and		
	iii) The criteria in Q 3 are met?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
6	If the criteria in Q 3 are met after the end of the reporting period has the entity excluded such non-current asset (or disposal group) from classification as held for sale in those financial statements when issued? (Note: *If those criteria are met after the reporting period but before the approval of the financial statements for issue, the entity shall disclose the information specified in this standard in the notes.*)	105.12	
7	If the entity is committed to distribute the asset (or disposal group) to the owners, has it classified the non-current asset (or disposal group) as held for distribution to owners? (Note: *For this, the assets must be available for immediate distribution in their present condition and the distribution must be highly probable.*)	105.12A	
	Non-current assets that are to be abandoned		
8	a) If the entity has a non-current asset (or disposal group) that is to be abandoned, has this been excluded from classification as 'held for sale' unless it meets the criteria as set out in the definition of discontinued operation given in the standard? (Note: *Non-current assets (or disposal groups) to be abandoned include non-current assets (or disposal groups) that are to be used to the end of their economic life and non-current assets (or disposal groups) that are to be closed rather than sold.)*	105.13	
	b) If the entity has any non-current asset that has been temporarily taken out of use, has the entity ensured that it has not accounted for such non-current asset as if it had been abandoned?	105.14	
	Measurement of non-current assets (or disposal groups) classified as held for sale		
9	a) Post classification of non-current assets (or disposal groups) as held for sale, has the entity measured it at the lower of its carrying amount and fair value less costs to sell?	105.15	
	b) Post classification of non-current assets (or disposal groups) as held for distribution, has the entity measured it at the lower of its carrying amount and fair value less costs to distribute?	105.15A	
10	If the asset (or disposal group) has been acquired as part of a business combination, has the entity measured it at fair value less costs to sell?	105.16	
11	If the sale is expected to occur beyond one year by the entity, has it measured the costs to sell at their present value? Additionally, has the entity presented in profit or loss, any increase in the present value of the costs to sell, that arises from the passage of time, as a financing cost?	105.17	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
12	Immediately before the initial classification of the asset (or disposal group) as held for sale, has the entity measured the carrying amounts of the asset (or all the assets and liabilities in the group) in accordance with applicable Ind AS?	105.18	
13	On subsequent remeasurement of a disposal group, has the entity measured the carrying amounts of any assets and liabilities that are not within the scope of the measurement requirements of this Ind AS, but are included in a disposal group classified as held for sale, in accordance with applicable Ind AS before the fair value less costs to sell of the disposal group is remeasured?	105.19	
	Recognition of impairment losses and reversals		
14	Has the entity recognised an impairment loss for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell, to the extent that it has not been recognised in accordance with Q 13?	105.20	
15	For any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that has been recognised either in accordance with this Ind AS or previously in accordance with Ind AS 36, *Impairment of Assets*, has the entity recognised any gain?	105.21	
16	In case of impairment loss (or any subsequent gain) recognised for a disposal group, has the entity reduced (or increased) the carrying amount of the non-current assets in the group that are within the scope of the measurement requirements of this Ind AS, in the order of allocation set out in Ind AS 36?	105.23	
17	As at the date of derecognition, has the entity recognised a gain or loss not previously recognised by the date of the sale of a non-current asset (or disposal group)? (Note: *Entities to follow the requirements of relating to derecognition as set out in Ind AS 16, Property, Plant and Equipment and Ind AS 38, Intangible Assets.)*	105.24	
18	While a non-current asset is classified as held for sale or while it is part of a disposal group classified as held for sale, has the entity ensured that it does not charge any depreciation (or amortise it)? (Note: *Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale shall continue to be recognised.*)	105.25	
	Changes to a plan of sale or to a plan of distribution to owners		
19	a) In case the criteria as specified in Q 3 to 5 or in Q 7 (for held for distribution to owners) are no longer met for an asset (or disposal group) that was classified as held for sale or as held for distribution to owners, has the entity ceased to classify the asset (or disposal group) as held for sale? (Note: *In such cases the entity shall follow the guidance in Q 20 to 23 to account for this change except when Q 19 (b) applies).*	105.26	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) If the entity has reclassified an asset (or disposal group) directly from being held for sale to being held for distribution to owners, or directly from being held for distribution to owners to being held for sale, has it considered the change in classification as a continuation of the original plan for disposal,	105.26A	
	c) The entity:		
	i) Shall not follow the guidance in Q 20-22 to account for this change, (Note: *The entity shall apply the classification, presentation and measurement requirements in this Ind AS that are applicable to the new method of disposal.)*		
	ii) Shall measure the non-current asset (or disposal group) by following the requirements in Q 9 (a) (if reclassified as held for sale) or Q 9 (b) (if reclassified as held for distribution to owners) and recognise any reduction or increase in the fair value less costs to sell/costs to distribute of the non-current asset (or disposal group) by following the requirements in Q 14-18, and		
	iii) Shall not change the date of classification in accordance with Q 3 (b) and Q 7. This does not preclude an extension of the period required to complete a sale or a distribution to owners if the conditions in Q 5 are met?		
20	Has the entity measured a non-current asset that ceases to be classified as held for sale or as held for distribution to owners (or ceases to be included in a disposal group classified as held for sale or as held for distribution to owners) at the lower of:	105.27	
	a) Its carrying amount before the asset (or disposal group) was classified as held for sale or as held for distribution to owners, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale or as held for distribution to owners, and	105.B1	
	b) Its *recoverable* amount at the date of the subsequent decision not to sell or distribute?		
21	Has the entity included any required adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale or as held for distribution to owners in profit or loss from continuing operations in the period in which the criteria in Q 3 to 5 or Q 7 are no longer met?	105.28	
22	a) If the entity has removed an individual asset or liability from a disposal group classified as held for sale, have the remaining assets and liabilities of the disposal group continued to be measured as a group only if the group meets the criteria in Q 3 to 5?	105.29	
	b) If the entity has removed an individual asset or liability from a disposal group classified as held for distribution to owners, have the remaining assets and liabilities of the disposal group to be distributed, continued to be measured as a group only if the group meets the criteria in Q 7?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
23	If the disposal group referred to in Q 19 does not meet the criteria in Q 3 to 5, has the entity individually measured the remaining non-current assets of the group, that individually meet the criteria to be classified as held for sale (or as held for distribution to owners), at the lower of their carrying amounts and fair values less costs to sell (or costs to distribute) at that date?	105.29	
	Presentation and disclosure		
24	Has the entity presented and disclosed the information described in Q 24 (a) to 24 (h) that enables users of the financial statements to evaluate the financial effects of discontinued operations and disposals of non-current assets (or disposal groups):	105.30	
	a) A single amount in the statement of comprehensive income comprising the total of:	105.33 (a)	
	i) The post-tax profit or loss of discontinued operations, and		
	ii) The post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation,		
	b) An analysis of the single amount in Q 24 (a) into the following to be disclosed in notes or statement of profit and loss:	105.33 (b)	
	i) The revenue, expenses and pre-tax profit or loss of discontinued operations,		
	ii) The related income tax expense as required by paragraph 81 (h) of Ind AS 12,		
	iii) The gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation, and		
	iv) The related income tax expense as required by paragraph 81 (h) of Ind AS 12,		
	c) The net cash flows attributable to the operating, investing and financing activities of discontinued operations in the notes or in the financial statements (Not applicable for disposal groups that are newly acquired subsidiaries that meet the criteria to be classified as held for sale on acquisition),	105.33 (c)	
	d) Income from continuing operations and from discontinued operations attributable to owners of the parent (to be disclosed in the notes or statement of profit and loss),	105.33 (d)	
	e) Has the entity re-presented the disclosures in Q 24 (a) to 24 (d) for prior periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented,	105.34	
	f) Has the entity separately classified in discontinuing operations, the adjustments in current period relating to amounts previously presented in discontinued operations that are directly related to the disposal of a discontinued operation in a prior period,	105.35	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	g) If the entity ceases to classify a component of the entity as held for sale, has the entity reclassified the results of operations of the component previously presented in accordance with Q 24 (a) to 24 (f) and included them in income from continuing operations for all periods presented and describing the amounts of prior periods as having been re-presented, and	105.36	
	h) Has the entity included in profit and loss from continuing operations, any gain or loss on the remeasurement of a non-current asset (or disposal group) classified as held for sale that does not meet the definition of discontinued operations?	105.37	
25	If the entity is committed to sale or distribution plan involving loss of control of a subsidiary and subsidiary is a disposal group that meets the definition of discontinued operation, in accordance with this standard, then has the disclosure required by Q 24 (a) to 24 (g) been provided?	105.36A	
26	For non-current assets or disposal groups held for sale, has the entity disclosed:	105.38	
	a) Non-current asset(s) and assets from a disposal group classified as held for sale separately from other assets in the balance sheet,		
	b) Liabilities of a disposal group classified as held for sale separately from other liabilities in the balance sheet,		
	c) Assets and liabilities classified as held for sale on a gross basis, i.e., not netted off against each other,		
	d) The major classes of assets and liabilities classified as held for sale either in the balance sheet or in notes, except when the disposal group is a newly acquired subsidiary that meets the criteria to be held for sale on acquisition, and		
	e) Cumulative income or expense recognised in OCI relating to a non-current asset (or disposal group) classified as held for sale separately?		
27	In the period in which a non-current asset (or disposal group) is either classified as held for sale or sold, has the entity disclosed:	105.41	
	a) A description of the non-current asset (or disposal group),		
	b) A description of the facts and circumstances of the sale, or leading to the expected disposal, and the expected manner and timing of that disposal,		
	c) The gain or loss recognised in accordance with Q 14-15 and, if not separately presented in the statement of profit and loss, the caption in the statement of profit and loss that includes that gain or loss, and		
	d) If applicable, the reportable segment in which the non-current asset (or disposal group) is presented in accordance with Ind AS 108, *Operating Segments?*		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
28	If there are changes to a plan of sale and either Q 19 or 22 applies then has the entity disclosed the following description in the period of the decision to change the plan to sell the non-current asset (or disposal group):	105.42	
	a) The facts and circumstances leading to the decision, and		
	b) The effect of the decision on the results of operations for the period and any prior periods presented?		
29	When the criteria for classification of a non-current asset (or disposal group) as held for sale are met after the reporting period, but before the authorisation of the financial statements for issue, has the entity disclosed the information specified in Q 27 (a), (b) and (d) in the notes?	105.12	

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- There are no specific requirements arising out of the 2013 Act in the context of this standard.

Significant carve-outs from IFRS

- Requirements regarding presentation of discontinued operations in the separate income statement, where separate income statement is presented under paragraph 33A of IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* have been deleted. This change is consequential to the removal of option regarding two statement approach in Ind AS 1, *Presentation of Financial Statements*. Ind AS 1 requires that the components of profit or loss and components of OCI shall be presented as a part of the statement of profit and loss. However, paragraph number 33A has been retained in Ind AS 105 to maintain consistency with paragraph numbers of IFRS 5.
- Paragraph 5 (d) of IFRS 5, deals with non-current assets that are accounted for in accordance with the fair value model in IAS 40, *Investment Property*. Since Ind AS 40 prohibits the use of fair value model, this paragraph is deleted in Ind AS 105.
- Paragraph 7 of Ind AS 105 prescribes the conditions for classification of a non-current asset (or disposal group) as held for sale. A clarification has been added in Paragraph 7 that the non-current asset (or disposal group) cannot be classified as held for sale, if the entity intends to sell it in a distant future.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- No specific requirements has been prescribed under ICDS relating to this standard.

Glossary

Cash-Generating Unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Component of an entity is the operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity.

Costs to sell is the incremental costs directly attributable to the disposal of an asset (or disposal group), excluding finance costs and income tax expense.

Current asset: An entity shall classify an asset as current when:

a) It expects to realise the asset, or intends to sell or consume it, in its normal operating cycle,

b) It holds the asset primarily for the purpose of trading,

c) It expects to realise the asset within twelve months after the reporting period, or

d) The asset is cash or a cash equivalent (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and:

a) Represents a separate major line of business or geographical area of operations,

b) Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or

c) Is a subsidiary acquired exclusively with a view to resale.

Disposal group is a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. The group includes goodwill acquired in a business combination if the group is a cash-generating unit to which goodwill has been allocated in accordance with the requirements of paragraphs 80–87 of Ind AS 36, *Impairment of Assets*, or if it is an operation within such a cash generating unit.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Firm purchase commitment is an agreement with an unrelated party, binding on both parties and usually legally enforceable, that (a) specifies all significant terms, including the price and timing of the transactions, and (b) includes a disincentive for non-performance that is sufficiently large to make performance highly probable.

Highly probable means significantly more likely than probable.

Non-current asset is an asset that does not meet the definition of a current asset.

Probable means more likely than not.

Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

(Source: Ind AS 105, *Non-current Assets Held for Sale and Discontinued Operations* as issued by the Ministry of Corporate Affairs)

Ind AS-106 Exploration for and Evaluation of Mineral Resources

1. Executive summary

- The objective of Indian Accounting Standard (Ind AS) 106, *Exploration for and Evaluation of Mineral Resources* is to specify the financial reporting for the exploration for and evaluation of mineral resources. Entities identify and account for pre-exploration expenditure, Exploration and Evaluation (E&E) expenditure and development expenditure separately.
- The entity may determine an accounting policy to specify which type of E&E costs are recognised as exploration and evaluation assets and those that can be expensed as incurred.
- There is no industry-specific guidance on the recognition or measurement of pre-exploration expenditure or development expenditure. Pre-exploration expenditure is generally expensed as it is incurred.
- Typically, the more closely that expenditure relates to a specific mineral resource, the more likely that its capitalisation will result in relevant and reliable information.
- Capitalised E&E expenditures are classified as either tangible or intangible assets, according to their nature. If the entity elects to capitalise E&E expenditure as an E&E asset, then that asset is measured initially at cost.
- After recognition, the entity shall apply either the cost model or the revaluation model to the exploration and evaluation assets. If the revaluation model is applied (either the model in Ind AS 16*, Property, Plant and Equipment*, or the model in Ind AS 38, *Intangible Assets*) it shall be consistent with the classification of the assets.
- The entity may change its accounting policies for E&E expenditures if the change makes the financial statements more relevant to the economic decision-making needs of users and no less reliable, or more reliable and no less relevant to those needs.
- An E&E asset shall no longer be classified as such when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. E&E assets shall be assessed for impairment, and any impairment loss recognised, before reclassification.
- E&E assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount. Some relief is provided from the general requirements of Ind AS 36, *Impairment of Assets* in assessing whether there is any indication of impairment of E&E assets. The test for recoverability of E&E assets can combine several cash-generating units, as long as the combination is not larger than an operating segment.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Scope		
1	If the entity incurs expenditure relating to the exploration for and evaluation of mineral resources, has it applied the requirements of Ind AS 106?	106.3	
2	If the entity has transactions or other events such as:	106.5	
	a) Expenditures incurred before the exploration for and evaluation of mineral resources, and		
	b) Expenditures incurred after the technical feasibility and commercial viability of extracting a mineral resource are demonstrable?		
	Has the entity excluded these expenditures when applying this standard?		
	Recognition of E&E assets		
3	While developing accounting policies, has the entity applied paragraph 10 of Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* which requires management to use its judgment to ensure that the accounting policy results in information that is relevant and reliable?	106.6	
4	Subject to Q 6 & 7 below, if the entity has availed an exemption from paragraph 11 and 12 of Ind AS 8 for recognition of E&E assets, have these been approved as per the entity's policy for approval of exemptions and their details disclosed by the entity?	106.7	
	Measurement of E&E assets		
	Measurement at recognition		
5	Have the E&E assets been measured at cost?	106.8	
	Elements of cost of E&E assets		
6	Has the entity considered the degree to which an expenditure can be associated with finding specific mineral resources in determining an accounting policy for recognition of expenditures as exploration and evaluation assets?	106.9	
	(The following are examples of expenditures that might be included in the initial measurement of E&E assets:		
	a) Acquisition of rights to explore,		
	b) Topographical, geological, geochemical and geophysical studies,		
	c) Exploratory drilling,		
	d) Trenching,		
	e) Sampling, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	f) Activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.)		
7	Has the entity excluded expenditures related to the development of mineral resources from recognition as an E&E asset?	106.10	
	(The *Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards* issued by the Institute of Chartered Accountants of India and Ind AS 38 provide guidance on the recognition of assets arising from development.)		
8	Has the entity recognised the obligations for removal and restoration that are incurred as a consequence of exploration for and evaluation of mineral resources in accordance with Ind AS 37, *Provisions, Contingent Liabilities and Contingent Assets?*	106.11	
	Measurement after recognition		
9	a) Has the entity applied either cost model or revaluation model to the exploration and evaluation assets?	106.12	
	b) If the latter has been applied, is it consistent with the classification of the assets as per this Ind AS?		
	Changes in accounting policies		
10	a) If the entity has changed its accounting policy, has it ensured that the change in accounting policies make the financial statements:	106.13 106.14	
	i) More relevant to economic decision-making of users and no less reliable, or		
	ii) More reliable and no less relevant to the economic decision-making of users?		
	b) For the above purpose, has the relevance and reliability been judged using the criteria in Ind AS 8?		
	(Note: *To justify changing its accounting policies for exploration and evaluation expenditures, the entity shall demonstrate that the change brings its financial statements closer to meeting the criteria in Ind AS 8, but the change need not achieve full compliance with those criteria.)*		

Presentation

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Classification of E&E assets		
11	Has the entity classified E&E Assets as tangible or intangible according to the nature of the assets acquired, and applied the classification consistently?	106.15	
12	Where a tangible asset is consumed in developing an intangible asset has the amount reflecting that the consumption been included, as part of the cost of the intangible asset?	106.16	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Reclassification of E&E assets		
13	Has an E&E asset, ceased to be classified as such when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable? (Note: *E&E assets shall be assessed for impairment, and any impairment loss recognised, before reclassification.*)	106.17	
	Impairment		
	Recognition and measurement		
14	If facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, has the entity measured, presented and disclosed any resulting impairment loss as per Ind AS 36?	106.18	
15	For the purpose of identifying E&E assets that may be impaired, has the entity applied this standard as against Paragraphs 8-17 of Ind AS 36?	106.19	
16	If one or more of the following facts and circumstances exist indicating impairment of E&E assets, has the entity performed an impairment test and recognised an impairment loss, if any, as an expense as per Ind AS 36:	106.20	
	a) The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed,		
	b) Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned,		
	c) Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area, and		
	d) Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale?		
	Specifying the level at which E&E assets are assessed for impairment		
17	Has the accounting policy of the entity for allocating E&E assets to a Cash-Generating Unit (CGU) or groups of CGUs for the purpose of assessing impairment ensure that such CGU or group of units is not larger than an operating segment been determined in accordance with Ind AS 108? (Note: *The level identified by the entity for the purposes of testing exploration and evaluation assets for impairment may comprise one or more cash-generating units.*)	106.21	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Disclosure		
18	Has the entity disclosed information that identifies and explains the amounts recognised in its financial statements arising from the exploration for and evaluation of mineral resources?	106.21	
19	Has the entity disclosed the following information relating to E&E assets:	106.24	
	a) Accounting policies including the recognition of E&E assets,		
	b) The amounts of assets, liabilities, income and expense and operating and investing cash flows arising from exploration for and evaluation of mineral resources?		
20	Has the entity treated E&E assets as a separate class of assets and make disclosures required by either Ind AS 16 or Ind AS 38?	106.25	

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- Schedule II to the 2013 Act mandates useful life in respect of assets used in exploration, production and refining oil and gas. Accordingly companies in the segment would need to comply with these requirements.

Significant carve-outs from IFRS

- No significant carve outs from IFRS have been provided in this standard.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- No specific requirements has been prescribed under ICDS relating to this standard.

Glossary

Exploration and evaluation assets are exploration and evaluation expenditures recognised as assets in accordance with the entity's accounting policy.

Exploration and evaluation expenditures are expenditures incurred by an entity in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Exploration for and evaluation of mineral resources are the search for mineral resources, including minerals, oil, natural gas and similar non-regenerative resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource.

(Source: Ind AS 106, *Exploration for and Evaluation of Mineral Resources* as issued by the Ministry of Corporate Affairs)

Ind AS-107 Financial Instruments: Disclosures

1. Executive summary

- Indian Accounting Standard (Ind AS) 107, *Financial Instruments*: Disclosures, specifies comprehensive disclosure requirements for financial instruments in the financial statements.
- The entity shall provide disclosures in the financial statements that enable users to evaluate:
  - The significance of financial instruments for the entity's financial position and performance, and
  - 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 manage those risks.
- The principles in this standard complement the principles for recognising, measuring and presenting financial assets and financial liabilities in Ind AS 32, *Financial Instruments*: Presentation, and Ind AS 109, *Financial Instruments.*
- A financial asset and a financial liability are offset only when the entity:
  - Currently has a legally enforceable right to offset, and
  - Has an intention to settle net or to settle both amounts simultaneously.
- Specific disclosure requirements include information on:
  - carrying amounts,
  - fair values,
  - items designated at fair value through profit or loss,
  - investments in equity instruments designated at fair value through other comprehensive income;
  - reclassification of financial assets between categories,
  - offsetting of financial assets and financial liabilities and the effect of potential netting arrangements;
  - collateral,
  - loss allowance for expected credit losses, and
  - Hedge accounting.
- Disclosures of both quantitative and qualitative information is required.
- Qualitative disclosures describe management's objectives, policies and processes for managing risks arising from financial instruments.
- Quantitative data about the exposure of risks arising from financial instruments should be based on information provided internally to key management. However, certain disclosures about the entity's exposures to credit risk, liquidity risk and market risk arising from financial instruments are required, irrespective of whether this information is provided to management.
- Information is provided about financial assets that are not derecognised in their entirety.
- Information is provided about financial assets that are derecognised in their entirety but in which the entity has a continuing involvement.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability		
	This standard shall be applied by all entities to all types of financial instruments, except when another Ind AS requires or permits a different accounting treatment.		
	Scope		
1	Has the entity excluded the following items from the scope of this standard and applied the relevant Ind AS instead:	107.3	
	a) Interests in subsidiaries, associates and joint ventures which are covered under Ind AS 110, *Consolidated Financial Statements*, Ind AS 27, *Separate Financial Statements* or Ind AS 28, *Investments in Associates and Joint Ventures*,		
	b) Employers' rights and obligations arising from employee benefit plans, covered under Ind AS 19, *Employee Benefits*,		
	c) Insurance contracts as defined in Ind AS 104, *Insurance Contracts*,		
	d) Financial instruments, contracts and obligations under share-based payment transactions to which Ind AS 102, *Share-based Payment* applies, and		
	e) Instruments that are required to be classified as equity instruments in accordance with paragraphs 16A and 16B or paragraphs 16C and 16D of Ind AS 32, *Financial Instruments: Presentation*?		
2	Has the entity ensured that this standard is applied to the following items, covered in:	107.3	
	a) Q1(a), when the entity has opted to account the instrument using Ind AS 109,		
	b) Q1(a), when the instrument is a derivative linked to interests in subsidiaries, associates or joint ventures other than derivatives which are equity instruments as per Ind AS 32,		
	c) Q1(c) above, when the instrument is a derivative embedded in the insurance contract, which is required to be separated under Ind AS 109, *Financial Instruments*, and		
	d) Q1(c) above, when the instrument is a financial guarantee contract which is being accounted as per Ind AS 109?		
3	Has the entity ensured that this standard is applied to both recognised and unrecognised financial instruments including contracts to buy or sell non-financial items which are within the scope of Ind AS 109?	107.4 107.5	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
4	Has the entity ensured that the credit risk disclosure as included in Q 55 to 64 been applied to those rights that Ind AS 18, *Revenue* specifies are accounted for in accordance with Ind AS 109 for the purposes of recognising impairment gains or losses?	107.5A	
	Classes of financial instruments and level of disclosure		
5	Has the entity grouped financial instruments into classes that are appropriate to the nature of the information disclosed and taken into account the characteristics of those financial instruments when Ind AS 107 requires disclosures by class of financial instrument?	107.6	
	Has the entity provided sufficient information to permit reconciliation to the line items presented in the balance sheet?		
	Significance of financial instruments for financial position and performance		
6	Has the entity disclosed information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance?	107.9	
	Balance sheet		
	Categories of financial assets and financial liabilities		
7	Has the entity disclosed the carrying amounts of each of the following categories of financial assets or liabilities mentioned below (a-e) either in the balance sheet or in the notes:	107.8	
	a) Financial assets measured at fair value through profit or loss, showing separately:		
	i) Those designated as such upon initial recognition or subsequently in accordance with paragraph 6.7.1 of Ind AS 109, and		
	ii) Those mandatorily measured at fair value through profit or loss in accordance with Ind AS 109.		
	b) Financial liabilities at fair value through profit or loss, showing separately:		
	i) Those designated as such upon initial recognition or subsequently in accordance with paragraph 6.7.1 of Ind AS 109, and		
	ii) Those that meet the definition of held for trading in Ind AS 109.		
	c) Financial assets measured at amortised cost,		
	d) Financial liabilities measured at amortised cost, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	e) Financial assets measured at fair value through other comprehensive income, showing separately:		
	i) Financial assets that are measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of Ind AS 109, and		
	ii) Investments in equity instruments designated as such upon initial recognition in accordance with paragraph 5.7.5 of Ind AS 109.		
	Financial assets and financial liabilities at fair value through profit or loss		
8	Has the entity disclosed the following (a-d), if the entity has designated as measured at fair value through profit or loss a financial asset (or group of financial assets) that would otherwise be measured at fair value through other comprehensive income or amortised cost:	107.9	
	a) The maximum exposure to credit risk of the financial asset (or group of financial assets) at the end of the reporting period,		
	b) The amount by which any related credit derivatives or similar instruments mitigate that maximum exposure to credit risk,		
	c) The amount of change, during the period and cumulatively, in the fair value of the financial asset (or group of financial assets) that is attributable to changes in the credit risk of the financial asset determined either:		
	i) As the amount of change in its fair value that is not attributable to changes in market conditions that give rise to market risk, or		
	ii) Under an alternative method the entity believes more faithfully represents the amount of change in its fair value that is attributable to changes in the credit risk of the asset.		
	(Note: *Changes in market conditions that give rise to market risk include changes in an observed (benchmark) interest rate, commodity price, foreign exchange rate or index of prices or rates.)*		
	d) The amount of the change in the fair value of any related credit derivatives or similar instruments that has occurred during the period and cumulatively since the financial asset was designated?		
9	Has the entity disclosed the following (a-d), if the entity has designated a financial liability as at fair value through profit or loss in accordance with paragraph 4.2.2 of Ind AS 109 and is required to present the effects of changes in that liability's credit risk in other comprehensive income (see paragraph 5.7.7 of Ind AS 109):	107.10	
	a) The amount of change, cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of that liability,		
	b) The difference between the financial liability's carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	c) Any transfers of the cumulative gain or loss within equity during the period including the reason for such transfers, and		
	d) If a liability is derecognised during the period, the amount (if any) presented in other comprehensive income that was realised at derecognition?		
10	Has the entity disclosed the following (a-b), if the entity has designated a financial liability as at fair value through profit or loss in accordance with paragraph 4.2.2 of Ind AS 109 and is required to present all changes in the fair value of that liability (including the effects of changes in the credit risk of the liability) in profit or loss:	107.10A	
	a) The amount of change, during the period and cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of that liability determined either:		
	i) As the amount of change in its fair value that is not attributable to changes in market conditions that give rise to market risk; or		
	ii) Under an alternative method the entity believes more faithfully represents the amount of change in its fair value that is attributable to changes in the credit risk of the liability.		
	b) The difference between the financial liability's carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation?		
11	Has the entity disclosed the following:	107.11	
	a) A detailed description of the methods used to comply with the requirements in Q 8(c) and 10 and paragraph 5.7.7(a) of Ind AS 109, including an explanation of why the method is appropriate,		
	b) If the entity believes that the disclosure it has given, either in the balance sheet or in the notes, to comply with Q 11 (a) above, does not faithfully represent the change in the fair value of the financial asset or financial liability attributable to changes in its credit risk, the reasons for reaching this conclusion and the factors it believes are relevant, and		
	c) A detailed description of the methodology or methodologies used to determine whether presenting the effects of changes in a liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. If the entity is required to present the effects of changes in a liability's credit risk in profit or loss, the disclosure must include a detailed description of the economic relationship described in paragraph B5.7.6 of Ind AS 109?		
12	Has the entity disclosed the following (a-e), if the entity has designated investments in equity instruments to be measured at fair value through other comprehensive income, as permitted by paragraph 5.7.5 of Ind AS 109:	107.11A	
	a) The investments in equity instruments that have been designated to be measured at fair value through other comprehensive income,		
	b) The reasons for using this presentation alternative,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	c) The fair value of each such investment at the end of the reporting period,		
	d) Dividends recognised during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period, and		
	e) Any transfers of the cumulative gain or loss within equity during the period including the reason for such transfers?		
13	Has the entity disclosed the following (a-c), if the entity has derecognised investments in equity instruments measured at fair value through other comprehensive income during the reporting period:	107.11B	
	a) The reasons for disposing of the investments,		
	b) The fair value of the investments at the date of derecognition, and		
	c) The cumulative gain or loss on disposal?		
	Reclassifications		
14	Has the entity disclosed the following (a-c), if the entity has reclassified any financial assets in accordance with paragraph 4.4.1 of Ind AS 109 in the current or previous reporting periods:	107.12B	
	a) The date of reclassification,		
	b) A detailed explanation of the change in business model and a qualitative,		
	c) Description of its effect on the entity's financial statements, and		
	d) The amount reclassified into and out of each category?		
15	Has the entity disclosed the following (a-b), for assets reclassified out of the fair value through profit or loss category so that they are measured at amortised cost or fair value through other comprehensive income in accordance with paragraph 4.4.1 of Ind AS 109, for each reporting period following reclassification until derecognition:	107.12C	
	a) The effective interest rate determined on the date of reclassification, and		
	b) The interest revenue recognised?		
16	Has the entity disclosed the following (a-b), if the entity since its last annual reporting date, has reclassified financial assets out of the fair value through other comprehensive income category so that they are measured at amortised cost or out of the fair value through profit or loss category so that they are measured at amortised cost or fair value through other comprehensive income:	107.12D	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) The fair value of the financial assets at the end of the reporting period, and		
	b) The fair value gain or loss that would have been recognised in profit or loss or other comprehensive income during the reporting period if the financial assets had not been reclassified?		
	Offsetting financial assets and financial liabilities		
17	Has the entity supplemented the other disclosures required by this standard with the following information (in Q 18 and 19) for recognised financial instruments that are:	107.13A	
	a) Set off in accordance with paragraph 42 of Ind AS 32, or		
	b) Subject to an enforceable master netting arrangement; or similar agreement, irrespective of whether they are set off in accordance with Ind AS 32?		
18	Has the entity disclosed information to enable users of its financial statements to evaluate the effect or potential effect of netting arrangements on the entity's financial position?	107.13B	
19	Has the entity disclosed at the end of the reporting period (in a tabular format unless another format is more appropriate), the following quantitative information separately for recognised financial assets and recognised financial liabilities that are within the scope of Q 17:	107.13C	
	a) The gross amounts of those recognised financial assets and recognised financial liabilities,		
	b) The amounts that are set-off in accordance with the criteria in paragraph 42 of Ind AS 32 when determining the net amounts presented in the balance sheet,		
	c) The net amounts presented in the balance sheet,		
	d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in Q 19 (c) above, including:		
	i) Amounts related to recognised financial instruments that do not meet some or all of the offsetting criteria in paragraph 42 of Ind AS 32, and		
	ii) Amounts related to financial collateral (including cash collateral).		
	e) The net amount after deducting the amounts in Q 19 (d) from the amounts in Q19 (c) above.		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note*: The amount disclosed under Q 19 (d) above for an instrument shall not exceed the amount disclosed under Q 19 (c) above. Further, along with the amount disclosed under Q 19 (d), the entity shall also disclose the rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities subject to enforceable master netting arrangements and similar agreements.* *If the information required above is disclosed in more than one note to the financial statements, an entity shall cross-refer between those notes.*)		
	Collateral		
20	Has the entity disclosed the following:	107.14	
	a) The carrying amount of financial assets it has pledged as collateral for liabilities or contingent liabilities, including amounts that have been reclassified in accordance with paragraph 3.2.23(a) of Ind AS 109, and		
	b) The terms and conditions relating to its pledge?		
21	Has the entity disclosed the following, if the entity holds collateral (of financial or non-financial assets) and is permitted to sell or repledge the collateral in the absence of default by the owner of the collateral:	107.15	
	a) The fair value of the collateral held,		
	b) The fair value of any such collateral sold or repledged, and whether the entity has an obligation to return it, and		
	c) The terms and conditions associated with its use of the collateral?		
	Allowance account for credit losses		
22	Has the entity ensured that the carrying amount of financial assets measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of Ind AS 109 is not reduced by a loss allowance and the entity has not presented the loss allowance separately in the balance sheet as a reduction of the carrying amount of the financial asset, but has disclosed the loss allowance in the notes to the financial statements?	107.16A	
	Compound financial instruments with multiple embedded derivatives		
23	If the entity has issued an instrument that contains both a liability and an equity component and the instrument has multiple embedded derivatives whose values are interdependent (such as a callable convertible debt instrument), has the entity disclosed the existence of such features?	107.17	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Defaults and breaches		
24	Has the entity disclosed the following (a-c) for loans payable that are recognised at the end of the reporting period:	107.18	
	a) Details of any defaults during the period of principal, interest, sinking fund, or redemption terms of those loans payable,		
	b) The carrying amount of the loans payable in default at the end of the reporting period, and		
	c) Whether the default was remedied, or the terms of the loans payable were renegotiated, before the financial statements were approved for issue?		
25	If there were breaches of loan agreements other than those described in Q 24 above, has the entity disclosed the same information as required in Q 24, if those breaches permitted the lender to demand accelerated repayment (unless the breaches were remedied, or the terms of the loan were renegotiated, on or before the reporting date)?	107.19	
	Statement of profit and loss		
26	Has the entity disclosed the following items of income, expense, gains or losses either in the statement of profit and loss or in the notes:	107.20	
	a) Net gains or net losses on:		
	i) Financial assets or financial liabilities measured at fair value through profit or loss, showing separately those on financial assets or financial liabilities designated as such upon initial recognition or subsequently in accordance with paragraph 6.7.1 of Ind AS 109, and those on financial assets or financial liabilities that are mandatorily measured at fair value through profit or loss in accordance with Ind AS 109 (e.g. financial liabilities that meet the definition of held for trading in Ind AS 109). For financial liabilities designated as at fair value through profit or loss, the entity shall show separately the amount of gain or loss recognised in other comprehensive income and the amount recognised in profit or loss,		
	ii) Financial liabilities measured at amortised cost,		
	iii) Investments in equity instruments designated at fair value through other comprehensive income in accordance with paragraph 5.7.5 of Ind AS 109, and		
	iv) Financial assets measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of Ind AS 109, showing separately the amount of gain or loss recognised in other comprehensive income during the period and the amount reclassified upon derecognition from accumulated other comprehensive income to profit or loss for the period.		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) Total interest revenue and total interest expense (calculated using the effective interest method) for financial assets that are measured at amortised cost or that are measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of Ind AS 109 (showing these amounts separately); or financial liabilities that are not measured at fair value through profit or loss, and		
	c) Fee income and expense (other than amounts included in determining the effective interest rate) arising from:		
	i) Financial assets and financial liabilities that are not at fair value through profit or loss, and		
	ii) Trust and other fiduciary activities that result in the holding or investing of assets on behalf of individuals, trusts, retirement benefit plans, and other institutions?		
27	Has the entity disclosed an analysis of the gain or loss recognised in the statement of profit and loss, arising from the derecognition of financial assets measured at amortised cost, showing separately gains and losses arising from derecognition of those financial assets along with the reasons for derecognition?	107.20A	
	Other disclosures		
	Accounting policies		
28	a) Has the entity disclosed, in accordance with paragraph 117 of Ind AS 1, *Presentation of Financial Statements*, in the summary of significant accounting policies, the measurement basis (or bases) used in preparing the financial statements and the other accounting policies used that are relevant to an understanding of the financial statements?	107.21	
	b) For financial instruments, such disclosures may include:	107.B5	
	i) For financial liabilities designated as at fair value through profit or loss:		
	• The nature of the financial liabilities the entity has designated as at fair value through profit or loss,		
	• The criteria for so designating such financial liabilities on initial recognition, and		
	• How the entity has satisfied the conditions in paragraph 4.2.2 of Ind AS 109 for such designation.		
	ii) For financial assets designated as measured at fair value through profit or loss:		
	• The nature of the financial assets the entity has designated as measured at fair value through profit or loss, and		
	• How the entity has satisfied the criteria in paragraph 4.1.5 of Ind AS 109 for such designation.		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	iii) Whether regular way purchases and sales of financial assets are accounted for at trade date or settlement date,		
	iv) How net gains and losses on each category of financial instrument are determined, for example, whether the net gains or net losses on items at fair value through profit or loss include interest or dividend income, and		
	v) The judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements?		
	Hedge accounting		
29	Has the entity complied with the disclosure requirements in Q 31 to 46 for those risk exposures that it hedges, and for which it elects to apply hedge accounting?	107.21A	
30	Has the entity disclosed the following information about:	107.21A	
	a) The entity's risk management strategy and how it is applied to manage risk,		
	b) How the entity's hedging activities may affect the amount, timing and uncertainty of its future cash flows, and		
	c) The effect that hedge accounting has had on the entity's balance sheet, statement of profit and loss and statement of changes in equity?		
31	Has the entity ensured that all the relevant disclosures have been presented in a single note or separate section in its financial statements, or if not, has the information located elsewhere been adequately cross-referenced from the financial statements to some other statement, such as a management commentary or risk report, that is available to users of the financial statements on the same terms as the financial statements and at the same time?		
32	Has the entity ensured the same level of aggregation / disaggregation in the disclosure under Q 31 as it has in for related information between this standard and Ind AS 113, *Fair Value Measurement*?	107.21D	
33	Has the entity explained its risk management strategy for each risk category of risk exposures that it has decided to hedge and for which hedge accounting is applied, such that users are able to evaluate:	107.22A	
	a) How each risk arises,		
	b) How the entity manages risk, including whether the entity hedges an item in its entirety for all risks or hedges a risk component (or components) of an item and why, and		
	c) The extent of risk exposures being managed?		
34	To meet the requirement in Q 33 above, has the entity ensured that the information includes a description of:	107.22B	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) The hedging instruments that are used (and how they are used) to hedge risk exposures,		
	b) How the entity determined the economic relationship between the hedged item and the hedging instrument for the purpose of assessing hedge effectiveness, and		
	c) How the entity had established the hedge ratio and what the sources of hedge ineffectiveness are?		
35	Has the entity disclosed in addition to Q 33 and 34, qualitative or quantitative information about the following, when it has designated a specific risk component as a hedged item:	107.22C	
	a) How the entity determined the risk component that is designated as the hedged item (including a description of the nature of the relationship between the risk component and the item as a whole), and		
	b) How the risk component relates to the item in its entirety (for example, the designated risk component historically covered on average 80 per cent of the changes in fair value of the item as a whole)?		
36	Has the entity disclosed, by risk category, quantitative information to allow users of its financial statements to evaluate the terms and conditions of hedging instruments and how they affect the amount, timing and uncertainty of future cash flows of the entity: To meet the above requirements the entity is required to provide a breakdown that discloses:	107.23A 107..23B	
	a) A profile of the timing of the nominal amount of the hedging instrument, and		
	b) If applicable, the average price or rate (for example strike or forward prices, etc.) of the hedging instrument.		
37	Has the entity ensured that in situations where it frequently resets its hedging relationships because both the hedging instrument and the hedged item frequently change (i.e. the entity uses a dynamic process in which both the exposure and the hedging instruments used to manage that exposure do not remain the same for long) then, it	107.23C	
	a) Avails the exemption from providing the disclosure required by Q 36 above; and has disclosed the following: b) i) Information about what the ultimate risk management strategy is in relation to those hedging relationships		
	ii) A description of how it reflects its risk management strategy by using hedge accounting and designating those particular hedging relationships, and		
	iii) An indication of how frequently the hedging relationships are discontinued and restarted as part of the entity's process in relation to those hedging relationships?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
38	Has the entity disclosed by risk category a description of the sources of hedge ineffectiveness that are expected to affect the hedging relationship during its term?	107.23D	
39	If other sources of hedge ineffectiveness emerge in a hedging relationship, has the entity disclosed those sources by risk category and explained the resulting hedge ineffectiveness?	107.23E	
40	For cash flow hedges, has the entity disclosed a description of any forecast transaction for which hedge accounting had been used in the previous period, but which is no longer expected to occur for cash flow hedges?	107.23F	
41	Has the entity disclosed, in a tabular format, the following amounts related to items designated as hedging instruments separately by risk category for each type of hedge (fair value hedge, cash flow hedge or hedge of a net investment in a foreign operation):	107.24A	
	a) The carrying amount of the hedging instruments (financial assets separately from financial liabilities),		
	b) The line item in the balance sheet that includes the hedging instrument,		
	c) The change in fair value of the hedging instrument used as the basis for recognising hedge ineffectiveness for the period, and		
	d) The nominal amounts (including quantities such as tonnes or cubic metres) of the hedging instruments?		
42	Has the entity disclosed, in a tabular format, the following amounts related to hedged items separately by risk category for each type of hedge as follows:	107.24B	
	a) For fair value hedges:		
	i) The carrying amount of the hedged item recognised in the balance sheet (presenting assets separately from liabilities),		
	ii) The accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item recognised in the balance sheet (presenting assets separately from liabilities),		
	iii) The line item in the balance sheet that includes the hedged item,		
	iv) The change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the period, and		
	v) The accumulated amount of fair value hedge adjustments remaining in the balance sheet for any hedged items that have ceased to be adjusted for hedging gains and losses in accordance with paragraph 6.5.10 of Ind AS 109?		
	b) For cash flow hedges and hedges of a net investment in a foreign operation:		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	i) The change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the period (i.e. for cash flow hedges the change in value used to determine the recognised hedge ineffectiveness in accordance with paragraph 6.5.11(c) of Ind AS 109),		
	ii) The balances in the cash flow hedge reserve and the foreign currency translation reserve for continuing hedges that are accounted for in accordance with paragraphs 6.5.11 and 6.5.13(a) of Ind AS 109, and		
	iii) The balances remaining in the cash flow hedge reserve and the foreign currency translation reserve from any hedging relationships for which hedge accounting is no longer applied?		
43	Has the entity disclosed in a tabular format, the following amounts separately by risk category for the types of hedges as follows:	107.24C	
	a) For fair value hedges:		
	i) Hedge ineffectiveness, and		
	ii) The line item in the statement of profit and loss that includes the recognised hedge ineffectiveness?		
	b) For cash flow hedges and hedges of a net investment in a foreign operation:		
	i) Hedging gains or losses of the reporting period that were recognised in other comprehensive income,		
	ii) Hedge ineffectiveness recognised in profit or loss,		
	iii) The line item in the statement of profit and loss that includes the recognised hedge ineffectiveness,		
	iv) The amount reclassified from the cash flow hedge reserve or the foreign currency translation reserve into profit or loss as a reclassification adjustment (see Ind AS 1) (differentiating between amounts for which hedge accounting had previously been used, but for which the hedged future cash flows are no longer expected to occur, and amounts that have been transferred because the hedged item has affected profit or loss),		
	v) The line item in the statement of profit and loss that includes the reclassification adjustment (see Ind AS 1), and		
	vi) For hedges of net positions, the hedging gains or losses recognised in a separate line item in the statement of profit and loss (see paragraph 6.6.4 of Ind AS 109)?		
44	Has the entity disclosed the fact and the reason, if the entity believes that the volume of hedging relationships to which Q 43 above applies, is unrepresentative of normal volumes during the period (i.e. the volume at the reporting date does not reflect the volumes during the period)?	107.24D	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
45	Has the entity provided a reconciliation of each component of equity and an analysis of other comprehensive income in accordance with Ind AS 1 that, taken together:	107.24E	
	a) Differentiates, at a minimum, between the amounts that relate to the disclosures in Q 43 (b)(i) and (b)(iv) as well as the amounts accounted for in accordance with paragraph 6.5.11(d)(i) and (d)(iii) of Ind AS 109,		
	b) Differentiates between the amounts associated with the time value of options that hedge transaction related hedged items and the amounts associated with the time value of options that hedge time-period related hedged items when an entity accounts for the time value of an option in accordance with paragraph 6.5.15 of Ind AS 109, and		
	c) Differentiates between the amounts associated with forward elements of forward contracts and the foreign currency basis spreads of financial instruments that hedge transaction related hedged items, and the amounts associated with forward elements of forward contracts and the foreign currency basis spreads of financial instruments that hedge time-period related hedged items when an entity accounts for those amounts in accordance with paragraph 6.5.16 of Ind AS 109?		
46	Has the entity disclosed the information required in Q 45 above separately by risk category?	107.24F	
	Option to designate a credit exposure as measured at fair value through profit or loss		
47	Has the entity disclosed the following (a-c), if the entity has designated a financial instrument, or a proportion of it, as measured at fair value through profit or loss because it uses a credit derivative to manage the credit risk of that financial instrument:	107.24G	
	a) For credit derivatives that have been used to manage the credit risk of financial instruments designated as measured at fair value through profit or loss in accordance with paragraph 6.7.1 of Ind AS 109, a reconciliation of each of the nominal amount and the fair value at the beginning and at the end of the period,		
	b) The gain or loss recognised in profit or loss on designation of a financial instrument, or a proportion of it, as measured at fair value through profit or loss in accordance with paragraph 6.7.1 of Ind AS 109, and		
	c) On discontinuation of measuring a financial instrument, or a proportion of it, at fair value through profit or loss, that financial instrument's fair value that has become the new carrying amount in accordance with paragraph 6.7.4(b) of Ind AS 109 and the related nominal or principal amount?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Fair Value		
48	Has the entity grouped financial assets and financial liabilities into classes and ensured that it offsets them only to the extent that their carrying amounts are offset in the balance sheet while disclosing fair values?	107.26	
49	Has the entity disclosed the following (a – c) by class of financial asset or financial liability, if the entity does not recognise a gain or loss on initial recognition of a financial asset or financial liability because the fair value is neither evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) nor based on a valuation technique that uses only data from observable markets (see paragraph B5.1.2A of Ind AS 109):	107.28	
	a) The accounting policy for recognising in profit or loss the difference between the fair value at initial recognition and the transaction price to reflect a change in factors (including time) that market participants would take into account when pricing the asset or liability (see paragraph B5.1.2A(b) of Ind AS 109),		
	b) The aggregate difference yet to be recognised in profit or loss at the beginning and end of the period and a reconciliation of changes in the balance of this difference, and		
	c) Why the entity concluded that the transaction price was not the best evidence of fair value, including a description of the evidence that supports the fair value?		
	(Note*: Disclosures of fair value are not required when the carrying amount is a reasonable approximation of fair value, (for example, for financial instruments such as short-term trade receivables or payables); or for a contract containing a discretionary participation feature (as described in Ind AS 104) if the fair value of that feature cannot be measured reliably.)*	107.29	
50	Has the entity disclosed the following information (a-e) for a contract containing a discretionary participation feature (as described in Ind AS 104) if the fair value of that feature cannot be measured reliably to help users of the financial statements make their own judgements about the extent of possible differences between the carrying amount of those contracts and their fair value:	107.30	
	a) The fact that fair value information has not been disclosed for these instruments because their fair value cannot be measured reliably,		
	b) A description of the financial instruments, their carrying amount, and an explanation of why fair value cannot be measured reliably,		
	c) Information about the market for the instruments,		
	d) Information about whether and how the entity intends to dispose of the financial instruments, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	e) If financial instruments whose fair value previously could not be reliably measured are derecognised, that fact, their carrying amount at the time, of derecognition, and the amount of gain or loss recognised?		
	Nature and extent of risks arising from financial instruments		
51	Has the entity disclosed information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the end of the reporting period?	107.31	
	(Note: *These risks typically include, but are not limited to, market risk, liquidity risk and credit risk. Qualitative disclosures should be provided in the context of quantitative disclosures to enable users to link related disclosures and form an overall picture of the nature and extent of risks arising from financial instruments.)*		
	Qualitative disclosures		
52	Has the entity disclosed the following qualitative disclosures for each type of risk (credit risk, liquidity risk and market risk) arising from financial instruments:	107.33	
	a) The exposures to risk and how they arise,		
	b) Its objectives, policies and processes for managing the risk and the methods used to measure the risk, and		
	c) Any changes in (a) or (b) from the previous period?		
	Quantitative disclosures		
53	Has the entity disclosed the following quantitative disclosures for each type of risk (credit risk, liquidity risk and market risk) arising from financial instruments:	107.34	
	a) Summary quantitative data about its exposure to that risk at the end of the reporting period. This disclosure shall be based on the information provided internally to key management personnel of the entity (as defined in Ind AS 24, Related Party Disclosures), for example the entity's board of directors or chief executive officer,		
	b) The disclosures required by Q 65 to 70, to the extent not provided in Q 53 (a) above, and		
	c) Concentrations of risk if not apparent from the disclosures made in accordance with Q 53 (a) and (b) above?		
54	Has the entity provided further information that is representative, if the quantitative data disclosed as at the end of the reporting period are unrepresentative of the entity's exposure to risk during the period?	107.35	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Credit risk – if impairment applicable		
55	Has the entity provided disclosures as required by Q No 57 – 64, for financial instruments to which the impairment requirements in Ind AS 109 are applied?	107.35A	
56	Has the entity disclosed the following (a-c) with the objective of enabling users of financial statements to understand the effect of credit risk on the amount, timing and uncertainty of future cash flows:	107.35B	
	a) Information about the entity's credit risk management practices and how they relate to the recognition and measurement of expected credit losses, including the methods, assumptions and information used to measure expected credit losses,		
	b) Quantitative and qualitative information that allows users of financial statements to evaluate the amounts in the financial statements arising from expected credit losses, including changes in the amount of expected credit losses and the reasons for those changes, and		
	c) Information about the entity's credit risk exposure (i.e. the credit risk inherent in an entity's financial assets and commitments to extend credit) including significant credit risk concentrations?		
	(Note*: If the above information is disclosed elsewhere, it needs to be adequately cross-referenced.)*		
57	Has the entity disclosed including (a-f) its credit risk management practices and how they relate to the recognition and measurement of expected credit losses:	107.35F	
	a) How the entity determined whether the credit risk of financial instruments has increased significantly since initial recognition, including, if and how:		
	i) Financial instruments are considered to have low credit risk in accordance with paragraph 5.5.10 of Ind AS 109, including the classes of financial instruments to which it applies, and		
	ii) The presumption in paragraph 5.5.11 of Ind AS 109, that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due, has been rebutted,		
	b) The entity's definitions of default, including the reasons for selecting those definitions,		
	c) How the instruments were grouped if expected credit losses were measured on a collective basis,		
	d) How an entity determined that financial assets are credit-impaired financial assets,		
	e) The entity's write-off policy, including the indicators that there is no reasonable expectation of recovery and information about the policy for financial assets that are written-off but are still subject to enforcement activity, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	f) How the requirements in paragraph 5.5.12 of Ind AS 109 for the modification of contractual cash flows of financial assets have been applied, including how the entity:		
	i) Determines whether the credit risk on a financial asset that has been modified while the loss allowance was measured at an amount equal to lifetime expected credit losses, has improved to the extent that the loss allowance reverts to being measured at an amount equal to 12-month expected credit losses in accordance with paragraph 5.5.5 of Ind AS 109, and		
	ii) Monitors the extent to which the loss allowance on financial assets meeting the criteria in (i) is subsequently re - measured at an amount equal to lifetime expected credit losses in accordance with paragraph 5.5.3 of Ind AS 109?		
58	Has the entity disclosed the following (a-c) and explained the inputs, assumptions and estimation techniques used to apply the requirements in section 5.5 of Ind AS 109:	107.35G	
	a) The basis of inputs and assumptions and the estimation techniques used to:		
	i) Measure the 12-month and lifetime expected credit losses,		
	ii) Determine whether the credit risk of financial instruments have increased significantly since initial recognition, and		
	iii) Determine whether a financial asset is a credit-impaired financial asset.		
	b) How forward-looking information has been incorporated into the determination of expected credit losses, including the use of macroeconomic information, and		
	c) Changes in the estimation techniques or significant assumptions made during the reporting period and the reasons for those changes?		
	Quantitative and qualitative information about amounts arising from expected credit losses		
59	Has the entity disclosed a reconciliation by class of financial instrument from opening balance to closing balance of the loss allowance, in a tabular form showing separately the changes during the period for:	107.35H	
	a) The loss allowance measured at an amount equal to 12-month expected credit losses,		
	b) The loss allowance measured at an amount equal to lifetime expected credit losses for:		
	i) Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets, and		
	ii) Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired).		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	c) Trade receivables, contract assets or lease receivables for which the loss allowances are measured in accordance with paragraph 5.5.15 of Ind AS 109, and		
	d) Financial assets that are purchased or originated credit-impaired, including disclosure of the total amount of undiscounted expected credit losses at initial recognition on financial assets initially recognised during the reporting period?		
60	Has the entity disclosed an explanation of how significant changes in the gross carrying amount of financial instruments contributed to changes in the loss allowance for each class of financial instrument, including relevant qualitative and quantitative information provided separately for financial instruments that represent the loss allowance as disclosed in Q 59 (a)-(c)? Examples of changes in the gross carrying amount of financial instruments that contributed to the changes in the loss allowance may include: a) Changes because of financial instruments originated or acquired during the reporting period,	107.35I	
	b) The modification of contractual cash flows on financial assets that do not result in a derecognition of those financial assets in accordance with Ind AS 109,		
	c) Changes because of financial instruments that were derecognised (including those that were written-off) during the reporting period, and		
	d) Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses?		
61	Has the entity disclosed the following (a-b) with the objective of enabling users of financial statements to understand the nature and effect of modifications of contractual cash flows on financial assets that have not resulted in derecognition and the effect of such modifications on the measurement of expected credit losses: a) The amortised cost before the modification and the net modification gain or loss recognised for financial assets for which the contractual cash flows have been modified during the reporting period while they had a loss allowance measured at an amount equal to lifetime expected credit losses, and	107.35J	
	b) The gross carrying amount at the end of the reporting period of financial assets that have been modified since initial recognition at a time when the loss allowance was measured at an amount equal to lifetime expected credit losses and for which the loss allowance has changed during the reporting period to an amount equal to 12-month expected credit losses?		
	(Note: *In case of trade receivables, contract assets and lease receivables, the above disclosure applies to those trade receivables, contract assets or lease receivables on which lifetime expected credit losses are recognised in accordance with paragraph 5.5.15 of Ind AS 109, if those financial assets are modified while more than 30 days past due.)*		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
62	Has the entity disclosed by class of financial instrument:	107.35K	
	a) The amount that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements (e.g. netting agreements that do not qualify for offset in accordance with Ind AS 32),		
	b) A narrative description of collateral held as security and other credit enhancements, including:		
	i) A description of the nature and quality of the collateral held,		
	ii) An explanation of any significant changes in the quality of that collateral or credit enhancements as a result of deterioration or changes in the collateral policies of the entity during the reporting period, and		
	iii) Information about financial instruments for which an entity has not recognised a loss allowance because of the collateral?		
	c) Quantitative information about the collateral held as security and other credit enhancements (for example, quantification of the extent to which collateral and other credit enhancements mitigate credit risk) for financial assets that are credit-impaired at the reporting date?		
	(Note*: The above disclosure of 62(b) is not applicable to lease receivables.)*		
63	Has the entity disclosed the contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity?	107.35L	
64	Has the entity disclosed, by credit risk rating grades, the gross carrying amount of financial assets and the exposure to credit risk on loan commitments and financial guarantee contracts to enable users of financial statements to assess the entity's credit risk exposure and understand its significant credit risk concentrations? Has this information been provided separately for the following financial instruments:	107.35M	
	a) Instruments for which the loss allowance is measured at an amount equal to 12-month expected credit losses,		
	b) Instruments for which the loss allowance is measured at an amount equal to lifetime expected credit losses and that are:		
	i) Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets,		
	ii) Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired), and		
	iii) Trade receivables, contract assets or lease receivables for which the loss allowances are measured in accordance with paragraph 5.5.15 of Ind AS 109?		
	c) Financial Instruments that are purchased or originated credit-impaired financial assets?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note*: For trade receivables, contract assets and lease receivables to which an entity applies paragraph 5.5.15 of Ind AS 109, the information provided in Q 64 may be based on a provision matrix (see paragraph B5.5.35 of Ind AS 109.)*		
	Credit risk – if impairment not applicable		
65	Has the entity disclosed the following by class of financial instrument for all financial instruments within the scope of this Ind AS, but to which the impairment requirements in Ind AS 109 are not applied:	107.36	
	a) The amount that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements (e.g. netting agreements that do not qualify for offset in accordance with Ind AS 32); this disclosure is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk, and		
	b) A description of collateral held as security and other credit enhancements, and their financial effect (e.g. quantification of the extent to which collateral and other credit enhancements mitigate credit risk) in respect of the amount that best represents the maximum exposure to credit risk (whether disclosed in accordance with Q 65 (a) or represented by the carrying amount of a financial instrument)?		
	Credit risk – other disclosures		
66	If the entity has obtained financial or non-financial assets during the period by taking possession of collateral it holds as security or calling on other credit enhancements (e.g. guarantees), and such assets meet the recognition criteria in other Ind AS, has the entity disclosed the following (a-b) for such assets held at the reporting date:	107.38	
	a) The nature and carrying amount of the assets, and		
	b) When the assets are not readily convertible into cash, its policies for disposing of such assets or for using them in its operations?		
	Liquidity risk		
67	Has the entity disclosed the following with reference to the liquidity risk of financial instruments:	107.39	
	a) A maturity analysis for non-derivative financial liabilities (including issued financial guarantee contracts) that shows the remaining contractual maturities,		
	b) A maturity analysis for derivative financial liabilities. The maturity analysis shall include the remaining contractual maturities for those derivative financial liabilities for which contractual maturities are essential for an understanding of the timing of the cash flows, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	c) A description of how it manages the liquidity risk inherent in Q 67 (a) and (b) above?		
	Market risk		
68	Has the entity disclosed the following (a-b), if the entity prepares a sensitivity analysis, such as value-at-risk, that reflects interdependencies between risk variables (e.g. interest rates and exchange rates) and uses it to manage financial risks:	107.41	
	a) An explanation of the method used in preparing such a sensitivity analysis, and of the main parameters and assumptions underlying the data provided, and		
	b) An explanation of the objective of the method used and of limitations that may result in the information not fully reflecting the fair value of the assets and liabilities involved?		
69	Has the entity disclosed the following (a-c), if Q 68 does not apply to the entity (i.e. the entity does not prepare a sensitivity analysis as described in Q 68):		
	a) A sensitivity analysis for each type of market risk to which the entity is exposed at the end of the reporting period, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date,		
	b) The methods and assumptions used in preparing the sensitivity analysis, and		
	c) Changes from the previous period in the methods and assumptions used, and the reasons for such changes?		
70	If the entity believes that the sensitivity analyses disclosed in accordance with Q 68 or 69 are unrepresentative of a risk inherent in a financial instrument (for example because the year-end exposure does not reflect the exposure during the year), then has the entity disclosed that fact and the reason it believes the sensitivity analyses are unrepresentative?	107.42	
	Transfer of financial assets		
71	Has the entity presented, in a single note in the financial statements, the disclosures required by Q 72 to 77 for all transferred financial assets that are not derecognised and for any continuing involvement in a transferred asset, existing at reporting date, irrespective of when the related transferred transaction occurred?	107.42A	
	(Note: The entity transfers all or a part of a financial asset (the transferred financial asset) in accordance with Ind AS 109 if, and only if, it either: *a) Transfers the contractual rights to receive the cash flows of that financial asset; or*		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) *Retains the contractual rights to receive the cash flows of that financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement.)*		
72	Has the entity disclosed information to enable the users:	107.42B	
	a) To understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities, and		
	b) To evaluate the nature of, and risks associated with, the entity's continuing involvement in derecognised financial assets?		
	Transferred financial assets that are not derecognised in their entirety		
73	In case of financial assets satisfying the criteria in Q 71 above, have the following (a-f) been disclosed to meet the objectives set out in Q 72 (a):	107.42D	
	a) The nature of the transferred assets,		
	b) The nature of the risks and rewards of ownership to which the entity is exposed,		
	c) A description of the nature of the relationship between the transferred assets and the associated liabilities, including restrictions arising from the transfer on the reporting entity's use of the transferred assets,		
	d) When the counterparty (counterparties) to the associated liabilities has (have) recourse only to the transferred assets, a schedule that sets out the fair value of the transferred assets, the fair value of the associated liabilities and the net position (the difference between the fair value of the transferred assets and the associated liabilities),		
	e) When the entity continues to recognise all of the transferred assets, the carrying amounts of the transferred assets and the associated liabilities, and		
	f) When the entity continues to recognise the assets to the extent of its continuing involvement (see paragraphs 3.2.6(c) (ii) and 3.2.16 of Ind AS 109), the total carrying amount of the original assets before the transfer, the carrying amount of the assets that the entity continues to recognise, and the carrying amount of the associated liabilities?		
	Transferred financial assets that are derecognised in their entirety		
74	Has the entity disclosed the following (a-f), as a minimum, for each type of continuing involvement at each reporting date, when an entity derecognises transferred financial assets in their entirety (see paragraph 3.2.6(a) and (c)(i) of Ind AS 109) but has continuing involvement in them:	107.42E	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) The carrying amount of the assets and liabilities that are recognised in the entity's balance sheet and represent the entity's continuing involvement in the derecognised financial assets, and the line items in which the carrying amount of those assets and liabilities are recognised,		
	b) The fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised financial assets,		
	c) The amount that best represents the entity's maximum exposure to loss from its continuing involvement in the derecognised financial assets, and information showing how the maximum exposure to loss is determined,		
	d) The undiscounted cash outflow that would or may be required to repurchase derecognised financial assets (e.g. the strike price in an option agreement) or other amounts payable to the transferee in respect of the transferred assets. If the cash outflow is variable then the amount disclosed should be based on the conditions that exist at each reporting date,		
	e) A maturity analysis of the undiscounted cash outflows that would or may be required to repurchase the derecognised financial assets or other amounts payable to the transferee in respect of the transferred assets, showing the remaining contractual maturities of the entity's continuing involvement, and		
	f) Qualitative information that explains and supports the quantitative disclosures required in (a)–(e)?		
	(Note: The entity may aggregate the information required in the above Q 74 in respect of a particular asset if the entity has more than one type of continuing involvement in that derecognised financial asset, and report it under one type of continuing involvement.)		
75	Has the entity disclosed the following for each type of continuing involvement for each period for which the statement of profit and loss is presented:	107.42G	
	a) The gain or loss recognised at the date of transfer of the assets,		
	b) Income and expenses recognised, both in the reporting period and cumulatively, from the entity's continuing involvement in the derecognised financial assets (e.g. fair value changes in derivative instruments),		
	c) If the total amount of proceeds from transfer activity (that qualifies for derecognition) in a reporting period is not evenly distributed throughout the reporting period (e.g. if a substantial proportion of the total amount of transfer activity takes place in the closing days of a reporting period):		
	i) When the greatest transfer activity took place within that reporting period (e.g. the last five days before the end of the reporting period),		
	ii) The amount (e.g. related gains or losses) recognised from transfer activity in that part of the reporting period, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	iii) The total amount of proceeds from transfer activity in that part of the reporting period?		
77	Have any additional disclosures which the entity deems necessary, to meet the objectives of Q 72 above, been disclosed?	107.42H	

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- There are no specific requirements arising out of the 2013 Act in the context of this standard.

Significant carve-outs from IFRS

- No significant carve-outs from IFRS have been provided in this standard.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- No specific requirements has been prescribed under the ICDS relating to this standard.

Glossary

Credit risk: The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk rating grades: Rating of credit risk based on the risk of a default occurring on the financial instrument.

Currency risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Interest rate risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk: The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loans payable: Loans payable are financial liabilities, other than short-term trade payables on normal credit terms.

Market risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

(Source: Ind AS 107, *Financial Instruments: Disclosures* as issued by the Ministry of Corporate Affairs)

Ind AS-108
Operating Segments

1. Executive summary

- Indian Accounting Standard (Ind AS) 108, *Operating Segments* applies to companies to which Ind AS apply as notified under the Companies Act, 2013. The core principle underlying this standard is that the entity shall disclose information to enable users of its financial statements to evaluate the nature and the financial effects of the business activities in which it engages and the economic environment in which it operates.
- Segment disclosures are provided for those components of the entity that engage in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by management in making operating decisions and for which discrete financial information is available.
- Such components (operating segments) are identified on the basis of internal reports that the entity's Chief Operating Decision Maker (CODM) regularly reviews in allocating resources to segments and in assessing their performance.
- The aggregation of operating segments is permitted only when the operating segments have characteristics so similar that they can be expected to have essentially the same future prospects (i.e. meeting the specified aggregation criteria).
- Reportable segments are identified based on quantitative thresholds of revenue, profit/loss, or assets.
- The amounts disclosed for each reportable segment are the measures reported to the CODM, which are not necessarily based on the same accounting policies as the amounts recognised in the financial statements.
- Because segment profit or loss, segment assets and segment liabilities are disclosed as they are reported to the CODM, rather than as they would be reported under Ind AS, disclosure of how these amounts are measured for each reportable segment is also required.
- Reconciliations between total amounts for all reportable segments and financial statement amounts are disclosed with a description of all material reconciling items.
- The entity would also be required to carry out a reconciliation between policies applied in computing information for management systems (MIS) and those used for segment reporting. Hence, the entity will need to devise or upgrade systems to ensure comparability between the MIS and the accounting system.
- General and entity-wide disclosures include information about products and services, geographical areas – including country of domicile and individual foreign countries, if material – major customers, and factors used to identify the entity's reportable segments. Such disclosures are required even if the entity has only one segment.
- Comparative information is normally restated for changes in reportable segments.
- 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.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability		
1	Ind AS 108 should be applied by entities to which Ind AS notified under the Companies Act, 2013 apply. If the entity is not required to apply this Ind AS but chooses to disclose information about segments that does not comply with this Ind AS, it shall not describe the information as segment information. Also, 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.	108.2 108.3 108.4	
2	a) Is the identification of CODM in accordance with the requirements of Ind AS 108?	108.7	
	(Note*: The term CODM refers to a function, rather than to a specific title. The function of the CODM is to allocate resources to the operating segments of an entity and to assess the operating segments' performance.)*		
	b) Has the entity identified components (not being post-employment benefit plans):	108.5 108.6	
	i) That engage in business activities from which they may earn revenues and incur expenses,		
	ii) Whose operating results are regularly reviewed by the entity's CODM to make decisions about resources to be allocated and to assess their performance, and		
	iii) For which discrete financial information is available?		
	(Note: *Such components being referred to as 'operating components'*.)		
	c) If the CODM uses more than one set of segment information, has the entity used other factors in identifying a single set of components as constituting its operating segments, including the nature of business activities, existence of segment managers, information presented to the Board?	108.8 108.9	
3	Does the entity report separate information about each operating segment that:	108.11	
	a) Has been identified in accordance with Q 2 above, or results from aggregating two or more of those segments in accordance with Q 4, and		
	b) Exceeds the quantitative thresholds in Q 5?		
4	Has the entity aggregated two or more operating segments into a single operating segment only if the aggregation is consistent with the core principle of this Ind AS, the segments have similar economic characteristics, and the segments are similar in each of the following respects:	108.12	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) The nature of the products and services,		
	b) The nature of the production processes,		
	c) The type or class of customer for their products and services,		
	d) The methods used to distribute their products or provide their services, and		
	e) If applicable, the nature of the regulatory environment, for example, banking, insurance or public utilities?		
5	a) Has the entity reported separately information about an operating segment that meets any of the following thresholds:	108.13	
	i) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments,		
	ii) The absolute amount of its reported profit or loss is 10 per cent or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss, or		
	iii) Its assets are 10 per cent or more of the combined assets of all operating segments?		
	b) If there are any operating segments that do not meet any of the quantitative thresholds but may be considered reportable, has the entity separately disclosed information about these segments, if management believes that such information would be useful to users of the financial statements?		
6	Has the entity combined information about operating segments that do not meet the quantitative thresholds with information about other operating segments that do not meet the quantitative thresholds to produce a reportable segment only if the operating segments have similar economic characteristics and share a majority of the aggregation criteria listed in Q 4?	108.14	
7	If the total external revenue reported by operating segments constitutes less than 75 per cent of the entity's revenue, have additional operating segments been identified as reportable segments (even if they do not meet the criteria in Q 5) until at least 75 per cent of the entity's revenue is included in reportable segments?	108.15	
8	a) Has the entity combined and disclosed in an 'all other segments' separately from other reconciling items in the reconciliations required by Q 17, all information about other business activities and operating segments that are not reportable?	108.16	
	b) Also, has the source of the revenue included in the all other segments category been described?		
9	Is an operating segment identified as a reportable segment in the immediately preceding period of continuing significance?	108.17	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	If yes, then information about that segment shall continue to be reported separately in the current period even if it no longer meets the criteria for reportability given in Q 5.		
10	a) Is there a new operating segment which is identified as a reportable segment in the current period in accordance with the quantitative thresholds?	108.18	
	b) If yes, has the entity restated the segment data for a prior period presented for comparative purposes to reflect the newly reportable segment as a separate segment, even if that segment did not satisfy the criteria for reportability in Q 5 in the prior period?		
11	Has the entity considered the practical limit to the number of reportable segments that the entity separately discloses beyond which segment information may become too detailed?	108.19	
	(Note: *Although no precise limit has been determined, as the number of segments that are reportable (in accordance with Q 5 to 10) increases above 10, the entity should consider whether a practical limit has been reached.)*		
	Disclosure		
12	Has the entity disclosed information to enable users of financial statements to evaluate the nature and financial effects of the business activities in which the entity engages and the economic environments in which it operates?	108.20	
13	Has the entity disclosed the following general information:	108.21 108.22	
	a) Factors used to identify the entity's reportable segments, including the basis of organisation e.g. whether management has chosen to organise the entity around differences in products and services, geographical areas, regulatory environments, or a combination of factors and whether operating segments have been aggregated,		
	b) Judgement made by management in applying the aggregation criteria in Q 4. This includes a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics, and		
	c) Types of products and services from which each reportable segment derives its revenues:		
	i) Information about reported segment profit or loss, including specified revenues and expenses included in reported segment profit or loss, segment assets, segment liabilities and the basis of measurement, as described in this standard, and		
	ii) Reconciliations of the totals of segment revenues, reported segment profit or loss, segment assets, segment liabilities and other material segment items to corresponding entity amounts as described in Q17?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note: *Reconciliations of the amounts in the balance sheet for reportable segments to the amounts in the entity's balance sheet are required for each date at which a balance sheet is presented. Information for prior periods shall be restated as described in Q 19 and 20.*)		
	Information about profit or loss, assets and liabilities		
14	Has the entity disclosed the following:	108.23	
	a) The measure of profit or loss for each reportable segment,		
	b) The measure of total assets and liabilities for each reportable segment if such amounts are regularly provided to the chief operating decision maker,		
	c) The following about each reportable segment if the specified amounts are included in the measure of segment profit or loss reviewed by the chief operating decision maker, or are otherwise regularly provided to the chief operating decision maker, even if not included in that measure of segment profit or loss:		
	i) Revenues from external customers,		
	ii) Revenues from transactions with other operating segments of the same entity,		
	iii) Interest revenue,		
	iv) Interest expense,		
	v) Depreciation and amortisation,		
	vi) Material items of income and expense disclosed,		
	vii) The entity's interest in the profit or loss of associates and joint ventures accounted for by the equity method,		
	viii) Income tax expense or income, and		
	ix) Material non-cash items other than depreciation and amortisation?		
	(Note: *Interest revenue should be reported separately from interest expense for each reportable segment unless a majority of the segment's revenues are from interest and the chief operating decision maker relies primarily on net interest revenue to assess the performance of the segment and make decisions about resources to be allocated to the segment. In that situation, the entity may report that segment's interest revenue net of its interest expense and disclose that it has done so.*)		
15	Has the entity disclosed the following about each reportable segment if the specified amounts are included in the measure of segment assets reviewed by the chief operating decision maker or are otherwise regularly provided to the chief operating decision maker, even if not included in the measure of segment assets:	108.24	
	a) The amount of investment in associates and joint ventures accounted for by the equity method, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) The amounts of additions to non-current assets (for assets classified according to a liquidity presentation, amounts expected to be recovered more than 12 months after the reporting date) other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts?		
16	The entity is required to provide an explanation of the measurements of segment profit or loss, segment assets and segment liabilities for each reportable segment. Has the entity disclosed the following: a) The basis of accounting for any transactions between reportable segments,	108.27	
	b) The nature of any differences between the measurements of the reportable segments' profits or losses and the entity's profit or loss before income tax expense or income and discontinued operations (if not apparent from the reconciliations described in Q 17), those differences could include accounting policies and policies for allocation of centrally incurred costs that are necessary for an understanding of the reported segment information,		
	c) The nature of any differences between the measurements of the reportable segments' assets and the entity's assets (if not apparent from the reconciliations described in Q 17), those differences could include accounting policies and policies for allocation of jointly used assets that are necessary for an understanding of the reported segment information,		
	d) The nature of any differences between the measurements of the reportable segments' liabilities and the entity's liabilities (if not apparent from the reconciliations described in Q 17),Those differences could include accounting policies and policies for allocation of jointly utilised liabilities that are necessary for an understanding of the reported segment information,		
	e) The nature of any changes from prior periods in the measurement methods used to determine reported segment profit or loss and the effect, if any, of those changes on the measure of segment profit or loss, and		
	f) The nature and effect of any asymmetrical allocations to reportable segments, e.g. the entity might allocate depreciation expense to a segment without allocating the related depreciable assets to that segment?		
	Reconciliations		
17	Has the entity provided reconciliations of the following: a) The total of the reportable segments' revenues to the entity's revenue,	108.28	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) The total of the reportable segments' measures of profit or loss to the entity's profit or loss before tax expense (tax income) and discontinued operations, however, if the entity allocated to reportable segments items such as tax expense (tax income), then it may reconcile the total of the segments' measures of profit or loss to the entity's profit or loss after those items,		
	c) The total of the reportable segments' assets to the entity's assets if the segment assets are reported in accordance with Q 14,		
	d) The total of the reportable segments' liabilities to the entity's liabilities if segment liabilities are reported in accordance with Q 14, and		
	e) The total of the reportable segments' amounts for every other material item of information disclosed to the corresponding amount for the entity?		
18	Has the entity identified separately and described all material reconciling items i.e. the amount of each material adjustment needed to reconcile reportable segment profit or loss to the entity's profit or loss arising from different accounting policies is identified separately and described?	102.28	
19	If the entity has changed the structure of its internal organisation in a manner that causes the composition of its reportable segments to change:	108.29	
	a) Has the corresponding information for earlier periods, including interim periods been restated unless the information is not available and the cost to develop it would be excessive, and (Note: *The determination of whether the information is not available and the cost to develop it would be excessive shall be made for each individual item of disclosure.)*		
	b) Has the entity disclosed whether it has restated the corresponding items of segment information for earlier periods?		
20	a) If the entity has changed the structure of its internal organisation in a manner that causes the composition of its reportable segments to change, has the entity restated segment information for earlier periods, including interim periods, to reflect the change?	108.30	
	b) If not, then in the year in which the change occurs, has the entity disclosed segment information for the current period on both the old basis and the new basis of segmentation, unless the necessary information is not available and the cost to develop it would be excessive?		
	Entity-wide disclosures		
21	Has the entity made entity-wide disclosures as required even if the entity has only one reportable segment? (Note: *Information required by Q 22 to 25 is provided only if it is not provided as part of the reportable segment information required by Ind AS 108.)*	108.31	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
22	a) Has the entity disclosed the revenues from external customers for each product and service, or each group of similar products and services, unless Q 22 (b) applies?	108.32	
	b) If the necessary information is not available and the cost to develop it would be excessive, has the entity disclosed this fact in the financial statements?		
	(Note: The amounts of revenues reported are based on the financial information used to produce the entity's financial statements.)		
23	Has the entity disclosed the following geographical information, unless the necessary information is not available and the cost to develop it would be excessive:	108.33	
	a) Revenues from external customers:		
	i) Attributed to the entity's country of domicile, and		
	ii) Attributed to all foreign countries in total from which the entity derives revenues. If revenues from external customers attributed to an individual foreign country are material, then those revenues are disclosed separately. Disclose the basis for attributing revenues from external customers to individual countries,		
	b) Non-current assets (for assets classified according to a liquidity presentation, amounts expected to be recovered more than 12 months after the reporting date) other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts:		
	i) Located in the entity's country of domicile, and		
	ii) Located in all foreign countries in total in which the entity holds assets. If assets in an individual foreign country are material, then those assets are disclosed separately?		
24	a) Has the entity ensured that the amounts reported are based on the financial information that is used to produce the entity's financial statements?	108.33	
	b) If the necessary information is not available and the cost to develop it would be excessive, has the entity disclosed such fact?		
	(Note: *The entity may disclose, in addition to this information, subtotals of geographical information about groups of countries.)*		
	Information about major customers		
25	a) If revenues from transactions with a single external customer amount to 10 per cent or more of an entity's revenues, has the entity provided the following information about the extent of its reliance on such customers:	108.34	
	i) Disclosure of that fact,		
	ii) The total amount of revenues from each such customer, and		
	iii) The identity of the segment or segments reporting the revenues?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note: *The entity need not disclose the identity of a major customer or the amount of revenues that each segment reports from that customer.)*		
	b) For the above purpose, has a group of entities known to a reporting entity to be under common control been considered a single customer?		

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- There are no specific requirements arising out of the 2013 Act in the context of this standard.

Significant carve-outs from IFRS

- Applicability of IFRS 8, *Operating Segments*

  Paragraph 2 of IFRS 8 requires that the standard shall apply to:

  a) The separate or individual financial statements of an entity:
     i) Whose debt or equity instruments are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
     ii) That files, or is in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market and

  b) The consolidated financial statements of a group with a parent:
     i) Whose debt or equity instruments are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
     ii) That files, or is in the process of filing, the consolidated financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

  The above have not been included in the Ind AS as the applicability or exemptions to the Ind AS is governed by the 2013 Act and the Rules made thereunder.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- No specific requirement has been prescribed under ICDS relating to this standard.

Glossary

Operating segment: An operating segment is a component of an entity:

a) That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

b) Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

c) For which discrete financial information is available.

(Source: Ind AS 108, *Operating Segments* as issued by the Ministry of Corporate Affairs)

Ind AS-109 Financial Instruments

1. Executive summary

- Indian Accounting Standard (Ind AS) 109, *Financial Instruments* establishes principles for the financial reporting of financial assets and financial liabilities.
- Ind AS 109 shall be applied by the entity to all types of financial instruments except for interests in subsidiaries, associates and joint ventures, rights and obligations under leases, employers' rights and obligations under employee benefit plans, financial instruments issued by the entity that are classified as equity instruments, rights and obligations under insurance contracts, forward contracts to buy or sell an acquiree in a business combination, loan commitments, share based payment transactions and certain reimbursement rights.
- The entity shall recognise a financial asset or a financial liability in its balance sheet when, and only when, the entity becomes party to the contractual provisions of the instrument.
- A derivative is a financial instrument or other contract (within the scope of the standard), the value of which changes in response to some underlying variable (other than a non-financial variable specific to a party to the contract), that has an initial net investment smaller than would be required for other instruments that have a similar response to the variable and that will be settled at a future date.
- An embedded derivative is a component of a hybrid contract that affects the cash flows of the hybrid contract in a manner similar to a stand-alone derivative instrument. An embedded derivative is not accounted for separately from the host contract if it is closely related to the host contract, if a separate instrument with the same terms as the embedded derivative would not meet the definition of a derivative or if the entire contract is measured at fair value through profit or loss. An embedded derivative in a financial asset is also not separated and the hybrid contract is measured at fair value through profit or loss. In other cases, an embedded derivative is accounted for separately as a derivative. All derivatives (including separated embedded derivatives) are measured at fair value with changes in fair value recognised in profit or loss.
- When the entity first recognises a financial asset, it shall measure it at its fair value and classify it as a financial asset measured at:
  - Amortised cost, if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding,
  - Fair value through other comprehensive income (FVOCI), if the financial asset is held within a business mode whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding,
  - Fair value through other comprehensive income, if the financial asset is an investment in an equity instrument within the scope of this standard, that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination, for which the entity makes an irrevocable election to present subsequent changes in fair value in other comprehensive income, or
  - Fair value through profit or loss (FVTPL).
- When the entity first recognises a financial liability, it shall classify it as a financial liability measured at amortised cost, or fair value through profit or loss and measure it at fair value.
- The entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

- When, and only when, the entity changes its business model for managing financial assets it shall reclassify all affected financial assets prospectively. The entity shall not reclassify any financial liability.
- The entity has to determine whether derecognition should be applied to a part of a financial asset (or a part of a group of similar financial assets) or a financial asset (or a group of similar financial assets) in its entirety. The entity shall derecognise a financial asset when, and only when: (a) the contractual rights to the cash flows from the financial asset expire, or (b) it transfers the financial asset and the transfer qualifies for derecognition.
- The entity shall remove a financial liability (or a part of a financial liability) from its balance sheet when, and only when, it is extinguished—i.e. when the obligation specified in the contract is discharged or cancelled or expires. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.
- Financial assets are subsequently measured at fair value or amortised cost. Changes in the fair value of financial assets are recognised as follows:
  - Debt financial assets measured at FVOCI: changes in fair value are recognised in other comprehensive income except for foreign exchange gains and losses and expected credit losses, which are recognised in profit or loss. On derecognition, any gains or losses accumulated in other comprehensive income are reclassified to profit or loss,
  - Equity financial assets measured at FVOCI: all changes in fair value are recognised in other comprehensive income and not reclassified to profit or loss, and
  - Financial assets at FVTPL: all changes in fair value are recognised in profit or loss.
- Financial liabilities, other than those classified as FVTPL are generally measured at amortised cost.
- Impairment is recognised using an expected loss model, which means that it is not necessary for a loss event to occur before an impairment loss is recognised.
- The general approach to impairment uses two measurement bases: 12-month expected credit losses and lifetime expected credit losses, depending on whether the credit risk on a financial asset has increased significantly since initial recognition.
- Hedge accounting is voluntary and allows an entity to measure assets, liabilities and firm commitments selectively on a basis different from that otherwise stipulated in Ind AS or to defer the recognition in profit or loss of gains or losses on derivatives.
- The objective of hedge accounting is to represent, in the financial statements, the effect of the entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which the entity has elected to present changes in fair value in other comprehensive income).
- There are three hedge accounting models:
  - Fair value hedges of fair value exposures,
  - Cash flow hedges of cash flow exposures, and
  - Net investment hedges of currency exposures on net investments in foreign operations.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability		
1	Has the entity applied this standard to all types of financial instruments except when another standard requires or permits a different accounting treatment (subject to the exceptions in Q 2) as specified below:	109.2.1	
	a) 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* or Ind AS 28, *Investments in Associates and Joint Ventures*,		
	b) Rights and obligations under leases to which Ind AS 17, *Leases* applies,		
	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, *Financial Instruments: Presentation* (including options and warrants) or that are required to be classified as an equity instrument in accordance with paragraphs 16A and 16B or paragraphs 16C and 16D of Ind AS 32,		
	e) Rights and obligations arising under (i) an insurance contract as defined in Ind AS104, *Insurance Contracts* or (ii) a contract that is within the scope of Ind AS104 because it contains a discretionary participation feature,		
	f) Any forward contract 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,		
	(Note: *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 clause 2(h) to 2(j). Also, all loan commitments are subject to the impairment and derecognition requirements of this standard,		
	h) Financial instruments, contracts and obligations under share-based payment transactions to which Ind AS102, *Share-based Payment* applies,		
	i) Rights to payments to reimburse the entity for expenditure that it is required to make to settle a 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, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	j) Rights and obligations within the scope of Ind AS 11, *Construction Contracts* and Ind AS 18, *Revenue* that are financial instruments, except for those that Ind AS 11 or Ind AS 18 specifies are accounted for in accordance with this standard?		
2	For financial instruments listed in Q 1 (a) to (j), that meet any of the following exceptions, has the entity applied the requirements of this standard to the extent specified below:		
	a) The entity is permitted or required to account for the instruments in Q 1(a) using Ind AS 109,	109.2.1	
	b) The instrument in Q 1 (a) is a derivative linked to interests in subsidiaries, associates or joint ventures other than derivatives which are equity instruments,	109.2.1	
	c) Under Q 1(b) above, the entity's lease receivables are subject to the derecognition and impairment requirements of this standard,	109.2.1	
	d) Under Q 1(b) above, the entity's finance lease payables are subject to the derecognition and impairment requirements of this standard,	109.2.1	
	e) Under Q 1(b) above, the entity has derivatives that are embedded in leases which are subject to the derecognition and impairment requirements of this standard,	109.2.1	
	f) Under Q 1(e) above, the entity has 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,	109.2.1	
	g) Under Q 1(e) above, the entity has financial guarantee contracts and has previously asserted that such contracts are insurance contracts. (Note: *In this situation, the issuer may elect to apply either this standard or Ind AS 104 to such financial guarantee contracts)*	109.2.1	
	h) Under Q 1(g) above, the entity has loan commitments that are designated as financial liabilities at fair value through profit or loss; or the entity has a past practice of selling the assets resulting from its loan commitments shortly after origination,	109.2.3	
	i) Under Q 1(g) above, the entity has loan commitments that can be settled net in cash or by delivering or issuing another financial instrument,	109.2.3	
	j) Under Q 1(g) above, the entity has commitments to provide a loan at a below-market interest rate, and	109.2.3	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	k) Under Q 1(j) above, the entity has 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? (For example, contracts to buy or sell commodities such as copper, gold, aluminium, etc., that can be settled net in cash or another financial instrument, or for which the entity has a past practice of settling net in cash. Also refer paragraphs 8 and 9 of Ind AS 32)	109.2.4	
	(Note: *If the entity has contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item, this standard shall not be applied.)*		
	Recognition and derecognition		
	Recognition		
3	Has the entity recognised a financial asset or a financial liability only when it becomes a party to the contractual provisions of an instrument? This includes:	109.3.1.1	
	a) Recognition of all contractual rights and obligations under derivatives on its balance sheet as assets and liabilities, respectively, and		
	b) Recognition of firm commitments to buy or sell non-financial items, that are within the scope of this standard; or are designated as a hedged item in a fair value hedge (to the extent of change in the net fair value attributable to the hedged risk)?		
4	If the purchase or sale of a financial asset is classified as a regular way purchase or sale, has the entity consistently used trade date accounting or settlement date accounting for financial assets classified in the same category in accordance with this standard? .	109.3.1.2	
	Derecognition	109.3.2	
5	a) Has the entity consolidated all subsidiaries in accordance with Ind AS 110 and then applied the derecognition provisions of Ind AS 109 (refer Q 6 to 9) to determine if a transfer of financial assets can be derecognised in the consolidated financial statements?	109.3.2.1	
	b) If the entity prepares separate financial statements, has it applied the derecognition provisions (refer Q6 to 9) at the entity-level to determine if a transfer of financial assets can be derecognised in such separate financial statements?		
	(Note: *The derecognition provisions may be applied in the preparation of separate financial statements. However, the derecognition analysis should be re-performed at the consolidated level when the entity prepares consolidated financial statements.*)		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability to a part or all of a financial asset (or group of similar assets)		
6	Has the entity determined whether Q 7 to 11 should be applied to a part of a financial asset (or part of a group of similar financial assets) or a financial asset (or a group of similar financial assets) in its entirety on the basis of the following conditions:	109.3.2.2	
	a) The part comprises only specifically identified cash flows from a financial asset (or a group of similar financial assets), for example only interest cash flows or only principal cash flows arising from a group of loans given by the entity, or		
	b) The part comprises only a fully proportionate (pro rata) share of the cash flows from a financial asset (or a group of similar financial assets), for example a pro-rata share of a group of trade receivables, or		
	c) The part comprises only a fully proportionate (pro rata) share of specifically identified cash flows from a financial asset (or a group of similar financial assets), for example a pro-rata share of only interest cash flows arising from a group of loans?		
	(Note: *If any of the above conditions are satisfied, then derecognition can be applied to that part of the financial asset. In all other cases, derecognition principles are applied to the financial asset in its entirety (or to the group of similar financial assets in their entirety*.)		
	Derecognition criteria		
7	Has the entity derecognised a financial asset only if one of the following conditions (a) or (b) are met:		
	a) The entity's contractual rights to the cash flows from the financial asset have expired, or	109.3.2.3	
	b) The entity has transfered the financial asset in accordance with Q 8 below and such transfer qualifies for derecognition in accordance with Q 9 below?		
	Transfer of asset		
8	Has the entity derecognised a financial asset only if there is a 'transfer' of the financial asset based on the conditions in (a) or (b) below and such 'transfer' qualifies for derecognition in accordance with Q 9 below:		
	a) Has the entity transferred the contractual rights to receive the cash flows of the financial asset, or	109.3.2.4	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) Has the entity retained the contractual rights to receive the cash flows of the financial asset, but assumed a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets all the conditions below (commonly known as a 'pass through arrangement'):	109.3.2.5	
	i) The entity has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset,		
	ii) The entity is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows, and		
	iii) The entity has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay?		
	(Note: *the entity is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents (as defined in Ind AS 7, Statement of Cash Flows) during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.)*		
9	Has the entity evaluated the extent to which it retains the risks and rewards of ownership (including risks such as credit risk, liquidity risk, market risk, etc.) of the financial asset in the following manner:	109.3.2.6	
	a) If the entity has transferred substantially all the risks and rewards of ownership of the financial asset, has the entity derecognised the financial asset and recognised the assets or liabilities separately for any rights and obligations created or retained in the transfer,		
	b) If the entity has retained substantially all the risks and rewards of ownership of the financial asset, has the entity continued to recognise the financial asset, or		
	c) If the entity neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, has the entity evaluated whether it has retained control of the financial asset as follows:		
	i) If the entity has not retained control of the financial asset (such that the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer), has the entity derecognised the financial asset and recognised assets and liabiltities separately for any rights and obligations created or retained in the transfer, or	109.3.2.9	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	ii) If the entity has retained control of the financial asset (for example, the entity has a right to exercise a call option on the financial asset and the financial asset cannot be readily acquired from the market by the transferee), has the entity recognised the financial asset to the extent of its continuing involvement in the financial asset (also refer Q 10)?		
	Transfers that qualify for derecognition		
10	a) If the transfer qualifies for derecognition in its entirety and the entity retains the right to service the financial asset for a fee, has the entity recognised either a servicing asset or a servicing liability for that servicing contract?	109.3.2.10	
	b) Has the entity recognised:	109.3.2.10	
	i) A servicing asset for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset in accordance with Q 10 (e), if the servicing fee is expected to adequately compensate the entity for servicing the financial assets, and		
	ii) A servicing liability for the servicing obligation at fair value, if the servicing fee is not expected to adequately compensate the entity for servicing the financial assets?		
	c) If the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, has the entity recognised the new financial asset or financial liability at fair value?	109.3.2.11	
	d) Upon derecognition of a financial asset in its entirety, has the entity recognised the difference between the carrying amount (measured at the date of derecognition) and the consideration received in profit or loss?	109.3.2.12	
	e) If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, i) Has the entity allocated the previous carrying amount of the larger financial asset between the part that continues to be recognised and the part that is derecognised, on the basis of the relative fair values of those parts on the date of the transfer, and	109.3.2.13	
	ii) Has the entity recognised the difference between the carrying amount (measured at the date of derecognition) allocated to the part derecognised and the consideration received for the part derecognised (including any new asset obtained less any new liability assumed) in profit or loss?		
	f) If the entity has allocated the previous carrying amount of a larger financial asset between the part that continues to be recognised and the part that is derecognised as mentioned above, has the entity measured the part that continues to be recognised at fair value?	109.3.2.14	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Transfers that do not qualify for derecognition		
11	If the transfer does not result in derecognition, has the entity continued to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received? (Note: *In subsequent periods, the entity shall recognise any income on the transferred asset and any expense incurred on the financial liability.)*	109.3.2.15	
	Continuing involvement in transferred assets		
12	If the entity neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, has the entity continued to recognise the transferred asset to the extent of its continuing involvement? (Note: *The extent of the entity's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset (For examples refer paragraph B3.2.13 of Ind AS 109.)*	109.3.2.16	
13	Has the entity recognised an associated liability when it continues to recognise an asset to the extent of its continuing involvement and has the entity measured the associated liability in such a way that the net carrying amount of the transferred asset and the associated liability is : i) Equal to the amortised cost of the rights and obligations retained by the entity, if the transferred asset measured at amortised cost, or ii) Equal to the fair value of the rights and obligations retained by the entity when measured on a stand-alone basis, if the transferred asset is measured at fair value?	109.3.2.17	
14	Has the entity recognised any income/expenses arising on the transferred asset and the associated liability to the extent of its continuing involvement?	109.3.2.18	
15	If the entity subsequently recognises changes in the fair value of the transferred asset and the associated liability, has it accounted for these consistently with each other and not offset them (refer Q 78)?	109.3.2.19	
16	Has the entity ensured that it does not offset the asset and the associated liability when a transferred asset continues to be recognised, and also does not offset any income arising from the transferred asset with any expense incurred on the associated liability *(also refer paragraph 42 of Ind AS 32)?*	109.3.2.22	
17	a) If the entity is the transferor and has provided non-cash collateral (such as debt or equity instruments) to the transferee, has this been accounted as follows:	109.3.2.23	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	i) If the transferee has the right by contract or custom to sell or repledge the collateral, has the entity reclassified that asset in its balance sheet separately from other assets,		
	ii) If the entity (transferor) has defaulted under the terms of the contract and is no longer entitled to redeem the collateral, has the entity derecognised the collateral, and		
	iii) Except as provided in Q 17(a)(ii) above, has the entity continued to carry the collateral as its asset?		
	b) If the entity is the transferee and has received non-cash collateral (such as debt or equity instruments) from the transferor, has this been accounted as follows:	109.3.2.23	
	i) If the entity has sold the collateral pledged to it, has the entity recognised the proceeds from the sale and a liability measured at fair value for its obligation to return the collateral,		
	ii) If the transferor has defaulted under the terms of the contract and is no longer entitled to redeem the collateral, has the entity recognised the collateral as its asset, initially measured at fair value, or if it has already sold the collateral, derecognise its obligation to return the collateral, and		
	iii) Except as provided in Q 17(b)(ii) above, has the entity ensured that it does not recognise the collateral as an asset?		
	Derecognition of financial liabilities		
18	Has the entity removed a financial liability (or a part of a financial liability) from its balance sheet only when the obligation specified in the contract has been discharged, cancelled or expires?	109.3.3.1	
19	Has the entity extinguished an existing financial liability and recognised a new financial liability in the following circumstances:	109.3.3.2	
	a) Exchange between an existing borrower and lender of debt instruments with substantially different terms, or		
	b) Substantial modification of the terms of an existing financial liability, or a part of it (whether or not attributable to the financial difficulty of the debtor). (For the purpose of this assessment, the terms are considered to be substantially modified if the present value of the cash flows under the new terms, including any net fees paid, discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. However, a qualitative change in the terms may also be considered as a substantive modification in certain circumstances.)		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
20	Has the entity recognised the difference between the carrying amount of the extinguished or transferred financial liability and the consideration paid for the same in profit or loss (also refer Q 130)?	109.3.3.3	
21	a) If the entity has repurchased a part of a financial liability, has the entity allocated the previous carrying amount of the financial liability between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts on the date of the repurchase?	109.3.3.4	
	b) Has the entity recognised difference between (a) the carrying amount allocated to the part derecognised and (b) the consideration paid, including any non-cash assets transferred or liabilities assumed, for the part derecognised in profit or loss?		
	Classification		
	Classification of financial assets	109.4.1	
22	Has the entity classified financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:	109.4.1.1	
	a) The entity's business model for managing the financial assets (determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective), and		
	b) The contractual cash flow characteristics of the financial asset.		
	Amortised cost	109.4.1.2	
23	Has the entity classified financial assets as subsequently measured at amortised cost only if both the following conditions are met:		
	a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (for example, the entity holds a portfolio of investments or originates loans to collect their contractual cash flows and the funding needs of the entity are predictable and match the maturity of its financial assets), and		
	(Note: *The following are some examples of business models that generally do not meet this objective:* *i) A portfolio of investments managed in order to trade to realise fair value changes,* *ii) An originated or purchased portfolio of receivables, managed with the objective of subsequently selling them to a securitisation vehicle that is not consolidated by the entity, and* *iii) A portfolio of short and long-term financial assets (many of which have contractual lives that exceed the entity's anticipated investment period) in which the entity invests excess cash, so*		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	that it can fund anticipated capital expenditure when the need arises.)		
	b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (for example, a fixed rate loan issued by the entity, a variable interest rate bond, a bond where payments of principal and interest are linked to an inflation index of the currency in which the instrument is issued, etc.)?		
	(Note*: The following are some examples of financial assets that generally do not meet this criterion:* *i) Investments in units issued by equity or debt mutual funds,* *ii) Financial assets with a leveraged return,* *iii) Bonds/debentures convertible into a fixed number of equity instruments of the issuer, and* *iv) A perpetual preference share that may be called by the issuer at any time by paying the entity the par amount plus accrued interest due.)*		
	Fair value through other comprehensive income:		
24	a) Has the entity classified a financial asset as measured at fair value through other comprehensive income if both the following conditions are met: i) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and	109.4.1.2A	
	ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding?		
	(Note*: For the purpose of Q 23 (b) and 24(a)(ii), principal is the fair value of the financial asset at initial recognition.* *Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.*)	109.4.1.3	
	b) Has the entity classified an investment in an equity instrument (that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination and would otherwise be measured at fair value through profit or loss as per Q 25 below), as measured at fair value through other comprehensive income only if the entity has made an irrevocable election at initial recognition to do so for that particular investment? (Also refer Q 84)		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
25	If the entity has not classified a financial asset into either one of the two categories described in Q 23 and 24, has the financial asset been classified as measured at fair value through profit or loss?	109.4.1.4	
	Option to designate a financial asset at fair value through profit or loss		
26	Despite the criteria for classification of financial assets in Q 23 to 25, has the entity elected to irrevocably designate a financial asset as measured at fair value through profit or loss on initial recognition only if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases?	109.4.1.5	
	Classification of financial liabilities		
27	Has the entity classified all financial liabilities, except the following liabilities in (a) to (e), as subsequently measured at amortised cost:	109.4.2.1	
	a) Financial liabilities at fair value through profit or loss, including derivatives that are liabilities, which shall be subsequently measured at fair value,		
	b) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies to which Q 11 and 13 apply for measurement of financial liabilities,		
	c) Financial guarantee contracts which are subsequently measured by the entity (as issuer) at the higher of the amount of the loss allowance determined in accordance with Q 56-62 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18, *Revenue*,		
	d) Commitments to provide a loan at a below-market interest rate which are subsequently measured at the higher of the amount of the loss allowance determined in accordance with Q 56-62 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18, or		
	e) Contingent consideration recognised by the entity (as acquirer) in a business combination to which Ind AS103, *Business Combinations* applies, which is subsequently measured at fair value with changes recognised in profit or loss?		
	Option to designate a financial liability at fair value through profit or loss		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
28	Has the entity, at initial recognition, irrevocably designated a financial liability as measured at fair value through profit or loss, when permitted by Q 32, or only when doing so results in results in more relevant information, based on either of the following two indications:	109.4.2.2	
	a) It eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases, or		
	b) A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel?		
	Embedded derivatives		
29	If the entity has hybrid contracts which contain a host that is an asset within the scope of this Standard, has the entity applied the requirements in Q 22 to 26 to the entire hybrid contract?	109.4.3.2	
30	If the entity has a hybrid contract which contains a host that is not an asset within the scope of this standard, has the embedded derivative been separated from the host and accounted for separately as a derivative if, and only if:	109.4.3.3	
	a) The economic characteristics and risks of the embedded derivative not closely related to the economic characteristics and risks of the host,		
	b) A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and		
	c) The hybrid contract is not measured at fair value with changes in fair value recognised in profit or loss? (Note*: The following are examples of contracts where the entity shall account for the embedded derivative separately from the host contract:* *i) An embedded foreign currency derivative in a host contract that is not denominated in the functional currency of a substantial party to the contract or a currency in which the related goods or services are routinely denominated globally, or a commonly used currency in the economic environment in which the transaction takes place;* *ii) Equity indexed or commodity indexed interest or principal payments embedded in a host debt instrument;* iii) *An option to extend the remaining term to maturity of a debt instrument unless there is an adjustment to market interest rate at the time of extension.)*		
31	If the embedded derivative is separated, does the entity account for the host contract in accordance with the relevant Ind AS?	109.4.3.4	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
32	If a contract contains one or more embedded derivatives, and the host is not an asset within the scope of this standard, despite the considerations in Q 30 and 31, has the entity elected to designate the entire hybrid contract as at fair value through profit or loss, only when the following two conditions do not exist:	109.4.3.5	
	a) The embedded derivative(s) do(es) not significantly modify the cash flows that otherwise would be required by the contract, and		
	b) Is it clear, with little or no analysis, when a similar hybrid instrument is first considered that separation of the embedded derivative is prohibited?		
33	Has the entity designated the entire hybrid contract as at fair value through profit or loss where it is unable to measure the embedded derivative separately either at acquisition or at the end of a subsequent financial reporting period?	109.4.3.6	
34	If the entity is unable to measure reliably, the fair value of an embedded derivative, has it determined such fair value as the difference between the fair value of the hybrid contract and the fair value of the host?	109.4.3.7	
35	If the entity is unable to measure the fair value of the embedded derivative using the method mentioned in Q 34, has it designated the entire hybrid contract as measured at fair value through profit or loss in accordance with Q 33?	109.4.3.7	
	Reclassification		
36	Has the entity reclassified all affected financial assets in accordance with Q 22 to 25 only when it has changed its business model for managing financial assets? (Also refer Q 71 to 77 for reclassification of financial assets.)	109.4.4.1	
	(Note: *The entity shall not reclassify any financial liability.*)	109.4.4.2	
37	Has the entity ensured that the following circumstances are not considered as reclassifications for the purpose of Q 36?	109.4.4.3	
	a) Any item that was previously a designated and effective hedging instrument in a cash flow hedge or net investment hedge and no longer qualifies as such,		
	b) Any item that becomes a designated and effective hedging instrument in a cash flow hedge or net investment hedge, or		
	c) Changes in measurement to designate a credit exposure as measured at fair value through profit or loss?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Measurement		
	Initial measurement		
38	At initial recognition, has the entity measured a financial asset(s) or financial liability(s) at its fair value?	109.5.1.1	
39	In the case of a financial asset or financial liability not at fair value through profit or loss, has the entity considered transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability in the initial recognition amount?	109.5.1.1	
40	If the fair value of a financial asset or financial liability at initial recognition is different from the transaction price, and the fair value is evidenced by a quoted price in an active market, has the entity recognised the difference between the fair value at initial recognition and the transaction price as a gain or loss?	109.5.1.1A 109.B5.1.2A	
41	If in reference to Q 40, the fair value is not evidenced by a quoted price in an active market, has the entity deferred the difference between the fair value at initial recognition and the transaction price?	109.B5.1.2A	
	(Note: *After initial recognition, the entity shall recognise that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.)*		
42	Has the entity applied either trade date accounting or settlement date accounting consistently for all regular way purchases or sales of financial assets that are classified in the same way in accordance with this standard?		
	(Note: *For this purpose assets that are mandatorily measured at fair value through profit or loss form a separate classification from assets designated as measured at fair value through profit or loss. In addition, equity investments accounted for using the option provided in Q 84 form a separate classification.)*		
43	If the entity has used settlement date accounting for an asset that is subsequently measured at amortised cost, has the asset been recognised initially at its fair value on the trade date?	109.5.1.2	
	Subsequent measurement of financial asset		
44	After initial recognition, has the entity measured the financial asset in accordance with Q 22, 24 and 25, at amortised cost, fair value through other comprehensive income or fair value through profit or loss?	109.5.2.1	
45	Has the entity applied impairment requirements in Q 56 to 70 for financial assets that are measured at amortised cost in accordance with Q 23 and to financial assets that are measured at fair value through other comprehensive income in accordance with Q 24?	109.5.2.2	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
46	If the entity has a financial asset that is designated as a hedged item, has the entity applied the hedge accounting requirements in Q 91 to 126 to such a financial asset?	109.5.2.3	
	Subsequent measurement of financial liabilities		
47	After initial recognition, has the entity measured a financial liability in accordance with Q 27?	109.5.3.1	
48	If the entity has a financial liability that is designated as a hedged item, has the entity applied the hedge accounting requirements in Q 91 to 126 to such a financial liability?	109.5.3.2	
	Amortised cost measurement		
49	Has the entity calculated interest revenue by using the effective interest method, i.e. by applying the effective interest rate to the gross carrying amount of a financial asset, except as described in Q 50 and 51?	109.5.4.1	
50	If the entity has purchased or originated credit-impaired financial assets, has the entity applied the credit adjusted effective interest rate to the amortised cost of such financial asset from initial recognition?	109.5.4.1 (a)	
51	If the entity has financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets, has the entity applied the effective interest rate to the amortised cost of such financial asset in subsequent reporting periods?	109.5.4.1 (b)	
52	If the credit risk on a financial instrument asset described in Q 51 improves such that the financial asset is no longer credit-impaired (and the improvement can be related objectively to an event occurring after the requirements in Q 51 were applied), has the entity, in subsequent reporting periods, calculated the interest revenue by applying the effective interest rate to the gross carrying amount of the financial asset?	109.5.4.2	
	Modification of contractual cash flows		
53	If the contractual cash flows of a financial asset are renegotiated or otherwise modified and such renegotiation or modification does not result in derecognition of the financial asset in accordance with Q 7 has the entity recalculated the gross carrying amount of the financial asset and recognised a modification gain or loss in profit or loss?	109.5.4.3	
54	Has the gross carrying amount of the financial asset been recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets) or, when applicable, the revised effective interest rate calculated in accordance with Q 115? (Note: *Any costs or fees incurred, adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.)*		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Write-off		
55	If the entity has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof, has the entity directly reduced the gross carrying amount of the financial asset? (Note: *A write-off constitutes a derecognition event.)*	109.5.4.4	
	Impairment		
56	Has the entity recognised a loss allowance (if any) for expected credit losses on a financial asset that is measured in accordance with Q 23 or Q 24, a lease receivable, a loan commitment and a financial guarantee contract to which the impairment requirements apply in accordance with Q 1(g), Q 27(c) or Q 27(d)?	109.5.5.1	
57	Has the entity applied the impairment requirements for the recognition and measurement of a loss allowance for financial assets measured at fair value through other comprehensive income and has such loss allowance been recognised in other comprehensive income?	109.5.5.2	
58	Subject to Q 67 and 68, if the credit risk on any financial instrument (assessed on an individual or collective basis) has increased significantly since initial recognition (considering all reasonable and supportable information, including that which is forward looking), has the entity, measured a loss allowance for the financial instrument at the reporting date, at an amount equal to the lifetime expected credit losses?	109.5.5.3	
59	Subject to Q 67 and 68, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, has the entity, measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses?	109.5.5.5	
60	Have the impairment requirements been applied by considering the date that the entity becomes a party to the irrevocable commitment as the date of initial recognition in case of loan commitments and financial guarantee contracts?	109.5.5.6	
61	If the entity has measured the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses in the previous reporting period but the conditions in Q 58 are no longer met at the current reporting date, has the entity measured the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date?	109.5.5.7	
62	Has the entity recognised in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with this Standard?	109.5.5.8	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
63	In determining whether the credit risk on a financial instrument has increased significantly (refer Q 58 and 59) since initial recognition, has the entity used the change in the risk of a default occurring over the expected life of the financial instrument, instead of the change in the amount of expected credit losses?	109.5.5.9	
	(Note: *To make that assessment, the entity shall compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.)*		
64	Has the entity assumed that the credit risk on a financial instrument has not increased significantly (refer Q 58 and 59) since initial recognition, if the financial instrument determined to have low credit risk at the reporting date based on: a) The entity's internal credit risk ratings or other methodologies that are consistent with a globally understood definition of low credit risk and that consider the risks and the type of financial instruments being assessed,	109.5.5.10 109.B5.5.2 2	
	b) The borrower's strong capacity to meet its contractual cash flow obligations in the near term, and		
	c) Adverse changes in economic and business conditions in the longer term not necessarily reducing the ability of the borrower to fulfil its contractual cash flow obligations?		
65	a) If reasonable and supportable forward-looking information is available without undue cost or effort, has the entity ensured that it does not rely solely on past due information when determining whether credit risk has increased significantly since initial recognition?	109.5.5.11	
	b) If there are contractual payments that are more than 30 days past due, has the entity presumed that the credit risk on a financial asset has increased significantly since initial recognition, or rebutted this presumption only if the entity has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due?		
66	If the contractual cash flows on a financial asset have been renegotiated or modified and the financial asset was not derecognised, has the entity assessed whether the credit risk of the financial instrument increased significantly (refer Q 58), by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms); and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms)?	109.5.5.12	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
67	a) Despite the requirements in Q 58 and 59, for purchased or originated credit impaired financial assets, has the entity, recognised only the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance?	109.5.5.13	
	b) Has the entity recognised the amount of change in lifetime expected credit losses as an impairment gain or loss? (Note: *The favourable changes in lifetime expected credit losses are recognised as an impairment gain even if the lifetime expected credit losses are less than the amount of expected credit losses that were included in the estimated cash flows on initial recognition.)*	109.5.5.14	
	Impairment for trade receivables, contract assets and lease receivables (Simplified approach)		
68	Despite the requirements in Q 58 and 59, has the entity measured the loss allowance at an amount equal to lifetime expected credit losses for: a) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, and	109.5.5.15	
	b) Lease receivables that result from transactions that are within the scope of Ind AS 17, if the entity chooses as its accounting policy to measure the loss allowance at an amount equal to lifetime expected credit losses? (That accounting policy shall be applied to all lease receivables but may be applied separately to finance and operating lease receivables).		
	Measurement of expected credit losses		
69	Has the entity measured the expected credit losses of a financial instrument in a way that reflects: a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes,	109.5.5.17	
	b) Time value of money, and		
	c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions?		
70	When measuring expected credit losses, has the entity: a) Considered the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low,	109.5.5.18	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) Considered the maximum contractual period (including extension options) over which it is exposed to credit risk, and not a longer period, even if that longer period is consistent with business practice, and	109.5.5.19	
	c) Measured such losses for financial instruments that include both a loan and an undrawn commitment component, over a period that the entity is exposed to credit risk and expected credit losses would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period?	109.5.5.20	
	Reclassification of financial assets		
71	If the entity has reclassified financial assets in accordance with Q 36, has it applied the reclassification prospectively from the *reclassification date* (i.e. the first day of the first reporting period following the change in business model that results in the entity reclassifying financial assets as per Q 36), and not restated any previously recognised gains, losses (including impairment gains or losses) or interest? (Also refer Q 72 to 77)	109.5.6.1	
72	If the entity has reclassified a financial asset out of the amortised cost measurement category into the fair value through profit or loss measurement category, has it measured the fair value on reclassification date and recognised any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value in profit or loss?	109.5.6.2	
73	If the entity has reclassified a financial asset out of the fair value through profit or loss measurement category into the amortised cost measurement category:	109.5.6.3	
	a) Has it considered its fair value at the reclassification date as its new gross carrying amount, and determined the effective interest rate on the basis of this value, and		
	b) Has the date of reclassification been treated as the date of initial recognition for the purpose of applying the impairment requirements described in Q 56 to 70?	109.B5.6.2	
74	If the entity has reclassified a financial asset out of the amortised cost measurement category into the fair value through other comprehensive income measurement category:	109.5.6.4	
	a) Has its fair value been measured at the reclassification date and any gain or loss arising from a difference between the previous amortised cost of the financial asset and the fair value been recognised in other comprehensive income, and		
	b) Has it continued to use the same effective interest rate and measurement of expected credit losses as both measurement categories apply the same approach to recognition of interest revenue and impairment?	109.B5.6.1	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
75	If the entity has reclassified a financial asset out of the fair value through other comprehensive income measurement category into the amortised cost measurement category:	109.5.6.5	
	a) Has the financial asset been reclassified at its fair value at the reclassification date,		
	b) Has the cumulative gain or loss previously recognised in other comprehensive income been removed from equity and adjusted against the fair value of the financial asset at the reclassification date such that the financial asset is measured as if it had always been measured at amortised cost, and		
	c) Has the entity continued to use the same effective interest rate and measurement of expected credit losses?		
76	If the entity has reclassified a financial asset out of the fair value through profit or loss measurement category and into the fair value through other comprehensive income measurement category:	109.5.6.6	
	a) Has the entity continued to measure the financial asset at fair value, and		
	b) Has the entity determined the effective interest rate based on this fair value and considered the date of reclassification as the date of initial recognition for the purpose of applying the impairment requirements described in Q 56 to 70?	109.B5.6.2	
77	If the entity has reclassified a financial asset from fair value through other comprehensive income measurement category to the fair value through profit or loss measurement category, has the financial asset continued to be measured at fair value and has the cumulative gain or loss previously recognised in other comprehensive income been reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date?	109.5.6.7	
	Gains and losses		
78	Has the entity recognised a gain or loss on a financial asset or financial liability that is measured at fair value, in profit or loss, unless:	109.5.7.1	
	a) It is a part of a hedging relationship,		
	b) It is an investment in an equity instrument and the entity has elected to present gains and losses on that investment in other comprehensive income in accordance with Q 24(b),		
	c) It is a financial liability designated as at fair value through profit or loss and the entity is required to present the effects of changes in the liability's credit risk in other comprehensive income in accordance with Q 86 to 88, or		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	d) It is a financial asset measured at fair value through other comprehensive income and the entity is required to recognise some changes in fair value in other comprehensive income in accordance with Q 90?		
79	Have dividends been recognised in profit or loss only when the entity's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably?	109.5.7.1A	
80	Has the entity recognised a gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship, in profit or loss when the financial asset is derecognised, reclassified in accordance with Q 72, through the amortisation process or in order to recognise impairment gains or losses?	109.5.7.2	
81	Has the entity recognised a gain or loss on a financial liability that is measured at amortised cost and is not part of a hedging relationship, in profit or loss when the financial liability is derecognised and through the amortisation process?	109.5.7.2	
82	Has the entity recognised a gain or loss on financial assets or financial liabilities that are hedged items in a hedging relationship in accordance with Q 113 to 119?	109.5.7.3	
83	If the entity recognises financial assets using settlement date accounting, has the entity ensured that any change in the fair value of the asset to be received during the period between the trade date and the settlement date is: a) Not recognised for assets measured at amortised cost, or	109.5.7.4	
	b) Recognised in profit or loss or in other comprehensive income in accordance with Q 78 for assets measured at fair value?		
84	Has the entity presented subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income only when it makes an irrevocable election (in accordance with Q 24(b)) to do so for an equity instrument within the scope of this standard, that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies?	109.5.7.5	
85	If Q 84 applies to an equity instrument, has the entity recognised the dividends in profit or loss in accordance with Q 79?	109.5.7.6	
86	Does the entity carry any financial liability that is designated as at fair value through profit or loss?	109.5.7.7	
87	If the entity has a financial liability that is designated as at fair value through profit or loss, has the gain or loss on such financial liability been presented as follows: a) The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, and	109.5.7.7	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) The remaining amount of change in the fair value of the liability shall be presented in profit or loss?		
88	If the accounting treatment for the gain or loss on a financial liability at fair value through profit or loss described in Q 87 (a) creates or enlarges an accounting mismatch in profit or loss, has the entity presented all gains or losses on that liability (including the effects of changes in credit risk) in profit or loss?	109.5.7.7	
89	Has the entity presented all gains and losses on loan commitments and financial guarantee contracts that are designated as at fair value through profit or loss, in profit or loss?	109.5.7.9	
90	a) Has the entity recognised gain or loss other than impairment and exchange gains or losses, on a financial asset measured at fair value through other comprehensive income in other comprehensive income?	109.5.7.10	
	b) When the financial asset is derecognised has the cumulative gain or loss previously recognised in other comprehensive income been reclassified from equity to profit or loss as a reclassification adjustment?	109.5.7.10	
	Hedge Accounting - Hedging instruments		
91	Has the entity designated only the following qualifying instruments as a hedging instrument in a hedge relationship:		
	a) A derivative measured at fair value through profit or loss, except for some written options,	109.6.2.1	
	b) A non-derivative financial asset or financial liability, measured at fair value through profit or loss, unless it is a financial liability designated as at fair value through profit or loss for which the amount of its change in fair value that is attributable to changes in the credit risk of that liability is presented in other comprehensive income in accordance with Q 87, or	109.6.2.2	
	c) The foreign currency risk component of a non-derivative financial asset or a non-derivative financial liability may be designated as a hedging instrument in a hedge of foreign currency risk provided it is not an investment in an equity instrument for which the entity has elected to present changes in fair value in other comprehensive income in accordance with Q 84?	109.6.2.2	
92	Has the entity ensured that only contracts with a party external to the reporting entity are designated as hedging instruments?	109.6.2.3	
93	Has the qualifying instrument been designated in its entirety as a hedging instrument, subject to exceptions below:	109.6.2.4	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) Separating the intrinsic value and time value of an option contract and designating as the hedging instrument only the change in intrinsic value of an option and not the change in its time value,	100.6.2.4	
	b) Separating the forward element and the spot element of a forward contract and designating as the hedging instrument only the change in the value of the spot element of a forward contract and not the forward element; similarly, the foreign currency basis spread may be separated and excluded from the designation of a financial instrument as the hedging instrument, and		
	c) A proportion of the entire hedging instrument, such as 50 per cent of the nominal amount, may be designated as the hedging instrument in a hedging relationship. However, a hedging instrument may not be designated for a part of its change in fair value that results from only a portion of the time period during which the hedging instrument remains outstanding?		
94	If the entity has designated hedging instruments jointly, in a combination of derivatives or a proportion of them; and non-derivatives or a proportion of them, has the entity ensured that such designation excludes the combinations described below:	109.6.2.5	
	a) A derivative instrument that combines a written option and a purchased option (for example, an interest rate collar) if it is, in effect, a net written option at the date of designation (unless it is designated as an offset to a purchased option including one that is embedded in another financial instrument), and	109.6.2.6	
	b) Two or more instruments (or proportions of them) if, in combination, they are, in effect, a net written option at the date of designation?		
	Hedged items		
95	Has the entity designated only items that qualify as hedged items based on the characteristics described in Q 96 to 101, in its hedging relationships?		
96	Is the hedge item a recognised asset or liability, an unrecognised firm commitment, a forecast transaction or a net investment in a foreign operation, which is either a single item or group of items or a component of such an item or group of items?	109.6.3.1	
97	Is the hedged item reliably measurable?	109.6.3.2	
98	If the hedged item is a forecast transaction, is it highly probable in nature?	109.6.3.3	
99	If the hedged item is an aggregated exposure, is it a combination of an exposure that could qualify as a hedged item in accordance with Q 96 and a derivative or a forecast transaction of such an aggregated exposure (if it is highly probable and is eligible as a hedged item once it has occurred)?	109.6.3.4	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
100	Has the entity designated only assets, liabilities, firm commitments or highly probable forecast transactions with a party external to the entity as hedged items in the consolidated financial statements, except if the entity is an investment entity as defined in Ind AS 110, where transactions with its subsdiaries (that are measured at fair value through profit or loss) will not be eliminated in the consolidated financial statements?	109.6.3.5	
101	a) As an exception to Q 100, has the entity designated the foreign currency risk of an intragroup monetary item has a hedged item in the consolidated financial statements only if it results in an exposure to foreign exchange rate gains or losses that are not fully eliminated on consolidation in accordance with Ind AS 21?	109.6.3.6	
	b) Similarly, has the entity designated the foreign currency risk of a highly probable forecast intragroup transaction as a hedged item only if the transaction is denominated in a currency other than the functional currency of the entity and the foreign currency risk will affect consolidated profit or loss?	109.6.3.6	
102	Has an entity designated an item in its entirety as the hedged item in a hedging relationship, except as permitted in Q 103?	109.6.3.7	
103	If an entity has designated a component of an item as the hedged item in a hedging relationship, is it only one of the following types of components:	109.6.3.7	
	a) Only changes in the cash flows or fair value of an item attributable to a specific risk or risks (risk component), provided that, based on an assessment within the context of the particular market structure, the risk component is separately identifiable and reliably measurable . Risk components include a designation of only changes in the cash flows or the fair value of a hedged item above or below a specified price or other variable (a one-sided risk),		
	b) One or more selected contractual cash flows, or		
	c) Components of a nominal amount, i.e. a specified part of the amount of an item?		
	Qualifying criteria for hedge accounting	109.6.4.1	
104	Has the entity ensured that it applies hedge accounting only to qualifying hedge relationships that meet all the criteria in Q 104 (a) to 104 (d) below:		
	a) The hedging relationship consist only of eligible hedging instruments and eligible hedged items,		
	b) At the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity’s risk management objective and strategy for undertaking the hedge,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	c) The documentation in Q 104 (b) includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity will assess whether the hedging relationship meets the hedge effectiveness requirements (including its analysis of the sources of hedge ineffectiveness and how it determines the hedge ratio), and		
	d) The hedging relationship meets all of the following hedge effectiveness requirements: i) There is an economic relationship between the hedged item and the hedging instrument,		
	ii) The effect of credit risk does not dominate the value changes that result from that economic relationship,		
	iii) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item, and		
	iv) The designation does not reflect an imbalance between the weightings of the hedged item and the hedging instrument that would create hedge ineffectiveness that could result in an accounting outcome that would be inconsistent with the purpose of hedge accounting?		
	Accounting for qualifying hedge relationships		
105	Has the entity applied hedge accounting to hedging relationships that meet the qualifying criteria in Q 104 above, only when it opts to designate the hedging relationship?.	109.6.5.1	
106	Has the entity categorised the designated hedge relationship into one of the following three types:		
	a) Fair value hedge: a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or a component of any such item, that is attributable to a particular risk and could affect profit or loss. (For example, a hedge of the price risk in an equity investment using an equity option contract),	109.6.5.2	
	b) Cash flow hedge: a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction, and could affect profit or loss. *(For example, a hedge of highly probable forecast cash flows arising from foreign currency sales using a foreign currency forward contract)*, or	109.6.5.2	
	c) A hedge of a net investment in a foreign operation as defined in Ind AS 21?	109.6.5.2	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note*: A hedge of the foreign currency risk of a firm commitment may be accounted for as a fair value hedge or a cash flow hedge.)*		
107	If the hedged item is an equity instrument for which the entity has elected to present changes in fair value in other comprehensive income, has the recognised hedge ineffectiveness been presented in other comprehensive income?	109.6.5.3	
	(Note*: In this case, the hedged exposure referred to in Q 106 (a) must be one that could affect other comprehensive income.)*		
108	If a hedging relationship has ceased to meet the hedge effectiveness requirement relating to the hedge ratio (refer Q 104 (d) and the risk management objective for that designated hedging relationship remains the same, has the entity adjusted the hedge ratio of the hedging relationship so that it meets the qualifying criteria again (rebalancing)?	109.6.5.5	
109	If the hedging relationship (or a part of a hedging relationship) has ceased to meet the qualifying criteria (after considering any rebalancing, if applicable), has the entity discontinued hedge accounting prospectively (this includes instances when the hedging instrument expires or is sold, terminated or exercised)?	109.6.5.6	
110	Has the entity ensured that the following circumstances are not considered as an expiration or termination of a hedging instrument, and hedge accounting has not been discontinued:	109.6.5.6	
	a) The replacement or rollover of a hedging instrument into another hedging instrument if it is part of, and consistent with, the entity's documented risk management objective,		
	b) The parties to the hedging instrument have agreed that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties, as a consequence of laws or regulations or the introduction of laws or regulations, or		
	c) Other changes, if any, to the hedging instrument have been made, which are limited to those that are necessary to effect such a replacement of the counterparty and consistent with the terms that would be expected if the hedging instrument were originally cleared with the clearing counterparty?		
111	Has the entity applied the requirements in Q 115 when it discontinues hedge accounting for a fair value hedge for which the hedged item is a financial instrument measure at amortised cost?	109.6.5.7	
112	Has the entity applied the requirements in Q 117 when it discontinues hedge accounting for a cash flow hedge?	109.6.5.7	
	Fair value hedges		
113	If a fair value hedge continues to meet the qualifying criteria as mentioned in Q 104, has the entity accounted for the hedging relationship as follows:	109.6.5.8	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) Has the entity recognised the gain or loss on the hedging instrument in profit or loss (or other comprehensive income, if the hedging instrument hedges an equity instrument for which the entity has elected to present changes in fair value in other comprehensive income),		
	b) Has the entity adjusted the hedging gain or loss on the hedged item against the carrying amount of the hedged item (if applicable) and recognised this in profit or loss,		
	(Note: *This includes hedging gain or loss on a hedged item that is a financial asset (or component thereof) that is measured at fair value through other comprehensive income in accordance with Q 24(a)*).		
	c) Has the entity ensured that the hedging gain or loss remains in other comprehensive income if the hedged item is an equity instrument for which the entity has elected to present changes in fair value in other comprehensive income in accordance with Q 24(b), and		
	d) Has the cumulative change in the fair value of the hedged item subsequent to its designation been recognised as an asset or a liability with a corresponding gain or loss recognised in profit or loss, if the hedged item is an unrecognised firm commitment (or a component thereof)?		
114	When a hedged item in a fair value hedge is a firm commitment (or a component thereof) to acquire an asset or assume a liability, has the initial carrying amount of the asset or the liability that results from the entity meeting the firm commitment been adjusted to include the cumulative change in the fair value of the hedged item that was recognised in the balance sheet?	109.6.5.9	
115	Has the entity amortised any adjustment arising from Q 113 (b) to 113 (d) to profit or loss if the hedged item is a financial instrument (or a component thereof) measured at amortised cost?	109.6.5.10	
	(Note: *Amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for hedging gains and losses. The amortisation is based on a recalculated effective interest rate at the date that it begins.)*		
	Cash flow hedges		
116	If a cash flow hedge continues to meet the qualifying criteria in Q 104, has the entity accounted for the hedging relationship as follows:	109.6.5.11	
	a) Has the entity adjusted the separate component of equity associated with the hedged item (cash flow hedge reserve) to the lower of the cumulative gain or loss on the hedging instrument from inception of the hedge and the cumulative change in fair value of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) Has the entity recognised the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge (i.e. the portion that is offset by the change in the cash flow hedge reserve calculated in accordance with (a) above) in other comprehensive income,		
	c) Has the entity recognised any remaining gain or loss on the hedging instrument (or any gain or loss required to balance the change in the cash flow hedge reserve in accordance with Q 116 (a)), representing hedge ineffectiveness in profit or loss, and		
	d) Has the entity accounted for the amount accumulated in the cash flow hedge reserve in accordance with Q 116(a) as follows:		
	i) If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability becoming a firm commitment for which fair value hedge accounting is applied, has the entity removed the amount accumulated in the cash flow hedge reserve and included it directly in the initial cost or other carrying amount of the asset or the liability,		
	ii) For cash flow hedges other than those covered by Q 116 (d) (i) above, has the entity reclassified the amount from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss (for example, in the periods that interest income or interest expense is recognised or when a forecast sale occurs), and		
	iii) If the amount accumulated in the cash flow hedge reserve is a loss and the entity expects that all or a portion of that loss will not be recovered in one or more future periods, has the loss or portion of loss it immediately been reclassified into profit or loss as a reclassification adjustment?		
117	If the entity has discontinued hedge accounting for a cash flow hedge, has it accounted for the amount accumulated in cash flow hedge reserve as follows:	109.6.5.12	
	a) Has the entity retained that amount in the cash flow hedge reserve if the hedged future cash flows are still expected to occur, until Q 116 (d) (iii) applies or the future cash flows occur and Q 116 (d) applies, and		
	b) Has the entity reclassified that amount from the cash flow hedge reserve to profit or loss as a reclassification adjustment if the hedged future cash flows are no longer expected to occur?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Hedges of a net investment in a foreign operation		
118	If the entity has designated a hedge of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment (refer Ind AS 21) has the entity applied an accounting treatment similar to that for cash flow hedges, as follows:	109.6.5.13	
	a) Has the entity recognised the portion of the gain or loss on the hedging instrument that is determined as an effective hedge, in other comprehensive income, and		
	b) Has the entity recognised the ineffective portion in profit or loss?		
119	Has the entity reclassified the cumulative gain or loss on the hedging instrument, relating to the effective portion of the hedge, that has been accumulated in the foreign currency translation reserve from equity to profit or loss as a reclassification adjustment on the disposal or partial disposal of the foreign operation, in accordance with paragraphs 48–49 of Ind AS 21?	109.6.5.14	
	Accounting for time value of options/forward element of forward contracts		
120	If the entity has availed of the exception in Q 93 (a) and has separated the intrinsic value and time value of an option contract and designated only the change in intrinsic value of the option as the hedging instrument, has it accounted for the time value of the option as follows:	109.6.5.15	
	a) Has the entity distinguished the time value of options by the type of hedged item that the option hedges, into transaction related hedged item or time-period related hedged item,		
	b) Has the entity recognised the change in fair value of the time value of an option that hedges a transaction related hedged item in other comprehensive income to the extent that it relates to the hedged item and accumulated this in a separate component of equity,		
	c) Has the entity accounted for the cumulative change in the fair value arising from the time value of the option that has been accumulated in a separate component of equity in accordance with Q 120 (b) above, as follows:		
	i) Has the entity removed this amount from the separate component of equity and included it directly in the initial cost or other carrying amount of the asset or the liability where the hedged item has subsequently resulted in the recognition of a non-financial asset or a non-financial liability, or a firm commitment for a non-financial asset or a non-financial liability for which fair value hedge accounting was applied,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	ii) For hedging relationships that are not covered by Q 120 (c) (i), has the entity reclassified this amount from the separate component of equity to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affected profit or loss (for example, when a forecast sale occurs), and		
	iii) If all or portion of this amount is not expected to be recovered in one or more future periods, has the entity reclassified the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.		
	d) Has the entity accounted for the change in fair value of the time value of an option that hedges a time-period related hedged item as follows,		
	i) Has this amount been recognised in other comprehensive income to the extent that it relates to the hedged item and accumulated in a separate component of equity,		
	ii) Has the entity amortised the time value at the date of designation of the option as a hedging instrument, to the extent that it relates to the hedged item, on a systematic and rational basis over the period during which the hedge adjustment for the option's intrinsic value could affect profit or loss (or other comprehensive income if the hedged item is an equity instrument for which the entity has elected to present changes in fair value in other comprehensive income),		
	iii) Has the entity therefore reclassified the amortisation amount from the separate component of equity to profit or loss as a reclassification adjustment in each reporting period, and		
	iv) Has the entity reclassified the net amount that has been accumulated in the separate component of equity into profit or loss as a reclassification adjustment where hedge accounting is discontinued for hedging relationship that includes the change in intrinsic value of the option as the hedging instrument?		
121	If the entity avails of the exception in Q 93 (b) and separates the forward element and the spot element of a forward contract and designates only the change in the value of the spot element of the forward contract as the hedging instrument; or if the entity separates the foreign currency basis spread from a financial instrument and excludes it from the designation of that financial instrument as the hedging instrument has the entity applied the requirements of Q 120 to such forward element or foreign currency basis spread in the same manner as it is applied to the time value of an option?	109.6.5.16	
	Hedges of a group of items		
122	Has the entity designated a group of items (including a group of items that constitute a net position) as a hedged item only if such group is eligible based on the following conditions:	109.6.6.1	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) It consists of items (including components of items) that are, individually, eligible hedged items,		
	b) The items in the group are managed together on a group basis for risk management purposes, and		
	c) In the case of a cash flow hedge of a group of items whose variabilities in cash flows are not expected to be approximately proportional to the overall variability in cash flows of the group so that offsetting risk positions arise:		
	i) It is a hedge of foreign currency risk, and		
	ii) The designation of that net position specifies the reporting period in which the forecast transactions are expected to affect profit or loss, as well as their nature and volume.		
	(Note: *A component that is a proportion of an eligible group of items is an eligible hedged item provided that designation is consistent with the entity's risk management objective.)*	109.6.6.2	
123	Has the entity designated a layer component of an overall group of items only if it is eligible for hedge accounting, i.e. when it satisfies the below criteria:	109.6.6.3	
	a) It is separately identifiable and reliably measurable,		
	b) The risk management objective is to hedge a layer component,		
	c) The items in the overall group from which the layer is identified are exposed to the same hedged risk (so that the measurement of the hedged layer is not significantly affected by which particular items from the overall group form part of the hedged layer), and		
	d) For a hedge of existing items (for example, an unrecognised firm commitment or a recognised asset) an entity can identify and track the overall group of items from which the hedged layer is defined (so that the entity is able to comply with the requirements for the accounting for qualifying hedging relationships)?		
124	For a hedge of a group of items with offsetting risk positions (i.e. in a hedge of a net position) whose hedged risk affects different line items in the statement of profit and loss, have all hedging gains or losses in that statement been presented in a separate line from those affected by the hedged items? As a result, in that statement, does the amount in the line item that relates to the hedged item itself (for example, revenue or cost of sales) remained unaffected?	109.6.6.4	
125	For assets and liabilities that are hedged together as a group in a fair value hedge, has the gain or loss in the balance sheet on the individual assets and liabilities been recognised as an adjustment of the carrying amount of the respective individual items comprising the group in accordance with Q 113 above?	109.6.6.5	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
126	If the hedged item is a group that is a nil net position (i.e. the hedged items among themselves fully offset the risk that is managed on a group basis), has the entity designated it in a hedging relationship which does not include a hedging instrument only provided it satisfies the below criteria:	109.6.6.6	
	a) The hedge is part of a rolling net risk hedging strategy, whereby the entity routinely hedges new positions of the same type as time moves on (for example, when transactions move into the time horizon for which the entity hedges),		
	b) The hedged net position changes in size over the life of the rolling net risk hedging strategy and the entity uses eligible hedging instruments to hedge the net risk (i.e. when the net position is not nil),		
	c) Hedge accounting is normally applied to such net positions when the net position is not nil and it is hedged with eligible hedging instruments, and		
	d) Not applying hedge accounting to the nil net position would give rise to inconsistent accounting outcomes, because the accounting would not recognise the offsetting risk positions that would otherwise be recognised in a hedge of a net position?		
	Option to designate of credit exposure as measured at fair value through profit or loss		
127	If the entity uses a credit derivative that is measured at fair value through profit or loss to manage the credit risk of all, or a part of, a financial instrument (credit exposure), has it designated that financial instrument to the extent that it is so managed (i.e. all or a proportion of it) as measured at fair value through profit or loss only if it satisfies the following criteria:	109.6.7.1	
	a) The name of the credit exposure (for example, the borrower, or the holder of a loan commitment) matches the reference entity of the credit derivative ('name matching'), and		
	b) The seniority of the financial instrument matches that of the instruments that can be delivered in accordance with the credit derivative?		
	(Note*: The entity may make this designation irrespective of whether the financial instrument that is managed for credit risk is within the scope of this Standard (for example, an entity may designate loan commitments that are outside the scope of this Standard). The entity may designate that financial instrument at, or subsequent to, initial recognition, or while it is unrecognised so long as it documents the designation concurrently.)*		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
128	a) If a financial instrument has been designated in accordance with clause 127 as measured at fair value through profit or loss after its initial recognition, or was previously not recognised, then has the difference at the time of designation between the carrying amount, if any, and the fair value immediately been recognised in profit or loss?	109.6.7.2	
	b) Similarly for financial assets measured at fair value through other comprehensive income in accordance with clause 24, has the cumulative gain or loss previously recognised in other comprehensive income immediately been reclassified from equity to profit or loss as a reclassification adjustment?		
129	Has the entity discontinued measuring the financial instrument that gave rise to the credit risk, or a proportion of that financial instrument, at fair value through profit and loss if the both the following conditions are met: a) The qualifying criteria in Q 127 are no longer met, for example: i) The credit derivative or the related financial instrument that gives rise to the credit risk expires or is sold, terminated or settled, or	109.6.7.3	
	ii) The credit risk of the financial instrument is no longer managed using credit derivatives. For example, this could occur because of improvements in the credit quality of the borrower or the loan commitment holder or changes to capital requirements imposed on an entity,		
	b) The financial instrument that gives rise to the credit risk is not otherwise required to be measured at fair value through profit or loss (i.e. the entity's business model has not changed in the meantime so that a reclassification in accordance with Q 36 was required)?		
	(Note: *When the entity discontinues measuring the financial instrument that gives rise to the credit risk, or a proportion of that financial instrument, at fair value through profit or loss, that financial instrument's fair value at the date of discontinuation becomes its new carrying amount.* *Subsequently, the same measurement that was used before designating the financial instrument at fair value through profit or loss shall be applied (including amortisation that results from the new carrying amount). For example, a financial asset that had originally been classified as measured at amortised cost would revert to that measurement and its effective interest rate would be recalculated based on its new gross carrying amount on the date of discontinuing measurement at fair value through profit or loss.)*	109.6.7.4	
	Extinguishing financial liabilities with equity instruments		
130	When the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability, has the entity accounted for such a 'debt for equity swap' as follows:	109.D2	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) The issue of the entity's equity instruments to a creditor to extinguish all or part of a financial liability is considered as consideration paid in accordance with Q 20,	109.D5	
	b) The financial liability (or a part thereof) is removed from the entity's balance sheet when, and only when, it is extinguished in accordance with Q 18,	109.D5	
	c) The equity instruments issued to a creditor to extinguish all or part of a financial liability are measured at their fair value when initially recognised, unless that fair value cannot be reliably measured,	109.D6	
	d) If the fair value of the equity instruments issued cannot be measured reliably then the equity instruments are measured at the fair value of the financial liability extinguished,	109.D7	
	e) If only part of the financial liability is extinguished, the entity shall assess whether some of the consideration paid relates to a modification of the terms of the liability that remains outstanding. If so, the entity shall allocate the consideration paid between the part of the liability extinguished and the part of the liability that remains outstanding,	109.D8	
	f) The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished, and the consideration paid, is recognised in profit or loss, in accordance with Q 20. The equity instruments issued are recognised initially and measured at the date the financial liability (or part thereof) is extinguished,	109.D9	
	g) When only part of the financial liability is extinguished and consideration is allocated in accordance with Q 130(e), the consideration allocated to the remaining liability forms part of the assessment of whether the terms of that remaining liability have been substantially modified. If the remaining liability has been substantially modified, the modification is accounted for as the extinguishment of the original liability and the recognition of a new liability as required by Q 19, and	109.D10	
	h) The entity discloses a gain or loss recognised in accordance with Q 130(f) and (g) as a separate line item in profit or loss or in the notes?	109.D11	

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- There are no specific requirements arising out of the 2013 Act in the context of this standard.

Significant carve-outs from IFRS

- The option to apply the requirements of IAS 39 for a fair value hedge of the interest rate exposure of a portfolio of financial assets or financial liabilities, as provided in IFRS 9 has been removed in Ind AS 109.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

ICDS I – Accounting policies

- A marked-to-market loss or an expected loss is not permitted to be recognised unless the recognition of such loss is in accordance with the provisions of any other ICDS.

ICDS VI – Forward Exchange Contracts

- Any premium or discount arising at the inception of a forward exchange contract shall be amortised as expense or income over the life of the contract. Exchange differences on such a contract shall be recognised as income or as expense in the previous year in which the exchange rates change in case where the forward contracts are entered against underlying assets/liabilities at the balance sheet, and are not entered for trading or speculation purposes. For this purpose, forward exchange contracts also include foreign currency option contracts. Any profit or loss arising on cancellation or renewal shall be recognised as income or as expense for the year.
- For all other cases, the premium, discount or exchange difference on contracts that are intended for trading or speculation purposes, or that are entered into to hedge the foreign currency risk of a firm commitment or a highly probable forecast transaction shall be recognised at the time of settlement.
- The transitional provisions under notified ICDS provide that ICDS would apply to all forward contracts existing as on 1 April, 2015 or entered on or after 1 April, 2015. Such contracts shall be dealt with in accordance with the provisions of this standard after taking into account the income or expenses, if any, recognised in respect of said contracts for the year ending on or before 31 March, 2015.

ICDS VIII – Securities

- ICDS deals with securities held as stock in trade (ICDS is not applicable for securities that fall under long term/short term capital gains). A security on acquisition shall be recognised at actual cost. At the end of any year, securities held as stock-in-trade shall be valued at actual cost initially recognised or net realisable value at the end of that year, whichever is lower. However, at the end of any year, securities not listed on a recognised stock exchange; or listed but not quoted on a recognised stock exchange with regularity from time to time, shall be valued at actual cost initially recognised.

ICDS IX – Borrowing Costs

- The methodology for recognition of borrowing costs has been specifically prescribed in the ICDS and interest expense is recognised on time basis.
- All the borrowing costs incurred on or after 1 April, 2015 shall be capitalised for the year commencing on or after 1 April, 2015 in accordance with the provisions of this standard after taking into account the amount of borrowing costs capitalised, if any, for the same borrowing for any previous year ending on or before 31 March, 2015.

Glossary

12-month expected credit losses: The portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Amortised cost of a financial asset or financial liability: The amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Contract assets: Those rights that Ind AS115 Revenue from Contracts with Customers specifies are accounted for in accordance with this Standard for the purposes of recognising and measuring impairment gains or losses.

Credit impaired financial asset: A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

a) Significant financial difficulty of the issuer or the borrower;

b) A breach of contract, such as a default or past due event;

c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

e) The disappearance of an active market for that financial asset because of financial difficulties; or

f) The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event instead, the combined effect of several events may have caused financial assets to become credit-impaired.

Credit loss: The difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (ie all cash shortfalls),discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). An entity shall estimate cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument. The cash flows that are considered shall include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. There is a presumption that the expected life of a financial instrument can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the expected life of a financial instrument, the entity shall use the remaining contractual term of the financial instrument.

Credit-adjusted effective interest rate: The rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset to the amortised cost of a financial asset that is a purchased or originated credit-impaired financial asset. When calculating the credit-adjusted effective interest rate, an entity shall estimate the expected cash flows by considering all contractual terms of the financial asset (for example, prepayment, extension, call and similar options) and expected credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the remaining life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Derecognition: The removal of a previously recognised financial asset or financial liability from an entity's balance sheet.

Derivative: A financial instrument or other contract within the scope of this Standard with all three of the following characteristics.

a) Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').

b) It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

c) It is settled at a future date.

Dividends: Distributions of profits to holders of equity instruments in proportion to their holdings of a particular class of capital.

Effective interest method: The rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, an entity shall estimate the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but shall not consider the expected credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Expected credit losses: The weighted average of credit losses with the respective risks of a default occurring as the weights.

Financial guarantee contract: A contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial liability at fair value through profit or loss: A financial liability that meets one of the following conditions:

a) It meets the definition of held for trading.

b) Upon initial recognition it is designated by the entity as at fair value through profit or loss in accordance with paragraph 4.2.2 or 4.3.5.

c) It is designated either upon initial recognition or subsequently as at fair value through profit or loss in accordance with paragraph 6.7.1.

Firm commitment: A binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates.

Forecast transaction: An uncommitted but anticipated future transaction.

Gross carrying amount of a financial asset: The amortised cost of a financial asset, before adjusting for any loss allowance.

Hedging instrument: A designated derivative or (for a hedge of the risk of changes in foreign currency exchange rates only) a designated non-derivative financial asset or non-derivative financial liability whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a designated hedged item.

Hedge ratio: The relationship between the quantity of the hedging instrument and the quantity of the hedged item in terms of their relative weighting.

Held for trading: A financial asset or financial liability that:

a) Is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

b) On initial recognition is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

c) Is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Impairment gain or loss: Gains or losses that are recognised in profit or loss in accordance with paragraph 5.5.8 and that arise from applying the impairment requirements in Section 5.5.

Lifetime expected credit losses: The expected credit losses that result from all possible default events over the expected life of a financial instrument.

Loss allowance: The allowance for expected credit losses on financial assets measured in accordance with paragraph 4.1.2, lease receivables and contract assets, the accumulated impairment amount for financial assets measured in accordance with paragraph 4.1.2A and the provision for expected credit losses on loan commitments and financial guarantee contracts.

Modification gain or loss: The amount arising from adjusting the gross carrying amount of a financial asset to reflect the renegotiated or modified contractual cash flows. The entity recalculates the gross carrying amount of a financial asset as the present value of the estimated future cash payments or receipts through the expected life of the renegotiated or modified financial asset that are discounted at the financial asset's original effective interest rate (or the original credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets) or, when applicable, the revised effective interest rate calculated in accordance with paragraph 6.5.10.When estimating the expected cash flows of a financial asset, an entity shall consider all contractual terms of the financial asset (for example, prepayment, call and similar options) but shall not consider the expected credit losses, unless the financial asset is a purchased or originated credit impaired financial asset, in which case an entity shall also consider the initial expected credit losses that were considered when calculating the original credit adjusted effective interest rate.

Past due: A financial asset is past due when a counterparty has failed to make a payment when that payment was contractually due.

Purchased or originated credit-impaired financial asset: Purchased or originated financial asset(s) that are credit impaired on initial recognition.

Reclassification date: The first day of the first reporting period following the change in business model that results in an entity reclassifying financial assets.

Regular way purchase or sale: A purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

Transaction costs: Incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability (see paragraph B5.4.8). An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

(Source: Ind AS 109, *Financial Instruments* as issued by the Ministry of Corporate Affairs)

Ind AS-110 Consolidated Financial Statements

1. Executive summary

- The objective of Indian Accounting Standard (Ind AS) 110, *Consolidated Financial Statements* is to establish principles for the presentation and preparation of consolidated financial statements when the entity controls one or more entities.
- Ind AS 110 requires the entity that controls one or more entities presents consolidated financial statements unless it is a qualifying investment entity or specific exemption criteria are met.
- An investor controls an investee when the investor is exposed to (has rights to) variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee. Control involves power, exposure to variability of returns and a linkage between the two.
- Step 1: Understanding the investee:
  - Control is generally assessed at the level of the legal entity. However, an investor may have control over only specified assets and liabilities of the legal entity (referred to as a silo), in which case control is assessed at that level.
  - The purpose and design of the investee does not in itself determine whether the investor controls the investee. However, it plays a role in the judgement applied by the investor in areas of the control model. Assessing purpose and design includes considering the risks that the investee was designed to create and to pass on to the parties involved in the transaction, and whether the investor is exposed to some or all of those risks.
  - The 'relevant activities' of the investee - i.e. the activities that significantly affect the investee's returns-need to be identified. In addition, the investor determines whether decisions about the relevant activities are made based on voting rights.
- Step 2: Power over relevant activities:
  - Only substantive rights are considered in assessing whether the investor has control over the relevant activities.
  - If voting rights are relevant for assessing power, then the investor considers potential voting rights that are substantive, rights arising from other contractual arrangements and factors that may indicate de facto power e.g. the investor has a dominant shareholding and the other vote holders are sufficiently dispersed.
  - If voting rights are not relevant for assessing power, then the investor considers evidences of the practical ability to direct the relevant activities, indicators of special relationship (more than passive interest) with the investee, and the size of the investor's exposure to variable returns from its involvement with the investee.
- Step 3: Exposure to variability: An investor is exposed, or has rights, to variable returns from its involvement with the investee when the investor's returns from its involvement have the potential to vary as a result of the investee's performance. The investor's returns can be only positive, only negative or both. Returns should be interpreted broadly and it could be said to encompass synergistic returns as well as direct returns.
- Step 4: Linkage: If the investor is an agent, then the link between power and returns is absent and the decision maker's delegated power is treated as if it were held by the principal. The entity takes into account the rights of parties acting on its behalf in assessing whether it controls an investee.
- To determine whether it is an agent, the decision maker considers:
  - Substantial removal and other rights held by a single or multiple parties,
  - Whether its remuneration is on arm's length terms,
  - Its other economic interests, and

  - The overall relationship between itself and other parties.
- The entity takes into account the rights of parties acting on its behalf in assessing whether it controls an investee.
- The difference between the reporting date of a parent and its subsidiary cannot be more than three months. Adjustments are made for the effects of significant transactions and events between the two dates.
- Uniform accounting policies are used throughout the group.
- Ind AS 110, requires losses relating to subsidiaries to be attributed to non-controlling interests (NCI) even if it results in a negative balance.
- Intra-group transactions are eliminated in full.
- On loss of control of a subsidiary, the assets and liabilities of the subsidiary and the carrying amount of the NCI are derecognised. The consideration received and any retained interest (measured at fair value) are recognised. Amounts recognised in other comprehensive Income (OCI) are reclassified as required by other Ind ASs. Any resultant gain or loss is recognised in profit or loss.
- Ind AS 110, requires that changes in the ownership interest of equity holders of the parent in a subsidiary, that do not result in a loss of control are accounted for as equity transactions (transactions between shareholders).

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Scope		
1	Has the entity presented consolidated financial statements unless it is permitted not to do so under the following circumstances:	110.4	
	a) The entity is a wholly-owned subsidiary or 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 the consolidated financial statements,		
	b) The entity's 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),		
	c) The entity has not filed, 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 instruments in a public market,		
	d) The entity's ultimate or any intermediate parent produces financial statements that are available for public use and comply with Ind AS, in which subsidiaries are consolidated or are measured at fair value through profit or loss in accordance with this Ind AS,		
	e) The entity is a post-employment benefit plan or other long-term employee benefit plan to which Ind AS 19, *Employee Benefits*, applies, and	110.4A	
	f) The entity is an investment entity meeting the requirements in Q 14 and 15 to measure all of its subsidiaries at fair value through profit or loss?	110.4B	
	Control		
2	a) Has the entity identified the investees that it controls based on its consideration of all of the following factors, irrespective of its nature of involvement with investees:	110.5 110.7	
	i) Power over the investee (refer Q4 and 5),		
	ii) Exposure, or rights, to variable returns from its involvement with the investee (see Q6), and		
	iii) The ability to use its power over the investee to affect the amount of the investor's returns (see Q7)?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) In identifying the investees that it controls, has the entity also considered the following other factors:	110.B3 110.B5 - 110.B8	
	i) The purpose and design in order to identify the relevant activities of the investee: design is such that the control is established by majority voting rights or through contractual arrangements. In case of the latter, the risks to which the investee was designed to be exposed, the risks it was designed to pass on to the parties involved with the investee and whether the investor is exposed to some or all of those risks should also be considered. Risks includes not only the downside risk, but also the potential for upside,	110.B11 110.B12 110.B13	
	ii) What constitutes relevant activities (operating and financing activities) that significantly affect the return of the investees and how the decision (appointment, remuneration of investee's key management personnel (KMP), budgeting and capital decisions) about those activities are made. In case of multiple investors, which investor is able to direct the activities that most significantly affect those returns consistently with the treatment of concurrent decision making rights,		
	iii) Whether the rights of the investor give it the current ability to direct the relevant activities (see Q 4 below),		
	iv) Whether the investor is exposed, or has rights, to variable returns from its involvement with the investee (see Q 6 below),and		
	v) Whether the investor has the ability to use its power over the investee to affect the amount of the investor's return (see Q 6 below)?		
3	Has the entity reassessed whether it continues to controls an investee, in case facts and circumstances indicate that any one or more of the three elements listed in Q 2(a) above have changed?	110.8	
	Power		
4	Has the entity determined whether it has power overs an investee based on its existing rights (i.e. substantive rights and rights that are not protective) that give the entity the current ability to direct the relevant activities (i.e. the activities that significantly affect the investee's returns) so as to affect the amount of the entity's return?	110.10 110.12	
	Factors to be considered in assessing if investor has power includes:		
	a) Rights that either individually or in combination, can give an investor power for e.g. voting rights including potential voting rights. However, even in case there are potential voting rights, the proportions of profit or loss and changes in equity allocated to the parent and non-controlling interests in preparing consolidated financial statements is determined solely on the basis of existing ownership interests and does not reflect the possible exercise or conversion of potential voting rights and other derivatives unless in substance an existing ownership interest exists,	110.B15	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) Rights to appoint, reassign or remove members of an investee's key management personnel who have the ability to direct the relevant activities,		
	c) Rights to appoint or remove another entity that directs the relevant activities,		
	d) Rights to direct the investee to enter into, or veto any changes to, transactions for the benefit of the investor,		
	e) Other rights (such as decision-making rights specified in a management contract) that give the holder the ability to direct the relevant activities,		
	f) Barriers (economic or otherwise) that prevent exercise of rights,	110.B23	
	g) If exercise of substantive rights is dependent on agreement of more than one party, mechanism should be in place for approvals and common consensus between all of the parties so as to demonstrate that all parties involved have practical ability to exercise their rights collectively. Since no one investor can direct the activities without the co-operation of the others, no investor individually controls the investee and thus less likely that those rights are substantive,	110.B23	
	h) Rights are exercisable when decision on relevant activities are been made thus to be substantive rights are currently exercisable, and	110.B24	
	i) Having only protective rights does give power to investor. Example of protective rights includes:	110.B13 110.B27	
	i) Lender's right to restrict a borrower from undertaking activities that could significantly change the credit risk of the borrower to the detriment of the lender,	110.B28	
	ii) The right of a party holding a non-controlling interest in an investee to approve capital expenditure greater than that required in the ordinary course of business, or to approve the issue of equity or debt instruments, and		
	iii) The right of a lender to seize the assets of a borrower if the borrower fails to meet specified loan repayment conditions?		
5	Has the entity's power over an investee been assessed on the basis of :	110.11	
	a) Voting rights granted by equity instruments such as shares, when power is obtained directly and solely from such voting rights, or		
	b) A consideration of more than one factor, for example when power results from one or more contractual arrangements?		
	Returns		
6	Has the entity assessed whether it controls an investee based on its exposure, or rights, to variable returns from its involvement with the investee, if the returns from such involvement have the potential to vary as a result of the investee's performance?	110.16 110.B55	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note: *Variable returns vary as a result of the performance of investee and can be only positive, only negative or both. Variability of the returns are to be assessed based the substance of the arrangement regardless of the legal form of the returns. Examples include dividends, other distributions, remuneration for servicing an investee's assets or liabilities, fees and exposure to loss from providing credit or liquidity support, residual interests in the investee's assets and liabilities on liquidation of that investee, tax benefits, and access to future liquidity that the entity has from its involvement with an investee and returns that are not available to other interest holders. Although only one investor can control an investee, more than one party can share in the returns of an investee. For example, holders of non-controlling interests can share in the profits or distributions of an investee.)*	110.16, B56	
	Link between power and returns		
7	a) Has the entity assessed if it controls an investee based on the ability to use its power over the investee to affect its own returns from its involvement with the investee, in terms of the decision making rights that it exercises in its capacity as a principal? (Note: *Where there is more than one principal, each of them shall assess whether they have power over the investee by considering the requirements as mentioned in Q 2 to 6 above*).	110.18 110.B59	
	b) Has the entity determined whether it is acting in the capacity of a principal based on an evaluation of the relationship between itself, the investee being managed and other parties involved with the investee, on consideration of factors that include:	110.B58 - 110.B72	
	i) The scope of its decision-making authority over the investee - the activities that are permitted according to the decision-making agreement(s) and specified by law, the discretion that the decision maker has when making decisions about those activities, the purpose and design of the investee, the risks to which the investee was designed to be exposed, the risks it was designed to pass on to the parties involved and the level of involvement the decision maker had in the design of an investee are to be considered,	110.B62 110.B63	
	ii) The rights held by other parties and rights exercisable by an investee's board of directors (or other governing body) – Substantive removal rights and rights that restrict decision maker's discretion held by another party may indicate that the decision maker is only an agent,	110.B64 110.B65 110.B66 110.B67	
	iii) The remuneration to which it is entitled in accordance with the remuneration agreement(s) - Unless the remuneration of the decision maker is commensurate with the services provided and the agreement includes only terms, conditions or amounts that are customarily present in arrangements for similar services and level of skills negotiated on an arm's length basis the decision maker cannot be an agent,	110.B68 110.B69 110.B70	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	iv) The decision maker's exposure to variability of returns from other interests that it holds in the investee – the magnitude of variability and the difference in the exposure to variability as compared to other investors are to be considered, and	110.B71 110.B72	
	v) An investor that is an agent in accordance with Q 7(b) does not control an investee when it exercises decision-making rights delegated to it. Investor needs to assess if there is any change in its assessment that it acts as an agent or principal. For e.g. if changes to the rights of the investor, or of other parties, occur, the investor no longer acts as an agent or principal?	110.B84	
	Accounting requirements		
8	Has the entity (as parent) prepared consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances?	110.19	
9	Has the entity determined the date on which it has obtained control of the investee and begun consolidation of an investee from the aforementioned date by following the consolidation procedures stated below:	110.20	
	a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries,	110.B86	
	b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary (Ind AS 103, *Business Combination* explains how to account for any related goodwill),		
	c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12, *Income Taxes*, applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions,		
	d) The financial statements of the parent and its subsidiaries shall have the same reporting date unless it is impracticable to so, in which case the most recent financial statements of the subsidiary adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of the consolidated financial statements shall be used. In any case the difference between the reporting dates shall not exceed three months,	110.B92 110.B93	
	e) The accounting policies adopted by investee are the same as that used in preparation of consolidated financial statements. If not, appropriate adjustments are required to be recorded so as to ensure conformity with the Group's (Parent with subsidiaries together "the Group") accounting policies,	110.B87	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	f) Income, expenses, assets liabilities of subsidiary are included in consolidated financial statements only from the date the investor gains control until the date the investor ceases to control subsidiary,	110.B88	
	g) In case potential voting rights, or other derivatives containing potential voting rights, exist, the proportion of profit or loss and changes in equity have been allocated between the parent and non-controlling interests, solely on the basis of existing ownership interests and does not reflect the possible exercise or conversion of potential voting rights and other derivatives,	110.B89	
	h) In cases where an entity has, in substance, an existing ownership interest as a result of a transaction that currently gives the entity access to the returns associated with an ownership interest, the proportion allocated to the parent and non-controlling interests is determined by taking into account the eventual exercise of those potential voting rights and other derivatives that currently give the entity access to the returns,	110.B90	
	i) The profit or loss and each component of other comprehensive income has been attributed to the owners of the parent and to the non-controlling interest,	110.B94	
	j) The total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance, and	110.B94	
	k) In case a subsidiary has outstanding cumulative preference shares that are classified as equity and are held by non-controlling interests, the entity computes its share of profit or loss after adjusting for the dividends on such shares, whether or not such dividends have been declared?	110.B95	
	Non-controlling interests		
10	Has the entity presented non-controlling interests in the consolidated balance sheet within equity, separately from the equity of the owners of the parent?	110.22	
11	Has the entity classified changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary as equity transactions? (Note: *When the proportion of the equity held by non-controlling interests changes, the entity shall adjust the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. The entity shall recognise directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent.)*	110.B96	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Loss of control		
12	If the entity has lost control of its subsidiary, has it ensured that it:	110.25	
	a) Derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost; and the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them),	110.B98	
	b) Recognises at its fair value, the consideration received, if any, distribution of shares of the subsidiary to owners in their capacity as owners and any investment retained in the former subsidiary when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant Ind AS,		
	c) Recognises the gain or loss associated with the loss of control attributable to the former controlling interest,		
	d) Reclassifies to profit or loss, or transfers directly to retained earnings if required by other Ind ASs, the amounts recognised in other comprehensive income in relation to the subsidiary on the same basis as would be required if the entity had directly disposed of the related assets or liabilities, and		
	e) Accounts for all amounts previously recognised in other comprehensive income in relation to that subsidiary on the same basis as would be required if the entity had directly disposed of the related assets or liabilities. Any gain or loss previously recognised in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities. Any revaluation surplus previously recognised in other comprehensive income would be transferred directly to retained earnings on the disposal of the asset?	110.B99	
13	Has the entity ensured that two or more arrangements that should be accounted for as a single transaction resulting in loss of control and having the following indicators, have been accounted for as per the requirement mentioned in Q 12 above:	110.B97	
	a) They are entered into at the same time or in contemplation of each other,		
	b) They form a single transaction designed to achieve an overall commercial effect,		
	c) The occurrence of one arrangement is dependent on the occurrence of at least one other arrangement, and		
	d) One arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Determining whether an entity is an investment entity		
14	Based on a consideration of all facts and circumstances including its purpose and design, has the entity met all of the following criteria (essential elements) for being considered an investment entity:	110.27	
	a) It obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services, as indicated below:		
	i) Its business purpose is to invest solely for capital appreciation, investment income (such as dividends, interest or rental income), or both,		
	(Note: *Determining business purpose consideration includes reference to entity's offering memorandum, publications distributed by the entity and other corporate or partnership documents. Manner in which the entity presents itself to other parties (such as potential investors or potential investees); for example, an entity may present its business as providing medium-term investment for capital appreciation).*	110.B85A 110.B85B	
	ii) It may provide investment-related services (e.g. investment advisory services, investment management, investment support and administrative services), either directly or through a subsidiary, to third parties as well as to its investors even if those activities are substantial to the entity, subject to the entity continuing to meet the definition of an investment entity. It may also participate in providing management services and strategic advice to an investee and participate in providing financial support to an investee, such as a loan, capital commitment or guarantee either directly or through a subsidiary, if these activities are undertaken to maximise the investment return (capital appreciation or investment income) from its investees and do not represent a separate substantial business activity or a separate substantial source of income to the investment entity.	110.B85C 110.B85D	
	iii) It does not plan to hold its investments indefinitely, i.e. it holds them for a limited period?		
	(Note: *An investment entity shall have an exit strategy (which may vary by type of investment) documenting how the entity plans to realise capital appreciation from substantially all of its equity investments and non-financial asset investments and for any debt instruments that have the potential to be held indefinitely like perpetual debt investments. Exit strategy is not required in case of investment in another investment entity formed in connection with the entity for legal, regulatory, tax or similar business reasons provided that the investment entity investee has appropriate exit strategies for its investments. Different potential exit strategies can be identified for different types or portfolios of investments (rather than for each individual investment) and should include a substantive time frame for exiting the investments)*	110.B85F 110.B85G 110.B85H	
	b) It commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and	110.B85I	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note: *The entity is not investing solely for capital appreciation, investment income, or both, if the entity or another member of the group containing the entity (i.e. the group that is controlled by the investment entity's ultimate parent) obtains, or has the objective of obtaining, other benefits from the entity's investments that are not available to other parties that are not related to the investee.)*		
	c) It measures and evaluates the performance of substantially all of its investments on a fair value basis as indicated below:		
	i) It provides investors with fair value information and measure substantially all of its investments at fair value in its financial statements whenever fair value is required or permitted in accordance with Ind ASs, and	110.B85K	
	(Note: *To meet this, the entity elects the exemption from applying the equity method in Ind AS 28 for its investments in associates and joint ventures; and measure its financial assets at fair value using the requirements in Ind AS 109, Financial Instruments. The fair value measurement element applies to an investment entity's investments. Accordingly, an investment entity need not measure its non-investment assets or its liabilities at fair value.)*	110.B85L	
	ii) It reports fair value information internally to the entity's key management personnel (as defined in Ind AS 24, *Related party disclosures*), who use fair value as the primary measurement attribute to evaluate the performance of substantially all of its investments and to make investment decisions?		
15	If the entity has all the essential elements in Q14, does it also have the following typical characteristics to be considered as an investment entity?	110.28	
	a) It has more than one investment,		
	b) It has more than one investor,		
	c) Investors are not related parties of entity, and		
	d) It has ownership interests in the form of equity or similar interests?		
	(Note: Ownership interests can be in the form of equity or similar interest. Significant ownership interests in the form of debt may still qualify as an investment entity, provided that the debt holders are exposed to variable returns from changes in the fair value of the entity's net assets.)		
16	a) If the entity has all the essential elements in Q 14 as well as typical characteristics of an investment entity in Q 15, has it been determined to be an investment entity,		
	b) If the entity has all the essential elements of an investment entity in Q 14 but one or more of the typical characteristics in Q 15 are absent, has the management used its judgement and nonetheless determined the entity to be an investment entity, and		
	c) If yes, have the additional disclosures (including reasons for such conclusion) required by paragraph 9A of Ind AS 112, *Disclosure of Interests in Other Entities* been made?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note: *An entity that has the essential elements of an investment entity is generally expected to have the above typical characteristics. The absence of one or more of these typical characteristics does not immediately disqualify an entity from being classified as an investment entity. The entity may use judgement to decide that it nonetheless meets the definition of an investment entity.)*		
17	Has the entity re-assessed whether it is an investment entity in the event of a change in one or more of the considerations mentioned in Q 14 or Q 15 above?	110.29	
	Investment entities: Accounting for change in status		
18	If the entity ceases to be an investment entity has it accounted for (apply Ind AS 103 to any subsidiary that was previously measured at fair value through profit or loss) the change in its status prospectively from the date at which the change in status occurred?	110.B100	
	Investment entities: exception to consolidation		
19	If the entity is an investment entity, has it ensured that it consolidates any subsidiaries (which are not investment entities themselves), whose main purpose and activities are providing services relating to the entity's investment activities, and applied the requirements of Ind AS 103 to the acquisition of any such subsidiary?	110.31	
20	Has the investment entity measured its investment in a subsidiary (other than that referred to in Q 19 above) at fair value through profit or loss in accordance with Ind AS 109?	110.31	
21	If the entity (not being an investment entity itself) is a parent of an investment entity, has it consolidated all entities that it controls, including those controlled through its investment entity subsidiary?	110.33	

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- 2013 Act mandates consolidation. Once an entity transitions to Ind AS, the entity would be required to identify the investee companies in accordance with the requirement of Ind AS 110.

Significant carve-outs from IFRS

- No significant carve-outs from IFRS have been provided in this standard.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- No specific requirement has been prescribed under ICDS relating to this standard.

Glossary

Consolidated financial statements: The financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity.

Control of an investee: An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Decision maker: An entity with decision-making rights that is either a principal or an agent for other parties.

Group: A parent and its subsidiaries.

Investment entity: An entity that:

a) Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services,
b) Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and
c) Measures and evaluates the performance of substantially all of its investments on a fair value basis.

Non-controlling interest: Equity in a subsidiary not attributable, directly or indirectly, to a parent.

Parent: An entity that controls one or more entities.

Power: Existing rights that give the current ability to direct the relevant activities.

Protective rights: Rights designed to protect the interest of the party holding those rights without giving that party power over the entity to which those rights relate.

Relevant activities: For the purpose of this Ind AS, relevant activities are activities of the investee that significantly affect the investee's returns.

Removal rights: Rights to deprive the decision maker of its decision-making authority.

Subsidiary: An entity that is controlled by another entity.

The following terms are defined in Ind AS 111, Ind AS 112, *Disclosure of Interests in Other Entities*, Ind AS 28 or Ind AS 24, *Related Party Disclosures*, and are used in this Ind AS with the meanings specified in those Ind ASs:

- Associate
- Interest in another entity
- Joint venture
- Key management personnel
- Related party
- Significant influence.

(Source- Ind AS 110, *Consolidated Financial Statements* as issued by the Ministry of Corporate Affairs)

Ind AS-111 Joint Arrangements

1. Executive summary

- Indian Accounting Standard (Ind AS) 111, *Joint Arrangements* establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly.
- A joint arrangement is an arrangement over which two or more parties have joint control and can be either in the form of a joint operation or a joint venture depending upon the rights and obligations of the parties to the arrangement.
- In a joint operation, the parties to the arrangement have rights to the assets and obligations for the liabilities related to the arrangement.
- In a joint venture, the parties to the arrangement have rights to the net assets of the arrangement.
- A joint arrangement not structured through a separate vehicle is a joint operation.
- A joint arrangement structured through a separate vehicle may be either a joint operation or a joint venture. Classification depends on the legal form of the vehicle, contractual arrangement and an assessment of 'other facts and circumstances'.
- A joint venturer accounts for its interest in a joint venture in the same way as an investment in an associate- i.e. generally under the equity method.
- A joint operator recognises its assets, liabilities and transactions- including its share in those arising jointly- in both its consolidated and separate financial statements. These assets, liabilities and transactions are accounted for in accordance with the relevant Ind ASs.
- A party to a joint venture that does not have joint control accounts for its interest as a financial instrument, or under the equity method if significant influence exists.
- A party to a joint operation that does not have joint control recognises its assets, liabilities and transactions - including its share in those arising jointly - if it has rights to the assets and obligations for the liabilities of the joint operation.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Scope		
1	If the entity is a party to a joint arrangement, has it applied this standard in accounting for such a joint arrangement?	111.3	
	Joint arrangement		
2	Has the entity determined if it is party to an arrangement over which it has joint control along with other parties to the arrangement, based on the following characteristics:	111.4 111.5	
	a) The entity and other parties to the arrangement are bound by a contractual agreement (refer Q 3), and		
	b) The contractual arrangement gives two or more of the parties to the arrangement joint control of the arrangement (refer Q4 and 5)?		
3	Are the entity and other parties to the arrangement bound by a contractual agreement as evidenced in one or more of the following ways:		
	a) There is an enforceable contractual arrangement, though not always in writing, in the form of a contract or documented discussion between the parties,	111.B2	
	b) If the arrangement is structured through the formation of a separate vehicle, the contractual arrangement is incorporated in the articles, charter or by-laws of the vehicle, or	111.B3	
	c) The contractual arrangement generally sets out the terms upon which the parties participate in the joint activity and generally deals with the following matters:	111.B4	
	i) The purpose, activity and duration of the joint arrangement,		
	ii) How the members of the board of directors, or equivalent governing body, of the joint arrangement, are appointed,		
	iii) The decision-making process: the matters requiring decisions from the parties, the voting rights of the parties and the required level of support for those matters,		
	iv) The capital or other contributions required of the parties, and		
	v) How the parties share assets, liabilities, revenues, expenses or profit or loss relating to the joint arrangement?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Joint control		
4	Has the entity considered all facts and circumstances in determining that the contractual arrangement gives two or more parties (including the entity) joint control over the arrangement, based on the following considerations:		
	a) Do all parties to the contractual arrangement need to act together to direct the activities that significantly affect the returns of the arrangement (relevant activities), indicating that there is collective control,	111.8 111.B5	
	b) Do decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement, and	111.9 111.B6	
	(Note: *For example: an arrangement in which each party has 50 per cent of the voting rights and the contractual arrangement between them specifies that at least 51 per cent of the voting rights are required to make decisions about the relevant activities. In this case, the parties have implicitly agreed that they have joint control of the arrangement because decisions about the relevant activities cannot be made without both parties agreeing.*)	111.B7	
	c) Do the parties to the arrangement have the individual ability to prevent any of the other parties, or a group of parties, from making unilateral decisions about the relevant activities (and not merely decisions that give a party protective rights) without its consent?	111.10 111.B9	
	(Note: *A party with joint control of an arrangement can prevent any of the other parties, or a group of the parties, from controlling the arrangement. This Ind AS distinguishes between parties that have joint control of a joint arrangement (joint operators or joint venturers) and parties that participate in, but do not have joint control of, a joint arrangement. If the joint control and unanimous consent requirements are not met, the arrangements are evaluated for other Ind ASs (Ind AS 110, Consolidated Financial Statements, Ind AS 28, Investments in Associates and Joint Ventures or Ind AS 109, Financial Instruments.).*	111.11	
5	If there are any changes in facts and circumstances described in Q 4, has the entity reassessed whether it still has joint control of the arrangement?	111.13	
	Types of joint arrangement		
	Joint operations		
6	Has the entity assessed the rights and obligations of the parties to determine that the joint arrangement in which it is involved, which *is not structured through a separate vehicle*, is a joint operation when it has the following characteristics:	111.14	
	a) The parties with joint control over the arrangement have rights to the assets and corresponding revenues, and obligations for the liabilities and corresponding expenses relating to the arrangement,	111.B16	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) The contractual arrangement usually describes the nature of the activities that are the subject of the arrangement and how the parties intend to undertake those activities together, and	111.B17	
	c) In case of parties agreeing to share and operate assets together, the contractual arrangement establishes the parties' rights to the asset that is operated jointly, and how output or revenue from the asset and operating costs are shared among the parties?	111. B18	
7	In case of joint arrangement *structured through a separate vehicle*, is the joint arrangement classified as a joint operation, only when (based on assessment of the legal form of the separate vehicle, the terms of the contractual arrangement and, when relevant, any other facts and circumstances), it has rights to the assets, and obligations for the liabilities, relating to the arrangement as evidenced by one or more of the following:		
	a) The legal form does not confer separation between the parties and the separate vehicle (i.e. the assets and liabilities held in the separate vehicle are the parties' assets and liabilities),	111.B24	
	b) The terms of the contractual arrangement reverse or modify the rights and obligations conferred by the legal form of the separate vehicle either to provide specifically or in such a way that the parties have rights to the assets, and obligations for the liabilities relating to the arrangement in a specified proportion. It may also establish the allocation of revenues and expenses on the basis of the relative performance of each party to the joint arrangement, or	111.B26 111.B28	
	c) As per other facts and circumstances, the activities of an arrangement are primarily designed for the provision of output to the parties such that:		
	i) It indicates that the parties have rights to substantially all the economic benefits of the assets of the arrangement, and (Note: *In such cases, the parties often ensure their access to the outputs provided by the arrangement by preventing the arrangement from selling output to third parties.)*	111.B31	
	ii) The effect of an arrangement with such a design and purpose is that the liabilities incurred by the arrangement are, in substance, satisfied by the cash flows received from the parties through their purchases of the output? (Note: *When the parties are substantially the only source of cash flows contributing to the continuity of the operations of the arrangement, this indicates that the parties have an obligation for the liabilities relating to the arrangement. In other words, the arrangement depends on the parties on a continuous basis for settling the liabilities relating to the activity conducted through the arrangement.)*	111.B32	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Joint venture		
8	Has the entity determined that the joint arrangement in which it is involved, which is structured through a separate vehicle is a joint venture when:		
	a) It gives the parties (joint venturers) to the joint arrangement rights to the net assets of the arrangement, and	111.B21	
	b) It does not have any of the characteristics described in Q 7 above.	111.B33	
9	If the parties are bound by a framework agreement that sets out the general contractual terms for undertaking one or more activities and permits the parties to establish different joint arrangements to deal with specific activities that form part of the agreement, has the entity assessed the type of each joint arrangement separately to determine if it is a joint operation or a joint venture?	111.18	
	(Note: *Joint operations and joint ventures can coexist when the parties undertake different activities that form part of the same framework agreement.)*		
10	If there any changes in facts and circumstances as mentioned in Q 7 to 9, has the entity reassessed whether the type of joint arrangement in which it is involved has changed?	111.19	
	Financial statements of parties to a joint arrangement- joint operation		
11	If the joint arrangement is a joint operation as per Q 6 and 7, has the entity (as a joint operator) recognised the following items in relation to its interest in the joint operation, in accordance with the relevant Ind AS applicable to such items:	111.20 111.21	
	a) Its assets, including its share of any assets held jointly,		
	b) Its liabilities, including its share of any liabilities incurred jointly,		
	c) Its revenue from the sale of its share of the output arising from the joint operation,		
	d) Its share of the revenue from the sale of the output by the joint operation, and		
	e) Its expenses, including its share of any expenses incurred jointly?		
12	If the entity has acquired an initial or additional interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in Ind AS 103, *Business Combinations*, has the entity applied, to the extent of its share, the requirements of Ind AS 103 (as mentioned below) and other Ind AS, including disclosure requirements, to the extent they do not conflict with the requirements of this Ind AS?	111.21A	
13	Where the entity is required to apply the guidance in Ind AS 103, as per Q 12 above, has the entity complied with the principles on business combinations accounting that do not conflict with this Ind AS, including, but not limited to:	111.B33A	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) Measuring identifiable assets and liabilities at fair value, other than items for which exceptions are given in Ind AS 103 and other Ind AS,		
	b) Recognising acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received, with the exception that the costs to issue debt or equity securities are recognised in accordance with Ind AS 32, *Financial Instruments:* Presentation and Ind AS 109, *Financial Instruments*,		
	c) Recognising deferred tax assets and deferred tax liabilities that arise from the initial recognition of assets or liabilities, except for deferred tax liabilities that arise from the initial recognition of goodwill, as required by Ind AS 103 and Ind AS 12, *Income Taxes* for business combinations,		
	d) Recognising the excess of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, if any, as goodwill, and		
	e) Testing for impairment, a cash-generating unit to which goodwill has been allocated, at least annually and whenever there is an indication of impairment as per Ind AS 36, *Impairment of Assets* for goodwill acquired in a business combination?		
	(Note:		
	i) If an existing business as defined in Ind AS 103 is contributed initially by one of the parties on formation of a joint operation above requirements of Q 13 apply. However, Q 13 will not be applicable to contribution by parties of assets or group of assets that do not constitute businesses, to a joint operation,	111.B33B	
	ii) In case of increase in stake in a joint operation whose activities constitute business as per Ind AS 103, by a joint operator, previously held interests in the joint operation are not remeasured if the joint operator retains joint control, and	111.B33C	
	iii) The requirements in Q13 do not apply to acquisition of interest in a joint operation when parties sharing joint control including the entity acquiring the interest in the joint operation, are under the common control of the same ultimate controlling party or parties both before and after the acquisition, and that control is not transitory. For such transactions, accounting specified in Appendix C of Ind AS 103 shall be applicable.)	111.B33D	
14	Has the entity accounted for transactions such as the sale, contribution or purchase of assets between the entity and a joint operation in which it is a joint operator in the following manner:	111.22	
	a) If the entity enters into a transaction with a joint operation in which it is a joint operator, such as a sale or contribution of assets, has the entity recognised gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation,	111.B34	
	b) If such transactions provide evidence of a reduction in the net realisable value of the assets to be sold or contributed to the joint operation, or of an impairment loss of those assets, has the entity recognised those losses fully,	111.B35	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	c) If the entity enters into a transaction with a joint operation in which it is a joint operator, such as a purchase of assets, has the entity ensured that it does not recognised its share of the gains and losses until it resells those assets to a third party, and	111.B36	
	d) If such transactions provide evidence of a reduction in the net realisable value of the assets to be purchased or of an impairment loss of those assets, has the entity recognised its share of those losses?	111.B37	
15	If the entity is a party that participates in, but does not have joint control of, a joint operation:	111.23	
	a) If it has rights to the assets, and obligations for the liabilities, relating to the joint operation, has it accounted for its interest in the joint operation as per requirements mentioned in Q 11 to 14 above, and		
	b) If it does have rights to the assets, and obligations for the liabilities, relating to the joint operation, has it accounted for its interest in the joint operation in accordance with the relevant Ind AS applicable to that interest and not in accordance with this Ind AS?		
	Financial statements of parties to a joint arrangement- joint venture		
16	If the joint arrangement is a joint venture as per Q 8 and 9, has the entity (as a joint venture) recognised its interest in the joint venture as an investment and accounted for that investment using the equity method in accordance with Ind AS 28, *Investments in Associates and Joint Ventures*, unless the entity is exempted from applying the equity method as specified in that standard?	111.24	
17	If the entity is a party that participates in, but does not have joint control of, a joint venture, has it accounted for its interest in the joint venture in accordance with Ind AS 28, if it has significant influence over joint venture, or in accordance with, Ind AS 109 in other cases?	111.25	
	Separate financial statements		
18	Has the entity, as a joint operator or joint venturer, in its separate financial statements, accounted for its interests in:	111.26	
	a) A joint operation, in accordance with Q 11 to 14, and		
	b) A joint venture in accordance with paragraph 10 of Ind AS 27, *Separate Financial Statements* (i.e., at fair value through profit or loss as per Ind AS 109 or at cost)?		
19	If the entity is a party that participates in, but does not have joint control of, a joint arrangement, has it accounted for its interest in:	111.27	
	a) A joint operation in accordance with Q 15 and 16, and		
	b) A joint venture in accordance with Ind AS 109, unless the entity has significant influence over the joint venture, in which case it shall apply paragraph 10 of Ind AS 27?		

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- Preparation of separate/standalone financial statements is mandatory under the 2013 Act.

Significant carve-outs from IFRS

- Ind AS 111 requires Ind AS 103, *Business combination* accounting for common control transactions involving the acquisition of an interest in a joint operation when the parties sharing joint control. IFRS 11 *Joint Arrangements* scopes out the same as IFRS 3, *Business Combinations*, does not deal with business combinations under common control.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- No specific requirement has been prescribed under ICDS relating to this standard.

Glossary

Joint arrangement: An arrangement of which two or more parties have joint control.

Joint control: The contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint operation: A joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Joint operator: A party to a joint operation that has joint control of that joint operation.

Joint venture: A joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Joint venture: A party to a joint venture that has joint control of that joint venture.

Party to a joint: An entity that participates in a joint arrangement, regardless of arrangement whether that entity has joint control of the arrangement.

Separate vehicle: A separately identifiable financial structure, including separate legal entities or entities recognized by statute, regardless of whether those entities have a legal personality.

The following terms are defined in Ind AS 27 *Separate Financial Statement*, Ind AS 28 *Investment in Associate and Joint Ventures* or Ind AS 110, *Consolidated Financial Statements*, and are used in this Ind AS with the meanings specified in those Ind ASs:

- Control of an investee
- Equity method
- Power
- Protective rights
- Relevant activities
- Separate financial statements
- Significant influence.

(Source: Ind AS 111, *Joint Arrangement*s as issued by the Ministry of Corporate Affairs)

Ind AS-112 Disclosure of Interest in other entities

1. Executive summary

- Indian Accounting Standard (Ind AS) 112, *Disclosure of Interest in Other Entities* requires the entity to provide users with information that enables them to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.
- This Ind AS shall be applied by an entity that has an interest in any of the following:
  - Subsidiaries,
  - Joint arrangements (i.e. joint operations or joint ventures),
  - Associates, and
  - Unconsolidated structured entities.
- If an entity has consolidated subsidiaries, then it provides information in its consolidated financial statements that helps users to understand the composition of the group and the interests of Non-Controlling Interests (NCI) in the group's activities and cash flows. This includes:
  - The nature and extent of significant restrictions on the entity's ability to access or use assets or settle liabilities of the group,
  - Specific information on any subsidiaries with material NCI, such as financial information for the subsidiary and information about the proportion of NCI and accumulated NCI,
  - The consequences of changes in its ownership in a subsidiary and of losing control, and
  - The nature of and any changes in the risk associated with the interests in consolidated structured entities.
- If the entity holds interests in joint arrangement and associates, then it provides information in its consolidated financial statement that helps users to understand the nature and risks associated with these interests. This includes:
  - Significant restrictions on a joint arrangement's ability to transfer cash dividends or to repay loans and advances,
  - The nature, extent and financial effect of holding an interest in a joint arrangement or an associate, and
  - Any commitments and contingent liabilities towards a joint arrangement or an associate.
- If the entity holds interests in consolidated structured entities, then it discloses the terms of any contractual arrangement that could require it to provide financial support to the consolidated structured entity.
- If the entity holds interests in unconsolidated structured entities, then it provides disclosures that enable users to understand the specific risks arising from holding these interests and the nature of these interests. The required disclosures include:
  - General information about interests in unconsolidated entities – such as the nature, purpose, size and activities of an unconsolidated structured entity, and
  - Information about the nature of risk – such as carrying amounts of assets and liabilities recognised in the consolidated financial statements, maximum exposure to loss from the holding and any commitments to provide financial support.
- If the entity does not hold an interest in an unconsolidated structured entity, but has sponsored such an entity, then it discloses the following:
  - The method for determining how a sponsored entity has been identified,
  - Income from the structured entity in the reporting period, and
  - The carrying amount of all the assets transferred to the structured entity during the reporting period.

- An investment entity discloses quantitative data about its exposure to risks arising from unconsolidated subsidiaries.
- To the extent that an investment entity does not have 'typical' characteristics, it discloses the significant judgements and assumptions made in concluding that it is an investment entity.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability		
1	If the entity has an interest in any of the following:	112.5	
	a) Subsidiaries?		
	b) Joint arrangements (Joint operations or ventures)?		
	c) Associates?		
	d) Unconsolidated structured entities?		
	Has the entity disclosed the following:		
	i) The significant judgements and assumptions it has made in determining:	112.2(a)	
	• The nature of its interest in another entity or arrangement.		
	• The type of joint arrangement in which it has an interest,		
	• That it meets the definition of an investment entity, if applicable, and		
	ii) Information about its interests in:	112.2(b)	
	• Subsidiaries, (refer Q 4-13)		
	• Arrangements and associates, (refer Q 20-23) and		
	• Structured entities that are not controlled by the entity (unconsolidated structured entities), (refer Q14-19 and 24-28)?		
2	a) Has the entity disclosed information about significant judgments and assumptions it has made (and changes to those judgments and assumptions) in determining:	112.7	
	i) That it has control of another entity, i.e. an investee as described in paragraphs 5 and 6 of Ind AS 110, *Consolidated Financial Statements,*		
	ii) That it has joint control of an arrangement or significant influence over another entity, and		
	iii) The type of joint arrangement (i.e. joint operation or joint venture) when the arrangement has been structured through a separate vehicle.		
	b) To address the above, has the entity analysed the following examples of significant judgments and assumptions made in determining that:	112.9	
	i) It does not control another entity even though it holds more than half of the voting rights of the other entity,		
	ii) It controls another entity even though it holds less than half of the voting rights of the other entity,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	iii) It is an agent or a principal,		
	iv) It does not have significant influence even though it holds 20 per cent or more of the voting rights of another entity, or		
	v) It has significant influence even though it holds less than 20 per cent of the voting rights of another entity?		
3	Where the entity determines that it is an investment entity:	112.9A	
	a) Has the entity disclosed information about significant judgments and assumptions it has made in determining that it is an investment entity in accordance with paragraph 27 of Ind AS110,		
	b) If the entity does not have one or more of the typical characteristics of an investment entity in paragraph 28 of Ind AS 110 has it disclosed its reasons for concluding that it is nevertheless an investment entity,		
	c) Has the entity disclosed the change of investment entity status and the reasons for the change, and	112.9B	
	d) Has the entity (when it becomes an investment entity) disclosed the effect of the change of status on the financial statements for the period presented including:	112.9B	
	i) The total fair value, as of the date of change of status, of the subsidiaries that cease to be consolidated,		
	ii) The gain or loss on change in status, and		
	iii) The line item(s) in profit or loss in which the gain or loss is recognised?		
	Interests in subsidiaries		
4	If the entity discloses interests in subsidiaries, has this disclosure been provided in a manner that helps the user to understand the composition of the group and the interest that non-controlling interests have in the group's activities and cash flows?	112.10	
5	If the financial statements of a subsidiary used in the preparation of consolidated financial statements are as of a date or for a period that is different from that of the consolidated financial statements, has the entity disclosed the date of the end of the reporting period of the financial statements of that subsidiary and reason for different date or period?	112.11	
6	Where the entity has a non-controlling interest in group activities and cash flows, has it disclosed the following for each of its subsidiaries that have non-controlling interests that are material to the reporting entity:	112.12	
	a) Whether the name of subsidiary and principal place of business is disclosed,		
	b) The proportion of ownership and/or voting rights held by non-controlling interests,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	c) The profit or loss allocated to non-controlling interests of the subsidiary during the reporting period,		
	d) Accumulated non-controlling interests of the subsidiary at the end of the reporting period, and		
	e) Summarised financial information about the subsidiary?		
7	For each subsidiary that has non-controlling interests that are material to the reporting entity, has the entity disclosed:	112.B10	
	a) Dividends paid to non-controlling interests, and		
	b) Summarised financial information about the assets, liabilities, profit or loss and cash flows of the subsidiary that enables users to understand the interest that non-controlling interests have in the group's activities and cash flows? That information might include but is not limited to, for example, current assets, non-current assets, current liabilities, non-current liabilities, revenue, profit or loss and total comprehensive income.		
	(Note: *The summarised financial information required by Q 7 (b) above shall be the amounts before inter-company eliminations.*)	112.B11	
	Nature and extent of significant restriction		
8	Has the entity disclosed the following:	112.13	
	a) Significant restrictions on its ability to access or use the assets and settle the liabilities of the group, including:		
	i) Whether that restricts the ability of a parent or its subsidiaries to transfer cash or other assets to (or from) other entities within the group disclosed, and		
	ii) The guarantees or other requirements that may restrict dividends and other capital distributions being paid, or loans and advances being made or repaid, to (or from) other entities within the group,		
	b) The nature and extent to which protective rights of non-controlling interests can significantly restrict the entity's ability to access or use the assets and settle the liabilities of the group disclosed?		
9	Has the entity disclosed carrying amounts in the consolidated financial statements of the assets and liabilities to which above restrictions apply?		
10	Has the entity disclosed the terms of any contractual arrangements that could require the parent or its subsidiaries to provide financial support to a consolidated structured entity, including events or circumstances that could expose the reporting entity to a loss?	112.14	
11	If there is financial or other support to a consolidated structured entity without contractual obligation, has the entity disclosed:	112.15	
	a) The type and amount of support provided, including situations in which the parent or its subsidiaries assisted the structured entity in obtaining financial support, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) Reasons for the same?		
12	Has the entity disclosed an explanation of the relevant factors in determining that it controls a structured entity if during the reporting period a parent or any of its subsidiaries has, without having a contractual obligation to do so, provided financial or other support to a previously unconsolidated structured entity and that provision of support resulted in the entity controlling the structured entity?	112.16	
13	Has the entity disclosed any current intentions to provide financial or other support to a consolidated structured entity, including intentions to assist the structured entity in obtaining financial support?	112.17	
14	Has the entity presented a schedule that shows the effects on the equity attributable to owners of the parent of any changes in its ownership interest in a subsidiary that do not result in a loss of control?	112.18	
15	a) Has the entity disclosed the gain or loss attributable to measuring any investment retained in the former subsidiary at its fair value at the date when control is lost?	112.19	
	b) Has the entity disclosed the line item(s) in profit or loss in which the gain or loss is recognised?		
	Interests in unconsolidated subsidiaries (investment entities)		
16	Has the investment entity disclosed the fact that it has accounted for its investment in a subsidiary at fair value through profit or loss?	112.19A	
17	For each unconsolidated subsidiary, has an investment entity disclosed:	112.19B	
	a) Subsidiary name,		
	b) The principal place of business of subsidiary (and country of incorporation if different from the principal place of business), and		
	c) The proportion of ownership interest held by the investment entity and, if different, the proportion of voting rights held?		
18	Where an investment entity is the parent of another investment entity, has the parent also provided the disclosures as per above for the investments that are controlled by its investment entity subsidiary?	112.19B	
19	Has the entity disclosed:	112.19D	
	a) The nature and extent of any significant restrictions on the ability of an unconsolidated subsidiary to transfer funds to the investment entity in the form of cash dividends or to repay loans or advances made to the unconsolidated subsidiary by the investment entity, and		
	b) Any current commitments or intentions to provide financial or other support to an unconsolidated subsidiary, including commitments or intentions to assist the subsidiary in obtaining financial support?		
20	Where an investment entity or any of its subsidiaries has, without having a contractual obligation to do so, provided financial or other support to an unconsolidated subsidiary, has the entity disclosed:	112.19E	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) The type and amount of support provided to each unconsolidated subsidiary, and		
	b) The reasons for providing the support?		
21	Has the investment entity disclosed the terms of any contractual arrangements that could require the entity or its unconsolidated subsidiaries to provide financial support to an unconsolidated, controlled, structured entity, including events or circumstances that could expose the reporting entity to a loss?	112.19F	
22	If during the reporting period an investment entity or any of its unconsolidated subsidiaries has, without having a contractual obligation to do so, provided financial or other support to an unconsolidated, structured entity that the investment entity did not control, and if that provision of support resulted in the investment entity controlling the structured entity, has the investment entity disclosed an explanation of the relevant factors in reaching the decision to provide that support?	112.19G	
	Interests in joint arrangements and associates		
23	Has the entity disclosed:	112.20	
	a) The nature, extent and financial effects of its interests in joint arrangements and associates, including the nature and effects of its contractual relationship with the other investors with joint control of, or significant influence over, joint arrangements and associates, and		
	b) The nature of, and changes in, the risks associated with its interests in joint ventures and associates?		
	Interests in joint arrangements and associates		
24	Has the entity disclosed:	112.21	
	a) For each joint arrangement and associate that is material to the reporting entity:		
	i) The name of the joint arrangement or associate,		
	ii) The nature of the entity's relationship with the joint arrangement or associate,		
	iii) The principal place of business of the joint arrangement or associate, and		
	iv) The proportion of ownership interest or participating share held by the entity and, if different, the proportion of voting rights held?		
	b) For each joint venture and associate that is material to the reporting entity:		
	i) Whether the investment in the joint venture or associate is measured using the equity method or at fair value,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	ii) Following summarised financial information about the joint venture or associate as given in Q 25 and Q 26 below, and		
	iii) If the joint venture or associate is accounted for using the equity method, the fair value of its investment in the joint venture or associate, if there is a quoted market price for the investment?		
25	For each joint venture and associate that is material to the reporting entity, has the entity disclosed:	112.B12	
	a) Dividends received from the joint venture or associate,		
	b) Summarised financial information for the joint venture or associate including, but not necessarily limited to:		
	i) Current assets,		
	ii) Non-current assets,		
	iii) Current liabilities,		
	iv) Non-current liabilities,		
	v) Revenue,		
	vi) Profit or loss from continuing operations,		
	vii) Post-tax profit or loss from discontinued operations,		
	viii) Other comprehensive income, and		
	ix) Total comprehensive income?		
26	In addition to the summarised financial information required by Q 25 above, has the entity disclosed for each joint venture that is material to the reporting entity the amount of:	112.B13	
	a) Cash and cash equivalents included in Q 25(b)(i),		
	b) Current financial liabilities (excluding trade and other payables and provisions) included in Q 25 (b)(iii),		
	c) Non-current financial liabilities (excluding trade and other payables and provisions) included in Q 25(b)(iv),		
	d) Depreciation and amortisation,		
	e) Interest income,		
	f) Interest expense, and		
	g) Income tax expense or income?		
27	The summarised financial information presented in accordance with paragraphs above shall be the amounts included in the Ind AS financial statements of the joint venture or associate (and not the entity's share of those amounts). If the entity accounts for its interest in the joint venture or associate using the equity method, has the entity disclosed:	112.B14	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) The amounts included in the Ind AS financial statements of the joint venture or associate, adjusted to reflect adjustments made by the entity when using the equity method, such as fair value adjustments made at the time of acquisition and adjustments for differences in accounting policies, and		
	b) A reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture or associate?		
28	Has the entity presented the summarised financial information required by Q 25 and Q 26 on the basis of the joint venture's or associate's financial statements only if:	112.B15	
	a) The entity measures its interest in the joint venture or associate at fair value in accordance with Ind AS 28*, Investments in Associates and Joint Ventures,* and		
	b) The joint venture or associate does not prepare Ind AS financial statements and preparation on that basis would be impracticable or cause undue cost?		
29	If Q 28 applies, has the entity disclosed the basis on which the summarised financial information has been prepared?	112.B16	
30	Has the entity disclosed, in aggregate, the carrying amount of its interests in all individually immaterial joint ventures or associates that are accounted for using the equity method?	112.B16	
31	Has the entity also disclosed separately the aggregate amount of its share of those joint ventures' or associates':	112.B17	
	a) Profit or loss from continuing operations,		
	b) Post-tax profit or loss from discontinued operations,		
	c) Other comprehensive income, and		
	d) Total comprehensive income?		
32	Has the entity not disclosed the summarised financial information for that subsidiary, joint venture or associate in accordance with Q 24 to Q 30 above, only if the entity's interest in that subsidiary, joint venture or associate (or a portion of its interest in a joint venture or an associate) is classified as held for sale in accordance with Ind AS 105, *Non-current Assets Held for Sale and Discontinued Operations*?	112.B17	
33	Has the entity separately disclosed financial information about the entity's investments in joint ventures and associates that are not individually material:	112.21	
	a) In aggregate for all individually immaterial joint ventures, ,and		
	b) In aggregate for all individually immaterial associates?		
	(Note: *An investment entity need not provide the disclosures required by Q 24(b) and Q 33 above.*)	112.21A	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
34	Has the entity disclosed:	112.22	
	a) The nature and extent of any significant restrictions (e.g. resulting from borrowing arrangements, regulatory requirements or contractual arrangements between investors with joint control of or significant influence over a joint venture or an associate) on the ability of joint ventures or associates to transfer funds to the entity in the form of cash dividends, or to repay loans or advances made by the entity,		
	b) When the financial statements of a joint venture or associate used in applying the equity method are as of a date or for a period that is different from that of the entity:		
	i) The date of the end of the reporting period of the financial statements of that joint venture or associate, and		
	ii) The reason for using a different date or period,		
	c) The unrecognised share of losses of a joint venture or associate, both for the reporting period and cumulatively, if the entity has stopped recognising its share of losses of the joint venture or associate when applying the equity method?		
	Risks associated with an entity's interests in joint ventures and associates		
35	Has the entity disclosed the following information:	112.23	
	a) Commitments that it has relating to its joint ventures separately from the amount of other commitments, and		
	b) Contingent liabilities incurred relating to its interests in joint ventures or associates separately from the amount of other contingent liabilities?		
	Interest in unconsolidated structured entities		
36	Has the entity disclosed the following information:	112.24 112.25	
	a) The nature and extent of its interests in unconsolidated structured entities,		
	b) The nature of, and changes in, the risks associated with its interests in unconsolidated structured entities, and		
	c) Information about an entity's exposure to risk from involvement that it had with unconsolidated structured entities in previous periods, even if the entity no longer has any contractual involvement with the structured entity at the reporting date?		
37	Has the entity disclosed :		
	a) Qualitative and quantitative information about its interests in unconsolidated structured entities, including, but not limited to, the	112.26	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	nature, purpose, size and activities of the structured entity and how the structured entity is financed, and		
	b) If the entity has sponsored an unconsolidated structured entity for which it does not provide information required:	112.27	
	i) How it has determined which structured entities it has sponsored,		
	ii) Income from those structured entities during the reporting period, including a description of the types of income presented (to be presented in tabular format preferably), and		
	iii) The carrying amount (at the time of transfer) of all assets transferred to those structured entities during the reporting period (to be presented in tabular format preferably)?		
	Nature of Risk		
38	Has the entity disclosed the following (to be presented in tabular format preferably):	112.29	
	a) The carrying amounts of the assets and liabilities recognised in its financial statements relating to its interests in unconsolidated structured entities,		
	b) The line items in the balance sheet in which those assets and liabilities are recognised,		
	c) The amount that best represents the entity's maximum exposure to loss from its interests in unconsolidated structured entities, including:		
	i) How the maximum exposure to loss is determined, and		
	ii) If an entity cannot quantify its maximum exposure to loss from its interests in unconsolidated structured entities, that fact and the reasons.		
	d) A comparison of the carrying amounts of the assets and liabilities of the entity that relate to its interests in unconsolidated structured entities and the entity's maximum exposure to loss from those entities?		
39	If during the reporting period an entity has, without having a contractual obligation to do so, provided financial or other support to an unconsolidated structured entity in which it previously had or currently has an interest (for example, purchasing assets of or instruments issued by the structured entity), has the entity disclosed:	112.30	
	a) The type and amount of support provided, including situations in which the entity assisted the structured entity in obtaining financial support; and		
	b) The reasons for providing the support?		
40	Has the entity disclosed any current intentions to provide financial or other support to an unconsolidated structured entity, including intentions to assist the structured entity in obtaining financial support?	112.31	

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- Given that consolidation is mandatory under the 2013 Act, these disclosures are mandatorily required in the Ind-AS financial statements.
- The standard also applies to standalone/separate financial statements of the entity which has interests in unconsolidated structured entities and prepares separate financial statements as its only financial statements. (Refer Q 14-19 and Q 24-28 in above checklist when preparing those separate financial statements.)

Significant carve-outs from IFRS

- No significant carve-outs from IFRS have been provided in this standard.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- No specific requirements have been prescribed under the ICDS relating to this standard.

Glossary

Income from a structured entity includes, but is not limited to, recurring and non-recurring fees, interest, dividends, gains or losses on the re-measurement or derecognition of interests in structured entities and gains or losses from the transfer of assets and liabilities to the structured entity.

Interest in another entity refers to contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. An interest in another entity can be evidenced by, but is not limited to, the holding of equity or debt instruments as well as other forms of involvement such as the provision of funding, liquidity support, credit enhancement and guarantees. It includes the means by which an entity has control or joint control of, or significant influence over, another entity. An entity does not necessarily have an interest in another entity solely because of a typical customer supplier relationship.

Structured entity-An entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

(Source: Ind AS 112, *Disclosure of Interests in Other Entities* as issued by the Ministry of Corporate Affairs)

Ind AS-113 Fair Value Measurement

1. Executive summary

- Indian Accounting Standard (Ind AS) 113 *Fair Value Measurement*, applies to most fair value measurements and disclosures that are required or permitted under Ind AS.
- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date i.e. an exit price. Market participants are independent of each other, they are knowledgeable and have a reasonable understanding of the asset or liability, and they are willing and able to transact.
- Fair value measurement assumes that a transaction takes place in the principal market (i.e. the market with the greatest volume and level of activity) for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.
- There are three general approaches to valuation, with various techniques applied under those approaches:
  - The market approach: e.g. quoted prices in an active market,
  - The income approach: e.g. discounted cash flows, and
  - The cost approach: e.g. depreciated replacement cost
- A fair value hierarchy is established based on the inputs to valuation techniques used to measure fair value.
- A premium or discount (e.g. a control premium) may be an appropriate input to a valuation technique, but only if it is consistent with the relevant unit of account.
- The inputs are categorised into three levels, with the highest priority given to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority given to unobservable inputs. Appropriate valuation technique(s) should be used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
- Fair value on initial recognition generally equals the transaction price.
- Non- financial assets are measured based on their 'highest and best use'- i.e. the use that would maximise the value of the asset (or group of assets) for a market participant.
- In the absence of quoted prices for the transfer of the instrument, a liability or an entity's own equity instruments is valued from the perspective of a market participant that holds the corresponding asset. Failing that, other valuation techniques are used to value the liability or own equity instrument from the perspective of a market participant that owes the liability or has issued the equity instrument.
- The fair value of a liability reflects non-performance risk, which is assumed to be the same before and after the transfer of the liability.
- Certain groups of financial assets and financial liabilities with offsetting market or credit risks may be measured based on the net risk exposure.
- For assets or liabilities with bid and ask prices, the entity uses the price within the bid-ask spread that is most representative of fair value in the circumstances. The use of bid prices for assets and ask prices for liabilities is permitted.
- Guidance is provided on measuring fair value when there has been a decline in the volume or level of activity in a market, and when transactions are not orderly.
- A comprehensive disclosure framework is designed to help users of financial statements assess the valuation techniques and inputs used in fair value measurements, and the effect on profit or loss or other comprehensive income of recurring fair value measurements that are based on significant unobservable inputs.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability		
	This standard shall be applied in determining fair value measurement except when another standard requires or permits a different accounting treatment.		
	Objective		
1	If the entity has the following types of transactions, has the entity ensured that these are measured based on the guidance in the relevant Ind AS and are not included within the scope of this standard:	113.6	
	a) Share-based payment transactions within the scope of Ind AS 102, *Share-based Payment*,		
	b) Leasing transactions within the scope of Ind AS 17, *Leases*, and		
	c) Measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2, *Inventories*, or value in use in Ind AS 36, *Impairment of Assets*?		
2	If the entity has the following types of transactions, have disclosures been presented in accordance with the relevant Ind AS and not in accordance with this standard:	113.7	
	a) Plan assets measured at fair value in accordance with Ind AS 19, *Employee Benefits*, and		
	b) Assets for which recoverable amount is fair value less costs of disposal in accordance with Ind AS 36?		
3	Has the fair value measurement been applied to both initial and subsequent measurement if fair value is required or permitted by any other Ind AS?	113.8	
4	Has the entity taken into account characteristics like the condition and location of the asset, restrictions on the sale or use of asset for determining the fair value of the asset?	113.11	
5	The asset or liability measured at fair value might be either of the following:	113.13 113.14	
	i) A stand-alone asset or liability (e.g. a financial instrument or a non-financial asset), or		
	ii) A group of assets, a group of liabilities or a group of assets and liabilities (e.g. a cash-generating unit or a business).		
	Has the entity determined the 'unit of account' for an asset or liability, in order to assess whether the asset or liability is a stand-alone asset or liability, a group of assets, a group of liabilities or a group of assets and liabilities for recognition or disclosure purposes?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note: *The unit of account for the asset or liability shall be determined in accordance with the Ind AS that requires or permits the fair value measurement, except as provided in this Ind AS.)*		
6	For determining the fair value, has the entity appropriately considered the following :	113.16 113.17	
	a) Principal market,		
	b) The most advantageous market, or		
	c) The market in which the entity would normally enter into a transaction to sell the asset?		
7	Has the entity ensured that it has used the price in the principal market for the asset or liability, for which the said market is available, even if the price in a different market is potentially more advantageous as at the measurement date?	113.18	
8	If the entity has access to the principal market at the measurement date, has this price been used even if no observable market is available to provide pricing information about the sale of an asset or the transfer of a liability at the measurement date?	113.19 113.21	
9	Has the entity measured the fair value using the assumptions that the market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest?	113.22	
10	In developing the assumptions required in Q 9, has the entity identified characteristics that distinguish market participants considering the factors specific to the following:	113.23	
	a) The asset or liability,		
	b) The principal market for the asset or liability, and		
	c) Market participants with whom the entity would enter into a transaction in a market?		
11	a) Has the entity ensured that the price in the principal market has not been adjusted for transaction costs?	113.25	
	b) Has the entity accounted for the transaction costs in accordance with other Ind ASs?		
12	If location is an important characteristic of the asset, has the price in the principal market been adjusted for the costs, if any, that would be incurred to transport the asset from its current location to that market?	113.26	
	Application to non-financial assets		
13	a) For fair value measurement of a non-financial asset, has the entity taken into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use?	113.27 113.28	
	b) For determining the highest and best use, has the entity taken into account the use of the asset that is:		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	i) Physically feasible,		
	ii) Legally permissible, and		
	iii) Financially feasible?		
14	Has the entity assumed that the current use of the non-financial asset is the highest and best use unless market participants suggest that a different use by the market participants would maximise the value of the asset?	113.29 113.30	
	Valuation premise for non-financial assets		
15	Has the entity evaluated the following to measure the fair value:	113.31	
	a) If the highest and best use of the asset is to use the asset in combination with other assets or with other assets and liabilities, then is the fair value of that asset the price that would be received in a current transaction to sell the asset assuming that the asset would be used with other assets or with other assets and liabilities and that those would be available to market participants,		
	b) Do liabilities associated with the asset and with the complementary assets include liabilities that fund working capital, but do not include liabilities used to fund assets other than those within the group of assets,		
	c) Are the assumptions about the highest and best use of a non-financial asset consistent for all the assets (for which highest and best use is relevant) of the group of assets or the group of assets and liabilities within which the asset would be used, and		
	d) If the highest and best use of the asset is to use it on a stand-alone basis, then has the entity ensured that the fair value of that asset is the price that would be received in a current account transaction to sell the asset to market participants that would use the asset on a stand-alone basis?		
	Application to liabilities and entity's own equity instruments		
16	When a fair value measurement assumes that a liability or an entity's own equity instrument is transferred to a market participant at the measurement date, has the entity assumed the following:	113.34	
	a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date,		
	b) The entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument, and		
	c) The instrument would not be cancelled or otherwise extinguished on the measurement date?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
17	If there is no observable market to provide pricing information about the transfer of liability or the entity's own equity instrument, has the entity taken into consideration an observable market for such times where they are held by other parties as assets?	113.35	
	Liability and equity instruments held by other parties as assets		
18	Where a quoted price for the transfer of an identical or a similar liability or entity's own equity instrument is not available, has the entity measured the fair value of liability or equity instrument from the perspective of market participant who holds the identical item as an asset at the measurement date?	113.37	
19	Has the entity measured the fair value of liability or equity by using the following:	113.38	
	a) Quoted price in an active market for the identical item held by another party as an asset, if the price is available,		
	b) If the quoted price is not available, then by using other observable inputs, such as the quoted price in a market that is not active for the identical item held by another party as an asset, or		
	c) If the observable prices in (a) and (b) are not available, using another valuation technique such as income approach and market approach?		
20	If there are any factors specific to the asset that are not applicable to the fair value measurement of the liability or equity, has the entity adjusted quoted price of a liability or the entity's own equity instrument held by another party as an asset?	113.39	
21	Has entity ensured that price of the asset does not reflect the effect of a restriction preventing the sale of that asset?	113.39	
	Liability and equity instruments not held by other parties as assets		
22	If the identical item is not held by another party as an asset, has the entity measured the fair value using valuation techniques from the perspective of market participant that owes the liability or has issued the claim on equity?	113.40	
23	In case the entity has applied present value technique has it taken into consideration either of the following:	113.41	
	a) The future cash outflows that a market participant would expect to incur in fulfilling the obligation, including the compensation that a market participant would require for taking on the obligation, or		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) The amount that a market participant would receive to enter into or issue an identical liability or equity instrument, using the assumptions that market participants would use when pricing the identical item (e.g. having the same credit characteristics) in the principal (or most advantageous) market for issuing a liability or an equity instrument with the same contractual terms?		
	Non-performance risk		
24	Has the entity assumed the non-performance risk to be same before and after the transfer of liability?	113.42	
25	While measuring the fair value of a liability, has the entity taken into account the effect of its credit risk and any other factors that might influence the likelihood that the obligation will or will not be fulfilled?	113.43	
	Restriction preventing the transfer of a liability or an entity's own equity instrument		
26	Has the entity ensured that in measuring the fair value of a liability or an entity's own equity instrument, no separate input or an adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the item is considered?	113.45	
	Financial liability with demand feature		
27	If the entity has any financial liability with a demand feature, has the entity ensured that the fair value of financial liability is not less than amount payable on demand?	113.47	
	Application to financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk		
28	If the entity manages any group of financial assets and financial liabilities on the basis of its net exposure to either market risks or credit risk, has the entity applied the exception to measure the fair value on the basis of the price that would be received to sell a net long position (i.e. an asset) for a particular risk exposure or paid to transfer a net short position (i.e. a liability)?	113.48	
29	Has the entity applied the exception in Q28 only when it has satisfied all the following conditions:	113.49 113.50	
	(Note: *This exception does not pertain to financial statement presentation.)*		
	a) The entity manages the group of financial assets and financial liabilities on the basis of its net exposure to a particular market risk (or risks) or to the credit risk of a particular counterparty in accordance with the entity's documented risk management or investment strategy,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) The entity provides information on that basis about the group of financial assets and financial liabilities to the its key management personnel, as defined in Ind AS 24, *Related Party Disclosures*, and		
	c) The entity is required or has elected to measure those financial assets and financial liabilities at fair value in the balance sheet at the end of each reporting period?		
30	Has the entity applied the exception in Q28 only to financial assets, financial liabilities and other contracts within the scope of Ind AS 109, *Financial Instruments*?	113.52	
	Exposure to market risks		
31	While using the exception to measure the fair value for a group of financial assets and financial liabilities, has the entity applied the price within the bid-ask spread which is the most representative of the fair value in the circumstances to the entity's net exposure to those market risks?	113.53	
32	While using the exception, has the entity ensured that the market risks which the entity is exposed to within the group of financial assets and liabilities is substantially the same?	113.54	
33	Has the entity ensured that the duration of exposure to a particular market risk arising from the financial assets and financial liabilities are substantially the same?	113.55	
	Fair value at initial recognition		
34	If the fair value at initial recognition equals transaction price, has the entity taken into consideration the following factors specific to the transaction and to the asset or liability:	113.58 113.59	
	a) Whether the transaction is between related parties,		
	b) Whether the transaction takes place under duress or the seller is forced to accept the price in the transaction,		
	c) Whether the unit of account represented by the transaction price is different from the unit of account for the asset or liability measured at fair value, and		
	d) Whether the market in which the transaction takes place is different from the principal market (or most advantageous market)?		
35	In case the transaction price differs from the fair value, has the entity recorded resultant gain or loss in profit or loss?	113.60	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Valuation techniques		
36	Has the entity used a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs?	113.62	
	For example, three widely used valuation techniques are:		
	a) Market approach,		
	b) Cost approach, or		
	c) Income approach.		
37	a) Has the entity used a single valuation technique only when appropriate (for example, when valuing an asset or liability using quoted prices in an active market for identical assets or liabilities)?	113.63	
	b) If multiple valuation techniques are considered (when more appropriate), have the results been evaluated considering the reasonableness of the range of values indicated by those results?		
38	a) Has the entity ensured that the valuation technique used to measure the fair value are applied consistently?	113.65	
	b) If there has been a change in valuation technique or its application, has the entity ensured that the change results in measurement that is equally or more representative of fair value in the given circumstances? *(Note: For example: new market develops, new information becomes available, valuation techniques improve or market conditions change.)*		
39	Have revisions resulting from change in valuation technique or its application has been accounted as per Ind AS 8, *Accounting policies, changes in accounting estimates and errors*? (Note*: The disclosures in Ind AS 8 for a change in accounting estimate are not required for revisions resulting from a change in a valuation technique or its application.)*	113.66	
	Inputs to valuation techniques		
40	Has the entity selected the inputs that are consistent with the characteristics of the asset or liability that market participants would take into account in a transaction? (Note: *A fair value measurement shall not incorporate a premium or discount that is inconsistent with the unit of account in the Ind AS that requires or permits fair value measurement. Premiums or discounts that reflect size as a characteristic of the entity's holding are not permitted in a fair value measurement.*)	113.69	
41	Has entity considered the following markets in identifying the observable inputs for assets and liabilities:	113.68	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) Exchange markets,		
	b) Dealer markets,		
	c) Brokered markets, and		
	d) Principal-to-principal markets?		
	Inputs based on bid and ask prices		
42	If an asset or liability measured at fair value has a bid price and an ask price, whether the entity has measured the fair value within the bid-ask spread?	113.70	
	(Note: *This Ind AS does not preclude the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread.*)		
	Fair value hierarchy		
43	Has the entity given the highest priority to quoted prices (unadjusted) and the lowest priority to unobservable inputs?	113.72	
44	a) Are the inputs used to measure the fair value categorised within different levels of the fair value hierarchy?	113.73 113.74	
	b) If yes, has the fair value measurement been categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement?		
	c) Has the fair value hierarchy prioritised the inputs to valuation techniques, not the valuation techniques used to measure fair value?		
45	If an observable input requires an adjustment with an unobservable input, and that adjustment results in a significantly higher or lower fair value measurement, has the entity categorised the resulting measurement within Level 3 of the fair value hierarchy?	113.75	
	Level 1 inputs		
46	a) Has the entity used the quoted prices (unadjusted) in an active market for identical assets or liability to measure the fair value?	113.76 113.78	
	b) Have the following two conditions been determined for Level I input:		
	i) The principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability, and		
	ii) Whether the entity can enter into a transaction for the asset or liability at the price in that market at the measurement date?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
47	Has the entity ensured that it has not made any adjustment relating to Level 1 input except in the following cases:	113.79	
	a) The quoted price is available in the market but not readily accessible,		
	b) The quoted price does not represent the fair value as at the measurement date, or		
	c) When measuring the fair value of a liability or an entity's own equity instrument using the quoted price for an identical item, the price needs to be adjusted for factors specific to this asset?		
	Level 2 inputs		
48	a) Does the level 2 input include the following:	113.82	
	i) Quoted prices for similar assets or liabilities in active markets,		
	ii) Quoted prices for identical or similar assets or liabilities in markets that are not active,		
	iii) Inputs other than quoted prices that are observable for the asset or liability, or		
	iv) Market-corroborated inputs?		
	b) If the asset or liability has a specified contractual term, is the Level 2 input observable for the full term of the asset or liability?		
49	Has the entity considered the following factors in making adjustments to Level 2 inputs:	113.83	
	a) The condition or location of the asset,		
	b) The extent to which input relate to items that are comparable to the asset or liability, and		
	c) The volume or level of activity in the markets within which inputs are observed.		
50	If the adjustments to Level 2 inputs have used significant unobservable inputs, has the entity ensured that fair value measurement is categorised within Level 3 of the hierarchy?	113.84	
	Level 3 inputs		
51	Has entity ensured that the unobservable inputs are used only to the extent that relevant observable inputs are not available to measure the fair value?	113.87	
52	Has the entity considered an adjustment for risk in a fair value measurement if market participants would include one when pricing the asset or liability?	113.88	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Disclosure		
53	Has the entity disclosed the following:	113.91	
	a) For assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the balance sheet after initial recognition, the valuation techniques and inputs used to develop those measurements, and		
	b) For recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income for the period?		
54	Has the entity disclosed, at a minimum, the following information for each class of assets and liabilities measured at fair value in the balance sheet after initial recognition:	113.93	
	a) For recurring and non-recurring fair value measurements, the fair value measurement at the end of the reporting period, and for non-recurring fair value measurements, the reason for the measurement,		
	b) For recurring and non-recurring fair value measurements, the level of the fair value hierarchy (Level 1, 2, or 3),		
	c) If there are any transfers between level 1 and level 2 of the hierarchy, the reasons for those transfers,		
	d) A description of the valuation technique (s) and the inputs used in the fair value measurement for the items categorised within Level 2 and Level 3 of the hierarchy,		
	e) If there has been change in the valuation technique, that change and the reasons for making it,		
	f) For fair value measurements categorised within Level 3 of the fair value hierarchy, quantitative information about the significant unobservable inputs,		
	g) For recurring fair value measurements categorised within Level 3 of the fair value hierarchy, a reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following:		
	i) Total gains and losses for the period recognised in profit or loss and the line items in profit or loss in which those gains,		
	ii) Total gains and losses for the period recognised in other comprehensive income, and the line items in other comprehensive income in which those gains or losses are recognized,		
	iii) Purchases, sales, issues and settlements, and		
	iv) The amounts of any transfers into or out of Level 3 of the fair value hierarchy, the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	h) For recurring fair value measurements categorized within Level 3, the amount of gains or losses for the period included in profit or loss that are attributable to the change in unrealised gains or losses relating to those assets and liabilities,		
	i) A description of valuation processes used by the entity for recurring and non-recurring fair value measurements categorized within Level 3 of the fair value hierarchy,		
	j) For recurring fair value measurements categorised within Level 3 of the fair value hierarchy:		
	i) A narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs, and		
	ii) For financial assets and liabilities, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change the fair value significantly, that fact and effect of those changes,		
	k) For recurring and non-recurring fair value measurements, if the highest and the best use differs from the current use, the reasons as to why it is used in such manner?		
55	Has the entity determined the appropriate classes of assets and liabilities based on the following:	113.94	
	a) The nature, characteristics and risks of the asset or liability, and		
	b) The level of the fair value hierarchy within which the fair value measurement is categorised?		
56	Has the entity disclosed and consistently followed its policy for determining the transfers between levels in the fair value hierarchy that are deemed to have occurred?	113.95	
57	If an entity has made an accounting policy decision to use the exception in Q 28, has it disclosed the same?	113.96	
58	Has the entity disclosed the information required by Q 54(b), (d), and (i) for each class of assets and liabilities not measured at fair value but for which the fair value is disclosed?	113.97	
59	If the entity has issued a liability with inseparable third-party credit enhancement and measured the same at fair value, has the entity disclosed the existence of that credit enhancement and whether it is reflected in the fair value measurement of the liability.	113.98	
60	Has the entity presented the quantitative disclosures required by this Ind AS in a tabular format unless other format is more appropriate?	113.99	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Valuation techniques		
	Market approach		
61	If the entity has used a market approach to measure fair value, has the entity used market multiples derived from a set of comparable assets, liabilities or a group of assets and liabilities?	113.B5, B6	
62	Has the entity used matrix pricing to value financial instruments such as debt securities etc.?	113.B7	
	Cost approach		
63	If the entity has used cost approach to measure fair value, does the cost approach reflect the amount that would be required currently to replace the service capacity of an asset?	113.B8	
	Income approach		
64	a) Has the entity measured the fair value by using any of the following techniques:	113.B11	
	i) Present value techniques,		
	ii) Option pricing models, or		
	iii) Multi-period excess earnings method?		
	b) If not, is the valuation technique used by the entity appropriate and relevant?		
	Component of present value management		
65	Does the fair value measurement using the present value technique include the following elements:	113.B13	
	a) An estimate of future cash flows for the asset or liability being measured,		
	b) Expectations about possible variations in the amount and timing of the cash flows representing the uncertainty inherent in the cash flows,		
	c) The time value of money, represented by the rate on risk-free monetary assets that have maturity dates or durations that coincide with the period covered by the cash flows and pose neither uncertainty in timing nor risk of default to the holder (i.e. a risk-free interest rate),		
	d) The price for bearing the uncertainty inherent in the cash flows (i.e. a risk premium),		
	e) Other factors that market participants would take into account in the circumstances, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	f) For a liability, the non-performance risk relating to that liability, including the entity's (i.e. the obligor's) own credit risk?		
	Risk and uncertainty		
66	Does the fair value measurement include the risk premium as a compensation for uncertainty inherent in the cash flow?	113.B16	
67	Do the present value techniques (which may differ in how they adjust for risk and the type of cash flows), fall into either of the following categories:	113.B17	
	a) Discount rate adjustment technique, that uses a risk-adjusted discount rate,		
	b) Method 1 of the expected present value technique that uses risk-adjusted expected cash flows and a risk-free rate, or	113.B25	
	c) Method 2 of the expected present value technique that uses expected cash flows that are not risk-adjusted and a discount rate adjusted to include the risk premium that market participants require?	113.B26	
	Discount rate adjustment technique		
68	Is the discount rate used in the discount rate adjustment technique derived from observable rates of return for comparable assets or liabilities that are traded in the market?	113.B18	
69	In case of fixed receipts or payments, does the discount rate adjustment technique take into account the adjustment for inherent risk?	113.B22	
	Applying present value techniques to liabilities and an entity's own equity instruments not held by other parties as assets		
70	a) While measuring the fair value of a liability that is not held by another party as an asset, has the entity estimated future cash flows that market participants would expect to incur in fulfilling the obligation?	113.B31	
	b) Does such compensation include the return that a market participant would require for the following:		
	i) Undertaking the activity, i.e. the value of fulfilling the obligation, (e.g. by using resources that could be used for other activities), and		
	ii) Assuming the risk associated with the obligation (i.e. a risk premium that reflects the risk that the actual cash outflows might differ from the expected cash outflows)?		
71	Does the entity include the risk premium in the fair value measurement in either of the following ways:	113.B33	
	a) By adjusting the cash flows, or		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) By adjusting the rate used to discount the future cash flows?		
	Measuring fair value when the volume or level of activity for an asset or a liability has significantly decreased		
72	Has the entity evaluated the significance and relevance of the following factors to determine whether there has been a significant decrease in the volume or level of activity of asset or liability:	113.B37	
	a) Few recent transactions,		
	b) Price quotations are not developed using current information,		
	c) Price quotations vary substantially either over time or among market-makers,		
	d) Indices that previously were highly correlated with the fair values of the asset or liability are demonstrably uncorrelated with recent indications of fair value for that asset or liability,		
	e) Significant increase in implied liquidity risk premiums, yields or performance indicators (such as delinquency rates or loss severities) for observed transactions or quoted prices when compared with the entity's estimate of expected cash flows,		
	f) Wide bid-ask spread or significant increase in the bid-ask spread,		
	g) Significant decline in the activity of, or an absence of, a market for new issues (i.e. a primary market) for the asset or liability or similar assets or liabilities, or		
	h) Little information is publicly available?		
73	If the entity concludes that there has been significant decrease in the volume or level of activity, has the entity has made the relevant adjustment to the transactions or quoted prices?	113.B38	
74	Has the entity changed the valuation technique or used the multiple valuation technique in case of significant decrease in the volume or level of activity for the asset or liability?	113.B40	
	Identifying transactions that are not orderly		
75	Has the entity taken into consideration the following to identify the transactions that are not orderly:	113.B43	
	a) Lack of adequate exposure to the market for a period before the measurement date,		
	b) Seller marketed the asset or liability to a single market participant,		
	c) Seller is in or near bankruptcy,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	d) Seller was required to sell to meet regulatory or legal requirements, and		
	e) Transaction price is an outlier when compared with other recent transactions for the same or similar asset or liability?		
76	Has the entity considered the following when measuring fair value or estimating market risk premium:	113.B44	
	a) If evidence indicates that the transaction is not orderly, less weight to be placed on transaction price,		
	b) If evidence indicates that the transaction is orderly, the entity shall take into account the transaction price, and		
	c) If the entity does not have sufficient information to conclude, then it shall take into account the transaction price but it may not represent the fair value?		
	Using quoted prices provided by third parties		
77	In case there is a significant decrease in the volume or level of activity for an asset or liability, has the entity evaluated if the quoted price is developed using current information?	113.B46	
78	Has the entity provided higher weightage to the quotes provided by third parties that represent binding offers?	113.B47	

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- We understand that a change in carrying amount of asset or liability recognised in equity, including surplus in profit and loss account on measurement of the asset or liability at fair value shall not be treated as free reserves.
- In computing net profits of a company in any financial year for the purpose of the total managerial remuneration payable, credit shall not be given to any change in carrying amount of asset or liability recognised in equity, including surplus in profit and loss account on measurement of the asset or liability at fair value.

Significant carve-outs from IFRS

- No significant carve - outs from IFRS have been provided in this standard

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- There is no specific guidance on fair value measurement under ICDS.
- Most of the guidance under ICDS refers to historical cost measurement. Thus, most of the fair value guidance may result in difference in treatment for tax purposes.

Glossary

Active market, is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Cost Approach, is a valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Highest and best use, is the use of the non-financial asset by market participants that would maximize the value of the asset or the group of assets and liabilities (e.g. a business) within which the asset would be used.

Income approach, is a valuation technique the convert the future amounts (e.g. cash flows or income and expenses) to a single current (i.e. Discounted) amount. The fair value measurement is determined on the basis of the value of indicated by the current market expectations about those future amounts.

Inputs, are the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk such as the risk inherent in a particular valuation technique used to measure fair value and the risk inheret in the inputs to the valuation technique. Inputs may be observable or unobservable.

Level 1 inputs, are the quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs, are the inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 inputs, are unobservable inputs for the asset or liability.

Market – corroborated inputs, are the inputs that are derived principally or corroborated by observable market data by correlation or other means.

Most advantageous market, is the market that maximises the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability, after taking into account transactions costs and transport costs.

Observable inputs, are inputs that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability.

Principal market, is the market with the greatest volume and level of activity for the asset or liability.

Transaction costs, are the costs to sell an asset or transfer a liability in the principal (or most advantageous) market for the asset or liability that are directly attributable to the disposal of the asset or the transfer of liability and meet both of the following criteria:

a) They result directly from and are essential to that transaction,
b) They would not have been incurred by the entity had the decision to sell the asset or transfer the liability not been made.

Transport costs, are the costs that would be incurred to transport an asset from its current location to its principal (or most advantageous) market.

Unit of account, is the level at which an asset or liability is aggregated or disaggregated in an Ind AS for recognition purposes.

Unobservable inputs, are the inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

Examples of Level 2 inputs

- The following are the examples of Level 2 inputs for particular assets and liabilities:
  a) Receive fixed, pay variable interest rate swap based on the Mumbai Interbank offered rate (MIBOR) swap rate,
  b) Receive fixed, pay-variable interest rate swap based on a yield curve denominated in a foreign currency,
  c) Receive fixed, pay - variable interest rate swap based on a specific bank's prime rate,
  d) Three-year option on exchange traded shares,
  e) Licensing arrangement acquired in a business combination,
  f) Finished goods inventory acquired in a business combination'
  g) Building held and used, and
  h) Cash generating unit.

Examples of Level 3 inputs

- The following are the examples of Level 3 inputs for particular assets and liabilities:
  a) Long-dated currency swap,
  b) Three-year option on exchange – traded shares,
  c) Interest rate swap, and
  d) Decommissioning liability assumed in a business combination

Identification of Principal and Most advantageous Market

- Company P holds an asset that is traded in three different markets but it usually buys and sells in Market C. Information about all three markets are as follows:

Particulars	Market A	Market B	Market C
Volume (annual)	30,000	12,000	6,000
Trades per month	30	12	10
Market Price	50	48	53
Transport costs	(3)	(3)	(4)
Possible Fair Value	47	45	49
Transaction costs	(1)	(2)	(2)
Net Proceeds	46	43	47

P identifies the relevant market as follows:

- The principal market for the asset is Market A, because it has the greatest volume and level of activity.
- The most advantageous market is Market C, because it has the highest net proceeds.

P bases its measurement of fair value on prices in Market A, even though it does not normally transact in the market and it is not most advantageous market. Therefore, fair value is 47, considering transport cost but not transaction costs, even though P normally transacts in Market C and could maximise its net proceeds in that market.

If P is unable access to Market A and B, then it would use Market C as the most advantageous market. In that case, fair value would be 49 (market price less transport costs).

(Source: Ind AS 113, *Fair Value Measurement* as issued by the Ministry of Corporate Affairs)

Ind AS-114 Regulatory Deferral Accounts

1. Executive summary

- Indian Accounting Standard (Ind AS) 114, *Regulatory Deferral Accounts* specifies 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.
- The entity is eligible to apply the standard only if it:
  - Is subject to oversight and/or approval from an authorised body (the rate regulator),
  - Accounted for regulatory deferral account balances in its financial statements under its previous GAAP immediately before adopting Ind AS, and
  - Elects to apply the requirements of the standard in its first Ind AS financial statements.
- Adoption of the standard is optional for eligible entities, but the decision to apply it has to be taken in the entity's first Ind AS financial statements.
- The standard permits an eligible entity to continue to recognise and measure regulatory deferral account balances in accordance with its previous GAAP when it adopts Ind AS. Under Ind AS 114, Guidance Note on Accounting for Rate Regulated Activities issued by The Institute of Chartered Accountants of India (ICAI) would be considered as previous GAAP.
- Regulatory deferral account balances are presented separately from assets, liabilities, income and expenses that are recognised in accordance with other Ind ASs.
- The normal requirements of other Ind ASs apply to regulatory deferral account balances, subject to some exceptions, exemptions and additional requirements that are specified in the standard, including:
  - Presentation of earnings per share both including and excluding the net movement in regulatory deferral account balances,
  - Application of the requirements of the impairment standard to a cash-generating unit that includes regulatory deferral account balances,
  - Exclusion from the measurement requirements of the standard on non-current assets held for sale and discontinued operations,
  - Application of uniform accounting policies to the regulatory deferral account balances of all of an entity's subsidiaries, associates and joint ventures in its consolidated financial statements, regardless of whether those investees account for those balances,
  - Application of business combinations guidance, with an exception for the recognition and measurement of an acquiree's regulatory deferral account balances,
  - Additional disclosure requirements if an entity's interests in its subsidiaries, associates or joint ventures contain regulatory deferral account balances, and
  - The option to use the deemed cost exemption on transition to Ind AS for items of property, plant and equipment or intangible assets that are, or were previously, used in operations that are subject to rate regulation.
- The entity shall provide disclosures that enable users of the financial statements to evaluate the nature of risks associated with and effects of rate regulation.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Objective		
	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.		
	Scope		
1	Has the entity applied this standard in its first Ind AS financial statements if, and only if, it:	114.5	
	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?		
2	If this is not the first Ind AS financial statements prepared by the entity, has the entity applied the requirements of this standard if and only if, it recognised regulatory deferral account balances by electing to apply this standard in its first Ind AS financial statements?	114.6	
	(Note*: If the entity subject to rate regulation has come into existence after Ind AS coming into force, or the entity's activities become subject to rate regulation subsequent to preparation of its first Ind AS financial statements, it shall be entitled to apply the requirements of previous GAAP in respect of its rate regulated activities (refer Q 5 to 7.))*		
3	If the entity is within the scope of this standard (refer Q 1) and elects to apply this standard, has the entity applied all of the requirements of this standard to all regulatory deferred account balances that arise from all of the entity's rate regulated activities?	114.8	
	Recognition, measurement, impairment and derecognition		
4	When electing to apply this standard, has the entity also applied paragraphs 10 and 12 of Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors,* when developing its accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral account balances?	114.9	
	Continuation of existing accounting policies		
5	On initial application of this standard, has the entity continued to apply previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral account balances, except for any changes permitted in Q 8 and 9?	114.11	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
6	When the entity continues to apply previous GAAP accounting policies to regulatory deferral account balances (as per Q 5), has it complied with the requirements of this standard (refer Q 12) for presentation of such amounts, even if it requires changes to the entity's previous GAAP presentation policies?	114.11	
7	Has the entity applied the policies established in accordance with Q 5 and 6 consistently, except for changes permitted in Q 8 and 9?	114.12	
	Changes in accounting policies		
8	Has the entity ensured that it has not changed its accounting policies in order to start recognising regulatory deferral account balances, except as permitted in Q 9?	114.13	
9	Has the entity changed its accounting policies for regulatory deferral account balances only if the change makes the financial statements more relevant to the economic decision-making needs of users and no less reliable, or more reliable and no less relevant to those needs? (Note*: The entity shall judge relevance and reliability using the criteria in paragraph 10 of Ind AS 8.)*	114.13	
	Interaction with other standards		
10	Have the following specific exceptions, exemptions or additional requirements related to the interaction of this standard with other relevant standards been applied appropriately:	114.16	
	a) Ind AS 10, *Events after the Reporting Period* shall be applied to identify whether the estimates and assumptions used in the recognition and measurement of regulatory deferral account balances should be adjusted to reflect events that occur between the end of the reporting period and the date when financial statements are authorised for issue,	114.B8	
	b) Ind AS 12, *Income Taxes* shall be applied by a rate-regulated entity to all its activities,	114.B9	
	i) However, has the entity presented deferred tax assets/liabilities either: • With the line items that are presented for the regulatory deferral account debit balances and credit balances, or	114.B11	
	• As a separate line item alongside the related regulatory deferral account debit balances and credit balances?		
	ii) Has the entity present the movement in the deferred tax asset (liability) that arises as a result of regulatory deferral account balances either: • With the line items that are presented in the statement of profit and loss for the movements in regulatory deferral account balances, or	114.B12	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	• As a separate line item alongside the related line items that are presented in the statement of profit and loss for the movements in regulatory deferral account balances?		
	c) In addition to the presentation requirements in Ind AS 33, *Earnings per Share*, the entity shall present additional basic and diluted earnings per share calculated by excluding the net movement in regulatory deferral account balances,	114.B14	
	d) Ind AS 36, *Impairment of Assets* does not apply to the separate regulatory deferral account balances recognised, except for the requirements in paragraphs 74 to 79 of Ind AS 36 relating to identifying the recoverable amount and carrying amount of a cash-generating unit that may include regulatory deferral account balances,	114.B16	
	e) As an exception to Ind AS 103, *Business Combinations*, the acquiree's regulatory deferral account balances shall be recognised in the consolidated financial statements of the acquirer in accordance with the acquirer's policies, irrespective of whether the acquiree recognised those balances in its own financial statements,	114.B18	
	f) The measurement requirements of Ind AS 105, *Non-current Assets Held for Sale and Discontinued Operations* shall not apply to the regulatory deferral account balances recognised. If the entity presents a discontinued operation or a disposal group, it shall not include the movement in regulatory deferral account balances that arose from the rate-regulated activities of the discontinued operation or disposal group within the line items presented under Ind AS 105 and instead present these along with the movements in regulatory deferral account balances related to profit or loss,	114.B20 114.B21	
	g) Based on the principles of Ind AS 110, *Consolidated Financial Statements* and Ind AS 28, *Investments in Associates and Joint Ventures*, if a parent recognises regulatory deferral account balances in its consolidated financial statements in accordance with this standard, it shall apply the same accounting policies to the regulatory deferral account balances arising in all of its subsidiaries and make the necessary adjustments to the associate's or joint venture's accounting policies as well when applying the equity method, and	114.B23 114.B24	
	h) The entity shall separately disclose the net movement in regulatory deferral account balances that are included within amounts that are required to be disclosed by Ind AS 112, *Disclosure of Interests in Other Entities*?	114.B25 114.B26 114.B27 114.B28	
11	Have other Ind ASs (i.e. for which there is no specific exception, exemption or additional requirements as referred to in Q 10 above) been applied to the regulatory deferral account balances in the same way as they apply to assets, liabilities, income and expenses that are recognised in accordance with other standards?	114.16	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Presentation		
12	With respect to changes in presentation:		
	a) Has the entity recognised and presented separately (refer Q 13 to 20) the regulatory deferral account balances in the balance sheet in addition to the assets and liabilities that are recognised in accordance with other Ind ASs, and	114.18	
	b) Has the entity presented all the regulatory deferral account balances and the movements in those balances in addition to the requirements in Ind AS 1, *Presentation of Financial Statements*?	114.19	
13	With respect to classification of regulatory deferral account balances, has the entity presented separate line items in the balance sheet for:	114.20	
	i) The total of all regulatory deferral account debit balances, and		
	ii) The total of all regulatory deferral account credit balances?		
14	Have the separate line items as required by Q 13 been distinguished from the assets and liabilities that are presented in accordance with other Ind ASs by the use of sub-totals, which are drawn before the regulatory deferral account balances are presented appropriately?	114.21	
15	With respect to classification of movement in regulatory deferral account balances:	114.22	
	a) Has the entity presented in the other comprehensive income section of the statement of profit and loss, the net movement in all regulatory deferral account balances for the reporting period that relate to items recognised in other comprehensive income, and		
	b) Have separate line items been used for the presentation of the net movement related to items that, in accordance with other Ind ASs:		
	i) Will not be reclassified subsequently to profit or loss, and		
	ii) Will be reclassified subsequently to profit or loss when specific conditions are met?		
16	Has the entity presented a separate line item in the profit or loss section of the statement of profit and loss, for the remaining net movement in all regulatory deferral account balances for the reporting period, excluding movements that are not reflected in profit or loss, such as amounts acquired?	114.23	
17	Has the separate line item presented in accordance with Q 16, been distinguished from the income and expenses that are presented in accordance with other standards by the use of sub-totals, which are drawn before the regulatory deferral account balances?	114.23	
18	If the entity has recognised any deferred tax asset or liability as a result of recognising regulatory deferral account balances, has the entity presented separately the resulting deferred tax asset (liability) and the related movement in that deferred tax asset (liability) with the related regulatory deferral account balances and movements in those balances, instead of within the total presented in accordance with Ind AS 12?	114.24	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
19	If the entity has presented discontinued operation or a disposal group in accordance with Ind AS 105, has the entity presented separately any related regulatory deferral account balances and the net movements in those balances, with the regulatory deferral account balances and movements in those balances, instead of within the disposal groups or discontinued operations?	114.25	
20	If the entity presents the earnings per share in accordance with Ind AS 33, has the entity presented additional basic and diluted earnings per share, which are calculated using the earnings amounts required by Ind AS 33 but excluding the movements in regulatory deferral account balances?	114.26	
	Disclosure		
21	Has the entity in accordance with this standard disclosed the following information for the users:	114.27	
	a) The nature of, and the risks associated with, the rate regulation that establishes the price(s) that the entity can charge customers for the goods or services it provides, and		
	b) The effects of that rate regulation on its financial position, financial performance and cash flows?		
22	If any of the disclosures set out in Q 25 to 32 are not considered relevant to meet the objective in Q 21, have they been omitted from the financial statements?	114.28	
23	If the disclosures provided in accordance with Q 25 to 32 are insufficient to meet the objective in Q 21, has the entity disclosed additional information that is necessary to meet that objective?	114.28	
24	Has the entity considered all the following points to meet the disclosure objective:	114.29	
	a) The level of detail that is necessary to satisfy the disclosure requirements,		
	b) How much emphasis to place on each of the various requirements,		
	c) How much aggregation or disaggregation to undertake, and		
	d) Whether users of financial statements need additional information to evaluate the quantitative information disclosed?		
25	With respect to explanation of activities subject to rate regulation, has the entity disclosed for each type of rate-regulated activity:	114.30	
	a) A brief description of the nature and extent of the rate-regulated activity and the nature of the regulatory rate-setting process,		
	b) The identity of the rate regulator(s). If the rate regulator is a related party (as defined in Ind AS 24, *Related Party Disclosures*), the entity shall disclose that fact, together with an explanation of how it is related, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	c) How the future recovery of each class (i.e. each type of cost or income) of regulatory deferral account debit balance or reversal of each class of regulatory deferral account credit balance is affected by risks and uncertainty such as demand risk, regulatory risk and other risk, etc.?		
26	Has the entity given the required disclosures in the financial statements either directly in the notes or incorporated by cross-reference from the financial statements to some other statement, such as a management commentary or risk report, that is available to users of the financial statements on the same terms as the financial statements and at the same time?	114.31	
27	Has the entity disclosed the basis on which regulatory deferral account balances are recognised and derecognized, and how they are measured initially and subsequently, including how regulatory deferral account balances are assessed for recoverability and how any impairment loss is allocated?	114.32	
28	Has the entity, for each type of rate-regulated activity, disclosed the following information for each class of regulatory deferral account balance: a) A reconciliation of the carrying amount at the beginning and the end of the period, in a table including the following components: i) The amounts that have been recognised in the current period in the balance sheet as regulatory deferral account balances,	114.33	
	ii) The amounts that have been recognised in the statement of profit and loss relating to balances that have been recovered (sometimes described as amortised) or reversed in the current period,		
	iii) Other amounts, separately identified, that affected the regulatory deferral account balances, such as impairments, items acquired or assumed in a business combination, items disposed of, or the effects of changes in foreign exchange rates or discount rates,		
	b) The rate of return or discount rate (including a zero rate or a range of rates, when applicable) used to reflect the time value of money that is applicable to each class of regulatory deferral account balance, and		
	c) The remaining periods over which the entity expects to recover (or amortise) the carrying amount of each class of regulatory deferral account debit balance or to reverse each class of regulatory deferral account credit balance?		
29	a) Has the entity disclosed the impact of the rate regulation on the amounts of current and deferred tax recognised when rate regulation affects the amount and timing of an entity's income tax expense (income)?	114.34	
	b) In addition, has the entity separately disclosed any regulatory deferral account balance that relates to taxation and the related movement in that balance?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
30	Has the entity has provided disclosures in accordance with Ind AS 112, *Disclosure of Interests in Other Entities* for an interest in a subsidiary, associate or joint venture that has rate-regulated activities and for which regulatory deferral account balances are recognised in accordance with this standard?	114.35	
31	If answer to Q 30 is yes, has the entity disclosed the amounts that are included for the regulatory deferral account debit and credit balances and the net movement in those balances for the interests?	114.35	
32	If the entity has any amounts with respect to regulatory deferral account balances that are no longer recoverable or reversible, has the entity disclosed that fact, the reason why it is not recoverable or reversible and the amount by which the regulatory deferral account balance has been reduced?	114.36	

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- Schedule III to the 2013 Act requires regulatory deferral account balances to be presented in the balance sheet in accordance with the relevant Ind AS. There are no other specific provisions under the 2013 Act for accounting for regulatory deferral accounts.

Significant carve-outs from IFRS

- Forthcoming IFRS 14, *Regulatory Deferral Accounts* permits an eligible entity to continue to recognise and measure regulatory deferral account balances in accordance with its previous GAAP when it adopts IFRS. However, for the purpose of Ind AS 114, it has been modified to clarify that Guidance Note of Accounting for Rate Regulated Activities would be considered as the previous GAAP.
- A clarification is included in Ind AS 114 that an entity subject to rate regulation coming into existence after Ind AS coming into force or an entity whose activities becomes subject to rate regulation subsequent to preparation and presentation of first Ind AS financial statements should be permitted to apply the requirements of previous GAAP in respect of such rate regulated activities.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- No specific requirements have been prescribed under the ICDS relating to this standard.

Glossary

First Ind AS financial statements: The first annual financial statements in which an entity adopts Indian Accounting Standards (Ind AS), by an explicit and unreserved statement of compliance with Ind AS.

First-time adopter: An entity that presents its first Ind AS financial statements.

Previous GAAP: The basis of accounting that a first-time adopter used immediately before adopting Ind ASs for its reporting requirements in India. For instance, for companies preparing their financial statements in accordance with the existing Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 shall consider those financial statements as previous GAAP financial statements.

Explanation:

Guidance Note on Accounting for the Rate Regulated Activities, issued by the Institute of Chartered Accountants of India (ICAI) shall be considered to be the previous GAAP.

Rate-regulated activities: An entity's activities that are subject to rate regulation.

Rate regulation: 'Cost of Service Regulation' as defined in the Guidance Note on Accounting for Rate Regulated Activities.

Rate regulator: 'Regulator' as defined in the Guidance Note on Accounting for Rate Regulated Activities.

Regulatory deferral account balance: A 'Regulatory Asset' or a 'Regulatory Liability' as defined in the Guidance Note on Accounting for Rate Regulated Activities.

(Source: Ind AS 114, *Regulatory Deferral Accounts* as issued by the Ministry of Corporate Affairs)

Ind AS-1 Presentation of Financial Statements

1. Executive summary

- Indian Accounting Standard (Ind AS) 1, *Presentation of Financial Statements* prescribes the basis for presentation of general purpose financial statements to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. It sets out overall requirements for the presentation of both consolidated and separate financial statements, guidelines for their structure and minimum requirements for their content.
- For entities that operate in sectors such as banking, insurance, electricity, etc., specific formats may be prescribed under relevant regulations for presentation of financial statements and Ind AS 1 may not be applicable to that extent.
- Any entity claiming that a set of financial statements is in compliance with Ind AS complies with all such standards and related interpretations. The entity is not allowed to claim that its financial statements are, for example, 'materially' in compliance with Ind AS, or that it has complied with 'substantially all' requirements of Ind AS. Compliance with Ind AS encompasses disclosure as well as recognition and measurement requirements.
- For financial information to be useful, it needs to be relevant to users and faithfully represent what it purports to represent. The usefulness of financial information is enhanced by its comparability, verifiability, timeliness and understandability. The overriding requirement of Ind AS is for the financial statements to give a true and fair view. Compliance with Ind AS, including additional disclosure when necessary, is presumed to result in a true and fair view.
- The entity shall prepare financial statements on a going concern basis unless management intends to either liquidate the entity or to cease trading, or has no realistic alternative but to do so.
- A complete set of financial statements comprises the following:
  - A balance sheet,
  - A statement of profit and loss,
  - A statement of changes in equity,
  - A statement of cash flows,
  - Notes, including accounting policies,
  - Comparative information, and
  - A balance sheet as at the beginning of the preceding period in certain circumstances.
- The standard requires specific disclosures in the balance sheet, the statement of profit and loss, or the statement of changes in equity and requires disclosure of other line items either in those statements or in the notes.
- The standard requires the entity to recognise items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the Framework. The standard also requires the entity to consider aspects surrounding materiality, reporting and other presentation considerations.
- Financial statements are prepared on a modified historical cost basis, with a growing emphasis on fair value.
- A statement of changes in equity (and related notes) reconciles opening to closing amounts for each component of equity.

- All owner- related changes in equity are presented in the statement of changes in equity separately from non-owner changes in equity.
- Entities that have no equity as defined in Ind AS may need to adopt the financial statement presentation of members 'or unit holders' interests.
- The entity presents separately in the statements of changes in equity:
  - The total adjustment resulting from changes in accounting policies, and
  - The total adjustment resulting from the correction of errors.
- Generally, the entity presents its balance sheet classified between current and non-current assets and liabilities.
- An asset is classified as current if it is expected to be realised in the normal operating cycle or within 12 months, it is held for trading or is cash or a cash equivalent.
- A liability is classified as current if it is expected to be settled in the normal operating cycle, it is due within 12 months, or there are no unconditional rights to defer its settlement for at least 12 months.
- A liability that is payable on demand because certain conditions are breached is classified as current even if the lender has agreed, after the reporting date but before the financial statements are authorized for issue, not to demand repayment.
- The presentation of alternative earnings measures (e.g. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)) in the statement of profit and loss and Other Comprehensive Income (OCI) is not generally prohibited, although national regulators may have more restrictive requirements.

Schedule III

- The Schedule III to the Companies Act, 2013 (2013 Act) provides general instructions for preparation of financial statements of a company whose financial statements are required to comply with Ind AS. Schedule III is divided into two parts, i.e. Division I and II, with Division II being applicable to a company whose financial statements are drawn up in compliance with Ind AS.
- The provisions of Schedule III also apply when a company is required to prepare consolidated financial statements, in addition to the disclosure requirements specified under Ind AS.
- It requires financial statements to disclose all 'material' items, i.e., the items if they could, individually or collectively, influence the economic decisions that users make on the basis of financial statements. The definition of what is material is similar to that given in Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.* However, while preparing the statement of profit and loss, it specifies that a company should disclose a note for any item of income or expenditure which exceeds 1 per cent of the revenue from operations or INR10,00,000, whichever is higher, in addition to the consideration of materiality.
- It does not permit disclosure of extraordinary items (in line with Ind AS). However, the format for the statement of profit and loss does provide for separate disclosure of exceptional items, if any.
- It requires a separate disclosure of the Earning Per Share (EPS) for continuing and discontinued operations.
- The revised Schedule III also provides flexibility in presentation of the financial statements as it states that the prescribed disclosure requirements are in addition to and not in substitution of the disclosure requirements specified in Ind AS. Further, where compliance with Ind AS requires any change in treatment or disclosure, including any addition, amendment, substitution or deletion, in the format of the financial statements, a company is permitted to make such changes and the requirements of Schedule III would stand modified accordingly.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	True and fair view		
1	Has the entity presented fairly the financial position, financial performance and cash flows as on the reporting date?	1.15	
	(Note: *Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Conceptual Framework. The application of Ind ASs, with additional disclosure when necessary, is presumed to result in financial statements that present a fair presentation.)*		
	Financial statements not prepared on a going concern basis		
2	Are the financial statements prepared on a going concern basis,	1.25	
	If no, then has the entity disclosed:		
	a) The fact that the financial statements are not prepared on a going concern basis,		
	b) The basis on which the financial statements are prepared, and		
	c) The reason why the entity is not regarded as a going concern?		
	Structure and content		
3	Does the complete set of financial statements comprise:	1.10	
	a) A balance sheet as at the end of the period,		
	b) A statement of profit and loss for the period,		
	c) A statement of changes in equity for the period,		
	d) A statement of cash flows for the period,		
	e) Notes, comprising significant accounting policies and other explanatory information,		
	f) Comparative information in respect of the preceding period as specified in Q 11(a) and Q 11(b), and		
	g) A balance sheet as at the beginning of the preceding period if:	1.40A	
	i) The entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in the financial statements, and		
	ii) The retrospective application, retrospective restatement or the reclassification has a material effect on the information in the balance sheet at the beginning of the preceding period?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
4	Is the entity required to present an additional balance sheet as at the beginning of the preceding period?	1.40C	
	If yes, has the entity disclosed the information required by Q 14(a) and 14(b) and Ind AS 8, *Accounting Polices, Changes in Accounting Estimates and Errors*? (The related notes to the opening balance sheet as at the beginning of the preceding period need not be presented in such case.)		
	(Note: *The date of that opening balance sheet shall be as at the beginning of the preceding period regardless of whether the entity's financial statements present comparative information for earlier periods.)*	1.40D	
5	Have all the specific disclosure been provided which are material and required by law?	1.31	
	(Note: *Even if the Ind AS contain a list of specific requirements or describes them as minimum requirements, the entity need not provide these if the information resulting from that disclosure is immaterial except when required by law.)*		
6	Have the financial statements been clearly identified and distinguished from the other information in the same published document?	1.49	
7	Has each financial statement and the notes been clearly identified?	1.51	
8	Has the entity prominently displayed, and repeated when necessary for a proper understanding of the information presented:	1.51	
	a) The name of the reporting entity or other means of identification, and any change in that information from the end of the preceding reporting period,		
	b) Whether the financial statements are of an individual entity or a group of entities,		
	c) Reporting date or the period covered by the set of financial statements or notes,		
	d) The presentation currency, as defined in Ind AS 21, *The Effects of Changes in Foreign Exchange Rates*, and		
	e) The level of rounding used in presenting amounts in the financial statements?		
9	Has the entity presented a complete set of financial statements (including comparative information) at least annually? (Also refer Q 11)	1.36	
10	If the entity changes its reporting date and presents financial statements for a period longer or shorter than one year, has the entity disclosed, in addition to the period covered by the financial statements:	1.36	
	a) The reason for using a longer or shorter period, and		
	b) The fact that comparative amounts presented in the financial statements are not entirely comparable?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Comparative information and consistency of presentation		
	Minimum comparative information		
11	a) Unless Ind AS permits or requires otherwise, has the entity presented comparative information in respect of the preceding period for all amounts reported in the current period's financial statements?	1.38	
	b) When it is relevant to an understanding of the current period's financial statements has the entity included comparative information for narrative and descriptive information?	1.38	
	c) Has the entity presented, as a minimum:	1.38A	
	i) Two statements of balance sheets,		
	ii) Two statements of profit and loss,		
	iii) Two statements of cash flows,		
	iv) Two statements of changes in equity, and		
	v) Related notes?		
	d) When it continues to be relevant in the current period, has the entity presented narrative information for the preceding period?	1.38B	
	Additional comparative information		
12	Has the entity presented comparative information in addition to the above minimum requirements, as long as that information is prepared in accordance with Ind AS?	1.38C	
	(Note: *Such additional comparative information may consist of one or more statements referred to in Q 3, but need not comprise a complete set of financial statements. When this is the case, present related note information for those additional statements.*		
	For example, the entity may present a third statement of profit and loss (thereby presenting the current period, the preceding period and one additional comparative period). However, the entity is not required to present a third balance sheet, a third statement of cash flows or a third statement of changes in equity (i.e. an additional financial statement comparative). The entity is required to present, in the notes to the financial statements, the comparative information related to that additional statement of profit and loss.)	1.38D	
	Consistency of presentation		
13	Has the entity retained, the presentation and classification of items in financial statements from one period to the next unless:	1.45	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) It is apparent, following a significant change in the nature of the entity's operations or a review of its financial statements, that another presentation or classification is more appropriate having regard to the criteria for selection and application of accounting policies in Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, or		
	b) An Ind AS requires a change in presentation?		
	Reclassifications		
14	a) If the presentation or classification of items in the financial statements has changed, has the entity reclassified comparative amounts unless reclassification is impracticable?	1.41	
	b) When comparative amounts are reclassified, has the entity disclosed (including as at the beginning of the preceding period):	1.41	
	i) The nature of the reclassification,		
	ii) The amount of each item or class of items that is reclassified, and		
	iii) The reason for the reclassification?		
	c) When reclassifying comparative amounts is impracticable, has the entity disclosed:	1.42	
	i) The reason for not reclassifying the amounts, and		
	ii) The nature of the adjustments that would have been made if the amounts had been reclassified?		
	Other disclosures		
15	Has the entity disclosed the following, if not disclosed elsewhere in information published with the financial statements:	1.138	
	a) The domicile and legal form of the entity, its country of incorporation and the address of its registered office (or principal place of business, if different from the registered office),		
	b) A description of the nature of the entity's operations and its principal activities,		
	c) The name of the parent and the ultimate parent of the group, and		
	d) If it is a limited life entity, information regarding the length of its life?		
	Materiality and aggregation		
16	Has the entity presented separately:	1.29	
	a) Each material class of similar items,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) Items of dissimilar nature or function unless they are immaterial except when required by law?		
	(Note:		
	i) *If a line item is not individually material, it is aggregated with other items either in those statements or in the notes. An item that is not sufficiently material to warrant separate presentation in the balance sheet may warrant separate presentation in the notes.*	1.30	
	ii) The entity should consider all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes.	1.30A	
	iii) The entity shall not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.)	1.30A	
	Balance sheet		
	Current vs non-current distinction		
17	a) Has the entity classified its assets and liabilities (except deferred tax asset/liability) in the balance sheet as current or non-current?	1.60	
	(Note:		
	i) Deferred tax asset/liability is always classified as non-current.		
	ii) For entities which are 'companies' and required to follow Schedule III of the 2013 Act, the liquidity basis of presentation is not available.)		
	b) Whichever method of presentation is adopted, has the entity disclosed the amount expected to be recovered or settled after more than 12 months for each asset and liability line item that combines amounts expected to be recovered or settled:	1.61	
	i) No more than 12 months after the reporting date, and		
	ii) More than 12 months after the reporting date?		
	(Note: *For example, if all trade receivables are classified as current assets (assuming that they are expected to be realised in their respective operating cycles), the entity should disclose, in the notes, the amount expected to be realised more than 12 months after the reporting date.*)	1.62	
	c) Has the entity classified an asset as current if:	1.66	
	i) It expects to realise the asset, or intends to sell or consume it, in its normal operating cycle,		
	ii) It holds the asset primarily for the purpose of trading,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	iii) It expects to realise the asset within twelve months after the reporting period, or		
	iv) The asset is cash or a cash equivalent (as defined in Ind AS 7, *Statement of Cash Flows*) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period?		
	d) Has the entity classified a liability as current if:	1.69	
	i) It expects to settle the liability in its normal operating cycle,		
	ii) It holds the liability primarily for the purpose of trading,		
	iii) The liability is due to be settled within 12 months after the reporting period, or		
	iv) It does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period (refer Q 17 (f)). Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification?		
	e) Has the entity classified financial liabilities as current, when they are due to be settled within 12 months after the reporting period, even if:	1.72	
	i) The original term was for a period longer than 12 months, and		
	ii) An agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are approved for issue,		
	f) If the entity expects, and has the discretion, to refinance or roll over an obligation for at least 12 months after the reporting period under an existing loan facility, has the entity classified the obligation as non-current, even if it would otherwise be due within a shorter period? (Note: *However, when refinancing or rolling over the obligation is not at the discretion of the entity (for example, there is no arrangement for refinancing), the entity does not consider the potential to refinance the obligation and classifies the obligation as current.)*	1.73	
	g) Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, has the entity classified the liability as non-current:	1.74	
	i) If the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach, or		
	ii) If the lender agreed by the end of the reporting period to provide the period of grace ending at least twelve months after the reporting period, within which the entity can rectify the breach and during which the lender cannot demand immediate repayment? (If above conditions are not fulfilled, then such loan should be classified as current liabilities.)	1.75	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Information to be presented in the balance sheet		
18	a) Has the entity ensured that it does not offset assets and liabilities or income and expenses, unless required or permitted by an Ind AS?	1.32	
	b) Has the entity included the line items that present the following amounts in its balance sheet:	1.54	
	i) Property, plant and equipment,		
	ii) Investment property,		
	iii) Intangible assets,		
	iv) Financial assets, excluding amounts shown under (v), (viii), (ix),		
	v) Investments accounted for under the equity method,		
	vi) Biological assets,		
	vii) Inventories,		
	viii) Trade and other receivables,		
	ix) Cash and cash equivalents,		
	x) The total of assets classified as held-for-sale and assets included in disposal groups classified as held-for-sale in accordance with Ind AS 105, *Non-current Assets Held for Sale and Discontinued Operations*,		
	xi) Trade and other payables,		
	xii) Provisions,		
	xiii) Financial liabilities, excluding amounts shown under (xi), (xii),		
	xiv) liabilities and assets for current tax, as defined in Ind AS 12, *Income Taxes*,		
	xv) Deferred tax liabilities and deferred tax assets, as defined in Ind AS 12,		
	xvi) Liabilities included in disposal groups classified as held- for-sale in accordance with Ind AS 105, *Non- current Assets Held for Sale and Discontinued Operations*,		
	xvii) Non-controlling interests, presented within equity, and		
	xviii) Issued capital and reserves attributable to owners of the parent?		
	c) Has the entity presented additional line items (including by disaggregation the line items listed in Q 18 (b) above), headings and subtotals in the balance sheet when such presentation is relevant to an understanding of the entity's financial position?	1.55	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note: *This may require additional line items when the size, nature or function of an item or aggregation of similar items is such that separate presentation is relevant to an understanding of the entity's financial position.*)	1.57(a)	
	d) Has the entity presented subtotals in accordance with Q 18 (c) above?	1.55A	
	If yes, has it considered the following in the subtotals:		
	i) Comprised of line items made up of amounts recognised and measured in accordance with Ind AS,		
	ii) Presented and labelled in a manner that makes the line items that constitute the sub total clear and understandable		
	iii) Consistent from period to period, in accordance with Q 13, and		
	iv) Not be displayed with more prominence than the sub totals and the totals required in the Ind AS for the balance sheet?		
	Information to be presented either in the balance sheet or in the notes		
19	a) Has the entity disclosed, either in the balance sheet or in the notes, further sub-classifications of the line items presented, classified in a manner appropriate to the entity's operations?	1.77	
	b) Has the entity disclosed:	1.78	
	i) Items of property, plant and equipment disaggregated into classes in accordance with Ind AS 16, *Property, Plant and Equipment,*		
	ii) receivables disaggregated into amounts receivable from trade customers, receivables from related parties, prepayments and other amounts,		
	iii) Inventories disaggregated, in accordance with Ind AS 2, *Inventories*, into classifications such as merchandise, production supplies, materials, work in progress and finished goods,		
	iv) Provisions disaggregated into provisions for employee benefits and other items, and		
	v) Equity capital and reserves disaggregated into the various classes such as paid-in capital, share premium and reserves?		
	c) Has the entity disclosed either in the balance sheet or the statement of changes in equity, or in the notes:	1.79	
	i) For each class of share capital:		
	• The number of shares authorised,		
	• The number of shares issued and fully paid, and issued but not fully paid,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	• Par value per share, or that the shares have no par value,		
	• A reconciliation of the number of shares outstanding at the beginning and at the end of the period,		
	• The rights, preferences and restrictions attaching to that class, including restrictions on the distribution of dividends and the repayment of capital,		
	• Shares in the entity held by the entity itself or by its subsidiaries (treasury shares) or associates, and		
	• Shares reserved for issue under options and contracts, including the terms and amounts, and		
	ii) A description of the nature and purpose of each reserve within equity?		
	d) If the entity is without share capital (e.g. a company limited by guarantee), has the entity disclosed information equivalent to that required by Q 25, showing changes during the period in each category of equity interest, and the rights, preferences and restrictions attaching to each category of equity interest?	1.80	
	e) Has the entity reclassified the following between financial liabilities and equity:	1.80A	
	i) A puttable financial instrument classified as an equity instrument, or		
	ii) An instrument that imposes on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, and is classified as an equity instrument?		
	If yes, has the entity disclosed:		
	i) The amount reclassified into and out of each category (financial liabilities and equity), and		
	ii) The timing and reason for that reclassification?		
	Statement of profit and loss		
	Information to be presented in statement of profit and loss		
20	a) Has the entity presented a statement of profit and loss in a single statement that includes all components of profit and loss and OCI in two sections? (The sections shall be presented together, with the profit and loss section presented first followed directly by the OCI.)	1.10A	
	b) In addition to the profit and loss and OCI sections, does the statement of profit and loss present:	1.81A	
	i) Profit and loss,		
	ii) Total OCI, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	iii) Comprehensive income for the period, being the total of profit and loss and OCI?		
	c) Has the entity presented, in addition to the profit and loss and OCI sections, as allocation of profit and loss and OCI for the period:	1.81B	
	i) Profit and loss for the period attributable to:		
	• Non-Controlling Interest (NCI), and		
	• Owners of the parent, and		
	ii) Comprehensive income for the period attributable to:		
	• NCI, and		
	• Owners of the parent?		
	d) Has the entity presented additional line items (including by disaggregating the line items listed in Q2 (a) below), headings and subtotals in the statement of profit and loss, when such presentation is relevant to an understanding of the entity's financial performance?	1.85	
	e) Has the entity presented subtotals in accordance with Q 20 (d) above?	1.85A	
	If yes, do the subtotals:		
	i) Comprised of line items made up of amounts recognised and measured in accordance with Ind AS,		
	ii) Presented and labelled in a manner that makes the line items that constitute the sub total clear and understandable		
	iii) Consistent from period to period, in accordance with Q 13, and		
	iv) Not be displayed with more prominence than the sub totals and the totals required in the Ind AS for the balance sheet?		
21	a) In addition to items required by other Ind ASs, has the entity included in the profit and loss section of the statement of profit and loss, line items that present the following amounts for the period:	1.82	
	i) Revenue presenting separately interest revenue calculated using the effective interest method,		
	ii) Gains and losses arising from the derecognition of financial assets measured at amortised cost,		
	iii) Finance costs,		
	iv) Impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with paragraph 5.5 of Ind AS 109, Financial Instruments,		
	v) Share of the profit and loss of associates and joint ventures accounted for under the equity method,		
	vi) If a financial asset is reclassified out of the amortised cost measurement category so that it is measured at fair value through profit and loss, any gain or loss arising from a difference		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	between the previous amortised cost of the financial asset and its fair value at the reclassification date (as defined in Ind AS 109),		
	vii) If a financial asset is reclassified out of the fair value through OCI measurement category so that it is measured at fair value through profit and loss, any cumulative gain or loss previously recognised in OCI that is reclassified to profit and loss,		
	viii) Tax expense, and		
	ix) A single amount for the total of discontinued operations (see Ind AS 105)?		
	b) Unless an Ind AS requires or permits otherwise, has the entity recognised all items of income and expense in a period in profit and loss?	1.88	
	Information to be presented in the OCI section		
22	a) Does the entity present line items for the amounts for the period of:	1.82A	
	i) Items of OCI (excluding amounts in Q 22 (a)(ii) below), classified by nature and grouped into those that, in accordance with other Ind ASs:		
	• Will not be reclassified subsequently to profit and loss, and		
	• Will be reclassified subsequently to profit and loss when specific conditions are met,		
	ii) The share of the OCI of associates and joint ventures accounted for using the equity method, separated into the share of items that, in accordance with other Ind ASs:		
	• Will not be reclassified subsequently to profit and loss, and		
	• Will be reclassified subsequently to profit and loss when specific conditions are met?		
	b) Has the entity disclosed reclassification adjustments relating to components of OCI?	1.92	
	c) Does the entity present items of OCI either:	1.91	
	i) Net of related tax effects, or		
	ii) Before related tax effects with one amount shown for the aggregate amount of income tax relating to those items?		
	(Note: *If this alternative is elected, then allocate the tax between the items that might be reclassified subsequently to the profit and loss section and those that will not be reclassified subsequently to the profit and loss section.)*		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Information to be presented either in the statement of profit and loss or in the notes		
23	a) Has the entity ensured that it has not presented any items of income and expense as extraordinary items, in the statement(s) presenting profit and loss, or in the notes?	1.87	
	b) When items of income and expense are material, has the entity disclosed their nature and amount separately?	1.97	
	c) Whether the entity separately disclosed the items of income and expense in the following circumstances:	1.98	
	i) The write-down of inventories to net realisable value or of property, plant and equipment to recoverable amount, as well as the reversal of such write-downs,		
	ii) A restructuring of the activities of the entity and the reversal of any provisions for the costs of restructuring,		
	iii) Disposals of items of property, plant and equipment,		
	iv) Disposals of investments,		
	v) Discontinued operations,		
	vi) litigation settlements, and		
	vii) Other reversals of provisions?		
	d) Has the entity presented an analysis of expenses recognised in profit and loss using a classification based on their nature and not their function within the entity?	1.99	
	(Note: *Entities are encouraged to present this analysis in the statement of profit and loss.*)	1.100	
	e) Has the entity disclosed the amount of income tax relating to each component of OCI including reclassification adjustments, either in the statement of profit and loss or in the notes?	1.90	
	Statement of changes in equity		
24	Has the entity presented a statement of changes in equity including the following information:	1.106	
	a) Total comprehensive income for the period, showing separately the total amounts attributable to:		
	i) Owners of the parent, and		
	ii) NCI,		
	b) For each component of equity, the effects of retrospective application or retrospective restatement recognised in accordance with Ind AS 8, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	c) For each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing changes resulting from:		
	i) Profit and loss,		
	ii) OCI,		
	iii) Transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control, and		
	iv) Any item recognised directly in equity such as amount recognised directly in equity as capital reserve with paragraph 36A of Ind AS 103, *Business Combinations*?		
25	Has the entity disclosed either in the balance sheet, the statement of changes in equity, or in the notes:	1.79	
	a) For each class of share capital:		
	i) The number of shares authorised,		
	ii) The number of shares issued and fully paid, and issued but not fully paid,		
	iii) Par value per share, or that the shares have no par value,		
	iv) A reconciliation of the number of shares outstanding at the beginning and at the end of the period,		
	v) The rights, preferences and restrictions attaching to that class, including restrictions on the distribution of dividends and the repayment of capital,		
	vi) Shares in the entity held by the entity itself or by its subsidiaries (treasury shares) or associates, and		
	vii) Shares reserved for issue under options and contracts, including the terms and amounts,		
	b) A description of the nature and purpose of each reserve within equity?		
26	Has the entity presented for each component of equity, either in the statement of changes in equity or in the notes, an analysis of OCI by item?	1.106A	
27	Do the components of equity for the purpose of Q 26 include, for example, each class of contributed equity, the accumulated balance of each class of OCI and retained earnings?	1.108	
28	Has the entity disclosed, either in the statement of changes in equity or in the notes:	1.107	
	a) The amount of dividends recognised as distributions to owners during the period, and		
	b) The related amount of dividends per share?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Basis of accounting		
29	Do the notes :	1.112	
	a) Present information about the basis of preparation of the financial statements and the specific accounting policies used,		
	b) Disclose the information required by Ind AS that is not presented elsewhere in the financial statements, and		
	c) Provide information that is not presented elsewhere in the financial statements, but is relevant to an understanding of them?		
30	Has the entity presented notes in a systematic manner, and each item in the balance sheet, the statement of profit and loss, in the separate statement of profit and loss (if presented), and in the statements of changes in equity and of cash flows is cross-referenced to any related information in the notes?	1.113	
	(Note*: Examples of systematic ordering or grouping of the notes include:*	1.114	
	a) Giving a prominence to the areas of its activities that the entity considers to be most relevant to an understanding of its financial performance and financial position, such as grouping together information about particular operating activities,		
	b) Grouping together information about items measured similarly such as assets measured at fair value, or		
	c) Following the order of the line items in the statement of profit and loss and the balance sheet, such as:		
	i) Statement of compliance with Ind AS (see Q 33),		
	ii) Significant accounting policies applied (see Q 36(d)),		
	iii) Supporting information for items presented in the balance sheet and statement of profit and loss, and in the statements of changes in equity and of cash flows, in the order in which each statement and each line item is presented, and		
	iv) Other disclosures, including:		
	• *Contingent liabilities and unrecognised contractual commitments, and*		
	• *Non-financial disclosures - e.g. the entity's financial risk management objectives and policies)*		
	(Note: *In determining a systematic manner, the entity shall consider the effect on the understandability and comparability of its financial statements.)*		
31	Has the entity presented notes providing information about the basis of preparation of the financial statements and specific accounting policies as a separate section of the financial statements?	1.116	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
32	Has the entity provided additional disclosures when compliance with the specific requirements in Ind ASs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance?	1.17(c)	
33	When financial statements comply with Ind AS, has the entity disclosed an explicit and unreserved statement of such compliance in the notes?	1.16	
	(Note: *Financial statements are not described as complying with Ind AS unless they comply with all the requirements of Ind AS.)*		
34	When management is aware of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern but going concern concluded to be valid and financial statements are prepared on a going concern basis, has the entity disclosed those uncertainties?	1.25	
	Departure from a particular requirement of an Ind AS		
35	In the extremely rare circumstances in which management concludes that compliance with a requirement in an Ind AS would be so misleading that it would conflict with the objective of financial statements set out in the Framework, if the entity departs from that requirement in the manner set out below (if the relevant regulatory framework requires, or otherwise does not prohibit, such a departure), then:	1.19	
	a) Has the entity disclosed:	1.20	
	i) That management has concluded that the financial statements present a true and fair view of the entity's financial position, financial performance and cash flows,		
	ii) That it has complied with applicable Ind ASs except that it has departed from a particular requirement to achieve a true and fair view,		
	iii) The title of the Ind AS from which it has departed, the nature of the departure, including the treatment that the Ind AS would require, the reason why that treatment would be so misleading in the circumstances that it would conflict with the objective of financial statements set out in the Framework and the treatment adopted, and		
	iv) The financial effect of the departure on each item in the financial statements that would have been reported in complying with the requirement for each period presented?		
	b) When the entity has departed from a requirement of an Ind AS in a prior period, and that departure affects the amounts recognised in the financial statements for the current period, has the entity disclosed:	1.21 1.20(c) 1.20(d)	
	i) The title of the Ind AS from which it departed, the nature of the departure, including the treatment that the Ind AS would have required, the reason why that treatment would be so misleading in the circumstances that it would conflict with the objective of financial statements set out in the Framework and the treatment adopted, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	ii) The financial effect of the departure on each item in the financial statements that would have been reported in complying with the requirement for each period presented?		
	Accounting policies		
36	a) In deciding whether a particular accounting policy should be disclosed, has the entity considered:	1.119	
	i) Whether disclosure would assist users in understanding how transactions, other events and conditions are reflected in reported financial performance and financial position,		
	ii) Whether disclosure of the particular accounting policy is selected from alternatives allowed in Ind AS, and		
	iii) The nature of the entity's operations and the policies that the users of its financial statements would expect to be disclosed for that type of entity?		
	b) Has the entity disclosed each significant accounting policy that is not specifically required by Ind AS, but is selected and applied in accordance with paragraphs 10-12 of Ind AS 8?	1.121	
	(Note: *Disclosure of an accounting policy may be significant because of the nature of the entity's operations regardless of whether the amounts for the current and prior period are material.)*		
	c) Has the entity ensured that it does not rectify inappropriate accounting policies either by disclosure of the accounting policies used or by notes or explanatory material?	1.18	
	d) Has the entity disclosed in the significant accounting policies:	1.117	
	i) The measurement basis (or bases) used in preparing the financial statements, and		
	ii) The other accounting policies used that are relevant to an understanding of the financial statements?		
	e) Has the entity disclosed, along with its significant accounting policies or other notes, the judgments, apart from those involving estimations that are disclosed elsewhere, made by management in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements?	1.122	
	Disclosures regarding estimates and assumptions		
37	a) Has the entity disclosed information about assumptions made about the future, and other major sources of estimation uncertainty at the reporting date, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year,	1.125	
	If yes , has the following details in respect of those assets and liabilities included:		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	i) Their nature, and		
	ii) Their carrying amount as at the reporting date?		
	(Note: *Ind AS 1 does not require the disclosure of budget information or forecasts in making the disclosures in Q 37(a) above.*)	1.130	
	b) When it is impracticable to disclose the extent of the possible effects of an assumption or another source of estimation uncertainty at the reporting date, has the entity disclosed that it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the carrying amount of the asset or liability affected?	1.131	
	(Note: *In all cases the entity discloses the carrying amount and nature of the assets or liabilities affected by the assumption.*)		
	Equity		
	Capital disclosures		
38	a) To enable users of financial statements to evaluate the entity's objectives, policies and processes for managing capital, has the entity disclosed based on information provided to key management personnel:	1.134 1.135	
	i) Qualitative information about objectives, policies and processes for managing capital, including:		
	• A description of what is managed as capital,		
	• When the entity is subject to externally imposed capital requirements, the nature of those requirements and how those requirements are incorporated into the management of capital, and		
	• How the objectives for managing capital are met,		
	ii) Summary quantitative data about the capital that is managed,		
	iii) Any changes in information disclosed under Q 38 (a)-(b) from the previous period,		
	iv) Whether during the period the entity complied with any externally imposed capital requirements to which it is subject, and		
	v) When the entity has not complied with such externally imposed capital requirements, the consequences of such non-compliance?		
	b) When an aggregate disclosure of capital requirements and how capital is managed would not provide useful information or distorts a financial statement user's understanding of the entity's capital resources, has the entity disclosed separate information for each capital requirement to which the entity is subject?	1.136	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	c) Has the entity disclosed in the notes:	1.137	
	i) The amount of dividends proposed or declared before the financial statements were authorised for issue but not recognised as a distribution to owners during the period and the related amount per share, and		
	ii) The amount of any cumulative preference dividends not recognised?		
	d) Whether the entity has disclosed the name of the ultimate parent of the group, if not disclosed elsewhere in information published within the financial statements?	1.138	
	Items of income, expense, gains or losses		
39	In addition to the requirements set out in Q 21, whether the statement of profit and loss of the entity includes line items that present the following amounts for the period:	1.82	
	a) Revenue, presenting separately interest revenue calculated using the effective interest rate method,		
	b) Gains and losses arising from the derecognition of financial assets measured at amortised cost,		
	c) Impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with paragraph 5.5 of Ind AS 109,		
	d) If a financial asset is reclassified out of the amortised cost measurement category so that it is measured at fair value through profit or loss, any gain or loss arising from a difference between the previous amortised cost of the financial asset and its fair value at the reclassification date, and		
	e) If a financial asset is reclassified out of the fair value through OCI measurement category so that it is measured at fair value through profit or loss, any cumulative gain or loss previously recognised in OCI that is reclassified to statement of profit and loss?		

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- **Schedule III vs Ind AS**: Ind AS 1 does not include any illustrative format for the presentation of financial statements. Section 129 of the 2013 Act requires companies to present the financial statements in the form prescribed in Schedule III to the 2013 Act. In case of any conflicts between the requirements of Ind AS and Schedule III to the 2013 Act, Ind AS shall prevail. For entities which are 'companies' and required to follow Schedule III of the 2013 Act, the liquidity basis as prescribed under Ind AS 1 is not available.
- **Court approved schemes**: An entity may be required to comply with the accounting, presentation and disclosure requirements prescribed in a court approved scheme relating to a merger or amalgamation transaction. The requirements of Ind AS 1 may stand modified to this extent.
- **Frequency of reporting**: Ind AS 1 requires the entity to present complete set of financial statements at least annually, unless the entity changes the reporting period and presents financial statements for a period longer or shorter than one year where appropriate disclosures shall be made by such the entity. However, the 2013 Act requires companies to generally have a financial year ending on 31 March every year.
- **Materiality**: Ind AS requires the entity to present separately each material class of similar items. The entity shall also present separately items of dissimilar nature or function unless they are immaterial except when required by law. Schedule III requires any item of income or expenditure which exceeds 1 per cent of revenue from operations or INR1 lakh, whichever is higher, to be disclosed.

Significant carve-outs from IFRS

- **Long-term loan arrangement**: Such arrangements need not be classified as current on account of breach of a material provision, for which the lender has agreed to waive before the approval of financial statements for issue.
- **Expenses analysis**: IAS 1, *Presentation of Financial Statements* allows the entity to present the profit or loss account using either nature of expense or function of expenses classification, whichever provides information that is reliable and more relevant. Ind AS 1, however, allows only nature-wise classification of expenses.
- **Single statement approach**: IAS 1 provides an option either to follow the single statement approach or to follow the two statement approach. It provides that the entity may present a single statement of profit and loss and other comprehensive income, with profit or loss and other comprehensive income presented in two sections or the entity may present the profit or loss section in a separate statement of profit and loss which shall immediately precede the statement presenting comprehensive income, which shall begin with profit or loss. However, Ind AS 1 allows only the single statement approach.
- **Periodicity**: IAS 1 permits the periodicity, for example, of 52 weeks for preparation of financial statements. Ind AS 1 does not permit it.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- **Prudence**: ICDS does not recognise the concept of prudence. Hence, it disallows recognition of expected losses or mark-to-market losses unless specifically permitted by any other ICDS. However, ICDS remain silent on the treatment of mark-to-market unrealised gains.
- **Materiality**: Further, the concept of materiality which is an important consideration in preparing financial statements has not been considered under ICDS. This could pose implementation challenges, for instance,

the treatment of unadjusted audit differences in the financial statements may need to be considered while computing taxable income.

- **Change in accounting policies**: ICDS does not permit changes in accounting policies without 'reasonable cause' where reasonable cause has not been defined by the ICDS and hence, would involve exercise of judgment by the management and the tax authorities.

Glossary

Current assets: An entity shall classify an asset as current when:

a) It expects to realise the asset, or intends to sell or consume it, in its normal operating cycle,
b) It holds the asset primarily for the purpose of trading,
c) It expects to realise the asset within twelve months after the reporting period, or
d) The asset is cash or a cash equivalent (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

Current Liability: An entity shall classify a liability as current when:

a) It expects to settle the liability in its normal operating cycle,
b) It holds the liability primarily for the purpose of trading,
c) The liability is due to be settled within twelve months after the reporting period, or
d) It does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period (see paragraph 73 of Ind AS 1). Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current.

General purpose financial statements (referred to as 'financial statements') are those intended to meet the needs of users who are not in a position to require an entity to prepare reports tailored to their particular information needs.

Impracticable Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.

Indian Accounting Standards (Ind ASs) are standards prescribed under Section 133 of the 2013 Act.

Material Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by other Ind ASs.

Owners are holders of instruments classified as equity.

Profit or loss is the total of income less expenses, excluding the components of other comprehensive income.

Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in the current or previous periods.

Total comprehensive income is the change in equity during a period resulting from transactions and other events, other than those changes resulting from transactions with owners in their capacity as owners.

(Source: Ind AS 1, *Presentation of Financial Statements* as issued by the Ministry of Corporate Affairs)

Ind AS-2 Inventories

1. Executive summary

- Indian Accounting Standard (Ind AS) 2, *Inventories* defines inventories as:
  - Held for sale in ordinary course of business (finished goods),
  - In the process of production for such sale (work in progress), or
  - In the form of materials or supplies to be consumed in the production process or in the rendering of services (raw material and consumables).
- Generally, inventories are measured at the lower of cost and Net Realisable Values (NRV).
- Cost includes all direct expenditure to bring inventories to their present location and condition, including allocated overheads.
- The cost of inventory is generally determined under the First-In, First-Out (FIFO) or weighted average method. The use of the Last-In, First-Out (LIFO) method is prohibited.
- Inventory costing methods may include standard cost or retail methods if they approximate the actual cost.
- Net realisable value is the estimated realisable value of inventories less estimated cost to be incurred to make the sale.
- If the net realisable value of an item that has been written down subsequently increases, then the write-down is reversed.
- The cost of inventory is recognised as an expense when the inventory is sold.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability		
	This standard should be applied in accounting for inventories with respect to capitalisation of assets, subsequent recognition of expense, including the write-down to net realisable value, and in determining the cost formulas to be used in assigning costs to inventories.	2.1	
	Scope		
1	Is the entity a trading concern?	2.6 (a)	
	If yes, this standard is applicable to the entity.		
2	Does the entity produce or manufacture inventories for sale?	2.6 (b)	
	If yes, this standard is applicable to the entity.		
3	Are any buildings included by the entity in inventory, bought or constructed with the intention of resale in the ordinary course of business?		
4	Does the entity include any material or supplies to be used in the rendering of services in inventory?	2.6 (c)	
5	Are spare parts used in connection with fixed assets over more than one accounting period excluded from inventory?		
6	Are re-usable and returnable packaging or parts used during more than one period excluded from inventory?		
7	Are samples held by the entity excluded from inventory?		
	Recognition		
8	Does the entity include the following in the cost of inventories:	2.10	
	a) All cost of purchase,		
	b) All cost of conversion, and		
	c) Any other cost incurred in bringing the inventories to their present location and condition?		
9	Do the costs of purchase included in the cost of inventories comprise the following:	2.11	
	a) The purchase price (less trade discounts, and rebates and similar items),		
	b) Transport and handling charges,		
	c) Taxes that are not recoverable, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	d) Other costs directly attributable to the acquisition of finished goods, materials and services?		
10	Do the costs of purchase included in the cost of inventories comprise the following:	2.12	
	a) Those costs that are directly related to the units of production (e.g. direct labour), and		
	b) A systematic allocation of fixed and variable production overheads that are incurred in converting the materials into finished goods?		
11	Has the entity based the allocation of fixed production overheads on either:	2.13	
	a) Normal capacity of the production overheads, (which is the production that the entity expects to achieve on an average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance), or		
	b) The actual level of production, (only where it approximates normal capacity)?		
12	In case of a situation where there is low production (compared to normal capacity) or plant is idle, has the entity expensed the unallocated overheads?	2.13	
13	In periods of abnormally high production, has the entity adjusted the amount of fixed overheads allocated to each unit of production (such that inventories are not measured above cost)?	2.13	
14	Has the entity allocated variable production overheads to each unit of production on the basis of the actual use of the production facilities?	2.13	
15	Does the production process of the entity generate multiple products,	2.14	
	a) If yes, can the cost of conversion of each product be separately identified, or		
	b) If not separately identifiable, is the cost allocated individually or on a rational and consistent basis?		
16	Do the costs included in the carrying amount of inventories such as other costs represent only those costs that have been incurred in bringing inventories to their present location and condition?	2.15	
17	Are the costs which are not directly related to bringing inventories to their present location and condition recognised as expenses in the period in which they are incurred?	2.16	
18	Are qualifying borrowing costs included in the cost of inventories? (Refer Ind AS 23, *Borrowing Costs*)	2.17	
19	If the entity has purchased inventories on deferred settlement basis and the arrangement effectively contains a financing element, has the entity recognised that element (for example a difference between the purchase price for normal credit terms and the amount paid) as interest expenses over the period of financing under the effective interest method?	2.18	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
20	If the entity is a service provider, has it measured inventories at their cost of production which include labour and other costs of personnel directly engaged in providing the service, including supervisory personnel, and attributable overheads in computation of cost?	2.19	
21	If the entity holds any agricultural produce harvested from biological assets have the costs of such assets been measured on initial recognition at their fair value less costs to sell at the point of harvest?	2.20	
	Measurement		
22	Does the entity measure the inventory at the lower of cost and NRV?	2.9	
23	Does the entity use techniques for the measurement of the cost of inventories, such as the standard cost or the retail method, for convenience if the results approximate cost?	2.21	
24	If the entity applies the standard cost method,	2.21	
	a) Do the standard costs take into account normal levels of material and supplies, labour, efficiency and capacity utilisation, and		
	b) Are standard costs regularly reviewed and revised if necessary?		
25	If the entity applies the retail method,	2.22	
	a) Is the cost of the inventories determined by reducing the sales value of the inventories by the appropriate percentage gross margin, and		
	b) Does the percentage used take into consideration inventories that have been marked down to below their original selling price?		
26	a) Does the entity hold inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects?	2.23	
	b) Does the entity identify the cost of such inventory items by using specific identification of their individual costs?	2.24	
27	For the items other than those dealt with under Q 26 above, does the entity assign the cost of inventory on one of the following bases:	2.25	
	a) The FIFO method, or		
	b) The weighted average cost formula?		
28	Does the entity consistently used the same cost formula (i.e. FIFO or weighted average) for all inventories that have a similar nature and use to the entity?	2.25	
29	If the entity uses a different cost formula for inventories with a different nature or use, has it provided appropriate justification for doing so?	2.25	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
30	Does the entity assess the (NRV) of inventories on an item by item basis, unless they are similar or related items, in which case they can be assessed on a group basis?	2.29	
	(Note: *In case of service providers, costs are accumulated generally in respect of each service for which a separate selling price is charged. Therefore, each such service should be treated as a separate item.)*		
31	Are the estimates of NRV based on the most reliable evidence available at the time the estimates were made, of the amount the inventory is expected to realise?	2.30	
32	Do the estimates of NRV take into consideration fluctuations of prices or costs directly relating to events occurring after the end of the period only to the extent that such events confirm conditions existing at the end of the period?	2.30	
33	Do the estimates of NRV take into consideration the purpose for which the inventory is held?	2.31	
34	If the NRV of materials and supplies held for use in the production of inventories has fallen below the cost, have such materials and other supplies not been written down below their cost if the related finished goods are expected to be sold at or above cost?	2.32	
	(Note: *Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.)*		
35	If the circumstances that previously caused inventories to be written down below cost no longer exist, or if there is clear evidence of an increase in NRV because of changed economic circumstances, has the write-down been reversed (limited to the amount of the original write-down) so that the new carrying amount represents the lower of cost and the revised NRV?	2.33	
36	Has the carrying amount of all inventories which were sold during the period been expensed in the period when the related revenue was recognised?	2.34	
37	Has the entity recognised the write-down of inventories to NRV, and all other losses of inventories, as an expense in the period the write-down or loss occurred?	2.34	
38	Is the write-down of inventory to NRV reversed, as a result of an increase in net realisable value?	2.34	
	In such case, has the reversal been recognised as a reduction in the amount of inventories recognised as an expense, in the period in which the reversal occurs?		
39	a) Have inventories been allocated to some other asset account (e.g. inventory used as a component of self-constructed property, plant or equipment)?	2.35	
	b) In such case have the inventories been recognised as an expense during the useful life of that asset?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Disclosure		
40	Does the entity disclose the following:	2.36	
	a) The accounting policies adopted in measuring inventories, including the cost formula used,		
	b) The total carrying amount of inventories and the carrying amount in classifications appropriate to the entity,		
	c) The carrying amount of inventories carried at fair value less costs to sell,		
	d) The amount of inventories recognised as an expense during the period,		
	e) The amount of any write-down of inventories recognised as an expense in the period and presented in cost of sales,		
	f) The amount of any reversal of any write-down that is recognised as a reduction in the amount of inventories recognised as expense in the period and presented in cost of sales,		
	g) The circumstances or events that led to the reversal of a write-down of inventories, and		
	h) The carrying amount of inventories pledged as security for liabilities?		
	(Note: *Information about the carrying amounts held in different classifications of inventories and the extent of the changes in these assets is useful to financial statement users. Common classifications of inventories are merchandise, production supplies, materials, work in progress and finished goods. The inventories of a service provider may be described as work in progress.)*	2.37	

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- There are no specific requirements arising out of the 2013 Act in the context of this standard.

Significant carve-outs from IFRS

- Paragraph 38 of IAS 2, *Inventories* dealing with recognition of inventories as an expense based on function wise classification, has been deleted in Ind AS 2.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- ICDS does not identify standard cost method as a technique to measure the cost of inventory.

Glossary

Inventories are assets:

a) Held for sale in the ordinary course of business,

b) In the process of production for such sale, and

c) In the form of materials or supplies to be consumed in the production process or in the rendering of services.

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.

Fair value, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(Source: Ind AS 2, *Inventories* as issued by the Ministry of Corporate Affairs)

Ind AS-7 Statement of Cash Flows

1. Executive summary

- Indian Accounting Standard (Ind AS) 7, *Statement of Cash Flows* requires the entity to provide information about historical changes in its cash and cash equivalents in a statement of cash flows which classifies cash flows during the period into those from operating, investing and financing activities.
- Cash and cash equivalents for the purposes of the statement of cash flows include certain short-term investments and in some cases, bank overdrafts.
- The statement of cash flows presents cash flows during the period, classified by operating, investing and financing activities.
- The entity presents its cash flows in the manner most appropriate to its business.
- The entity chooses its own policy for classifying each of interest and dividends. The chosen presentation method is applied consistently.
- Taxes paid are separately disclosed and classified as operating activities unless it is practicable to identify them with, and therefore, classify them as, financing or investing activities.
- Cash flows from operating activities may be presented under either the direct method or the indirect method.
- Foreign currency cash flows are translated at the exchange rates at the date of the cash flows (or using averages when appropriate).
- Generally, all financing and investing cash flows are reported gross. Cash flows are offset only in limited circumstances.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Scope		
	The entity shall prepare a statement of cash flows in accordance with the requirements of Ind AS 7 and shall present it as an integral part of its financial statements for each period for which financial statements are presented.	7.1	
	Cash and cash equivalents		
1	Have short-term (generally presumed as original maturity of say three months or less), highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, been classified as cash equivalents?	7.6 7.7	
2	Have bank overdrafts (which are repayable on demand and form an integral part of the entity's cash management) been included as a component of cash and cash equivalents?	7.8	
3	Does the entity disclose the components of cash and cash equivalents?	7.45	
4	Does the entity reconcile the amounts of cash and cash equivalents in the statement of cash flows with the equivalent items in the balance sheet?	7.45	
5	Does the entity disclose the policy for determining the composition of cash and cash equivalents?	7.46	
6	Is the effect of any change in the policy for determining components of cash and cash equivalents (for example, a change in the classification of financial instruments previously considered to be part of an entity’s investment portfolio), reported in accordance with Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors?*	7.47	
7	Has the entity disclosed, together with a commentary by management, the amount of significant cash and cash equivalent balances that are not available for use?	7.48	
	Presentation of a statement of cash flows		
8	Are the cash flows during the period classified by operating, investing and financing activities?	7.10	
9	If a single transaction includes cash flows of a different nature, have these been classified separately by the entity? (For example, when the instalment paid in respect of an item of property, plant and equipment acquired on deferred payment basis includes interest, the interest element is classified under financing activities and the loan element is classified under investing activities.)	7.12	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
10	a) Have the cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale in accordance with Ind AS 16 *Property, Plant and Equipment* been classified as operating activities?	7.14	
	b) Have the cash receipts from rents and subsequent sales of such assets also been classified as cash flows from operating activities?		
11	Does the entity report cash flows from operating activities using either:	7.18	
	a) The direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed, or		
	b) The indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows?		
12	Does the entity report separately major classes of gross cash receipts and gross cash payments arising from investing and financing activities, except to the extent that cash flows described in Q 13 and 14 below are reported on a net basis?	7.21	
13	Are cash flows arising from the following operating, investing or financing activities reported on a net basis:	7.22	
	a) Cash receipts and payments on behalf of customers when the cash flows reflect the activities of the customer rather than those of the entity, and		
	b) Cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short?		
14	Is the entity a financial institution that reports cash flows arising from each of the following activities on a net basis:	7.24	
	a) Cash receipts and payments for the acceptance and repayment of deposits with a fixed maturity date,		
	b) The placement of deposits with and withdrawal of deposits from other financial institutions, and		
	c) Cash advances and loans made to customers and the repayment of those advances and loans?		
15	Does the entity disclose the following appropriately:	7.31	
	a) Cash inflow from interest,		
	b) Cash outflow from interest,		
	c) Cash inflow from dividends, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	d) Cash outflow from dividends?		
	(Note: *Cash flows from interest and dividends received and paid shall each be disclosed separately. Cash flows arising from interest paid and interest and dividends received in the case of a financial institution should be classified as cash flows arising from operating activities. In the case of other entities, cash flows arising from interest paid should be classified as cash flows from financing activities while interest and dividends received should be classified as cash flows from investing activities. Dividends paid should be classified as cash flows from financing activities.*)		
16	Are the cash flows arising from taxes on income separately disclosed and classified as cash flows from operating activities unless they can be specifically identified with financing and investing activities?	7.35	
	Foreign currency cash flows		
17	Whether cash flows arising from transactions in a foreign currency are recorded in an entity's functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the cash flow?	7.25	
18	Are the cash flows of a foreign subsidiary translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows?	7.26	
19	Whether the cash flows denominated in a foreign currency are reported in a manner consistent with Ind AS 21, *The Effects of Changes in Foreign Exchange Rates* by using an exchange rate that approximates the actual rate, e.g. a weighted average exchange rate?	7.27	
20	a) Are unrealised gains and losses arising from changes in foreign currency exchange rates excluded from the cash flow statement, except for, the effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency reported in the statement of cash flows?	7.28	
	b) Has the entity presented the exchange rate changes on cash and cash equivalent separately from cash flows from operating, investing and financing activities, and included the differences, if any, has those cash flows been reported at the end of period exchange rates?		
	Investments in subsidiaries, associates, joint ventures and other businesses		
21	When accounting for an investment in an associate, a joint venture or a subsidiary accounted for by use of the equity or cost method, has the entity restricted its reporting in the statement of cash flows to the cash flows between itself and the investee (for example, to dividends and advances)?	7.37	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
22	Have the aggregate cash flows arising from obtaining or losing control of subsidiaries or other businesses been presented separately and classified as investing activities in the statement of cash flows?	7.39	
	(Note: *Cash flows arising from changes in ownership interests in a subsidiary that do not result in a loss of control shall be classified as cash flows from financing activities, unless the subsidiary is held by an investment entity, as defined in Ind AS 110, Consolidated Financial Statements, and is required to be measured at fair value through profit or loss.*	7.42A	
	Changes in ownership interests in a subsidiary that do not result in a loss of control, such as the subsequent purchase or sale by a parent of a subsidiary's equity instruments, are accounted for as equity transactions (see Ind AS 110), unless the subsidiary is held by an investment entity and is required to be measured at fair value through profit or loss. Accordingly, the resulting cash flows are classified as cash flows from financing activities, in the same way as other transactions with owners as described in this standard.)	7.42B	
23	Has the entity disclosed, in aggregate, in respect of both obtaining and losing control of subsidiaries or other businesses during the period, each of the following:	7.40	
	a) The total consideration paid or received,		
	b) The portion of the consideration consisting of cash and cash equivalents,		
	c) The amount of cash and cash equivalents in the subsidiaries or other businesses over which control is obtained or lost, and		
	d) The amount of the assets and liabilities other than cash or cash equivalents in the subsidiaries or other businesses over which control is obtained or lost, summarised by each major category?		
	(Note: *An investment entity, as defined in Ind AS 110, need not apply requirements provided in Q 23 (c) - (d), to an investment in a subsidiary that is required to be measured at fair value through profit or loss.*)	7.40A	
24	Have the cash flow effects of losing control not been deducted from those of obtaining control?	7.41	
25	Has the aggregate amount of the cash paid or received as consideration for obtaining or losing control of subsidiaries or other businesses been reported in the statement of cash flows net of cash and cash equivalents acquired or disposed of as part of such transactions, events or changes in circumstances?	7.42	
	Non-cash transactions		
26	Investing and financing transactions that do not require the use of cash or cash equivalents shall be excluded from a statement of cash flows. Have such transactions been disclosed elsewhere in the financial statements in a way that provides all the relevant information about these investing and financing activities?	7.43	

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- The 2013 Act defines the term 'financial statements' to include:
  a) Balance sheet as at the end of the financial year,
  b) Statement of profit and loss for the financial year,
  c) Cash flow statement for the financial year,
  d) Statement of change in equity, if applicable, and
  e) Any explanatory note forming part of the above statements.
- For one Person Company, small company and dormant company, financial statements may not include the cash flow statement.
- Therefore, preparation of cash flow statements is mandatory under the 2013 Act. Once the entity transitions to Ind AS, the cash flow statement would be prepared in accordance with the requirements of this standard.

Significant carve-outs from IFRS

- In case of other than financial entities, IAS 7, *Cash Flow Statements* gives an option to classify the interest paid and interest and dividends received as item of operating cash flows. Ind AS 7 does not provide such an option and requires these item to be classified as item of financing activity and investing activity, respectively.
- IAS 7 gives an option to classify the dividend paid as an item of operating activity. However, Ind AS 7 requires it to be classified as a part of financing activity only.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- No specific requirements has been prescribed under the ICDS relating to this standard.

Glossary

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 of the entity and other activities that are not investing or financing 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.

(Source: Ind AS 7, *Statement of Cash Flows* as issued by the Ministry of Corporate Affairs)

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

1. Executive summary

- Indian Accounting Standard (Ind AS) 8 *Accounting Policies, Changes in Accounting Estimates and Errors* prescribes the criteria for selecting and changing accounting policies, accounting treatment and disclosure of changes in accounting policies, estimates and correction of errors.
- Accounting policies are the specific principles, bases, conventions, rules and practices that an entity applies in preparing and presenting financial statements.
- If Ind AS does not cover a particular issue, then the entity uses its judgement based on a hierarchy of accounting literature.
- The entity shall select and apply its accounting policies consistently for similar transactions, other events and conditions, unless an Ind AS specifically requires or permits categorisation of items for which different policies may be appropriate. If an Ind AS requires or permits such categorisation, an appropriate accounting policy shall be selected and applied consistently to each category.
- The entity shall change an accounting policy only if the change is required by an Ind AS or results in the financial statements providing reliable and more relevant information.
- When initial application of an Ind AS has an effect on the current period or any prior period, the entity shall disclose the title of the Ind AS, the nature of change in accounting policy and that it is based on transitional provisions, a description of the transitional provisions including those that might have an effect on future periods and the amount of adjustment for the current and each prior period presented to the extent applicable. When entity has not applied a new Ind AS that has been issued but is not yet effective, the entity shall disclose this along with known or reasonably estimable information to assess the possible impact that its initial application will have on the entity's financial statements.
- The entity shall disclose 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 it is impracticable to disclose the amount of effect in future periods, this fact would be disclosed by the entity.
- Errors can arise in respect of the recognition, measurement, presentation or disclosure of elements of financial statements. Generally, accounting policy changes and correction for errors are made retrospectively by adjusting opening equity and restating comparatives unless impracticable.
- The entity should account for change in accounting estimate prospectively and where it is difficult to determine whether a change is change in accounting policy or a change in estimate, then it is treated as change in estimate.
- If the classification and presentation of items in the financial statements is changed, then the entity should restate the comparatives unless this is impracticable.
- Disclosure is required for judgements that have a significant impact on the financial statements and for key sources of estimation uncertainty.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Accounting policies		
1	When an Ind AS specifically applies to a transaction, other event or condition, has the entity ensured that the accounting policies applied to such items are determined by applying that Ind AS?	8.7	
2	If answer to Q 1 is no, has the entity ensured that any instances of non-compliance with specifically applicable Ind ASs only occur when the effect of applying them is immaterial?	8.8	
	Further, has the entity ensured that uncorrected, immaterial departures from Ind ASs are not left uncorrected in order to achieve a particular presentation of the entity's financial position, financial performance or cash flows?		
3	In the absence of an Ind AS that specifically applies to a transaction, other event or condition, has the entity used its judgment in developing and applying accounting policies that results in information that is: a) Relevant to the economic decision-making needs of users, and	8.10	
	b) Reliable, in that the financial statements: i) Represent faithfully the financial position, financial performance and cash flows of the entity,		
	ii) Reflect the economic substance of transactions, other events and conditions, and not merely the legal form,		
	iii) Are neutral, i.e. free from bias,		
	iv) Are prudent, and		
	v) Are complete in all material respects?		
4	If answer to Q 3 is yes, in making the judgment has the entity considered the following: a) Referred to and considered the applicability of, the following sources in descending order: i) The requirements in Ind AS dealing with similar and related issues, and	8.11	
	ii) The definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the framework,		
	b) If required, also considered the most recent pronouncements of International Accounting Standards Board and in absence thereof those of the other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practices to the extent that these do not conflict with the sources in (a) above?	8.12	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Consistency		
5	a) Does the entity select and apply its accounting policies consistently for similar transactions, other events and conditions?	8.13	
	b) Does Ind AS specifically require or permit categorisation of items for which different policies may be appropriate?		
	If yes, is an appropriate accounting policy selected and applied consistently to each category?		
	Changes in accounting policy		
6	Has the entity ensured that any change in accounting policy is either: a) Required by an Ind AS, or	8.14	
	b) Results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows?		
7	Has the initial application of a policy to revalue assets in accordance with Ind AS 16, *Property, Plant and Equipment*, or Ind AS 38, *Intangible Assets,* been dealt with as a revaluation in accordance with Ind AS 16 or Ind AS 38, rather than in accordance with this standard?	8.17	
8	If the entity has changed an accounting policy upon initial application of an Ind AS that does not include specific transitional provisions applying to that Ind AS change, or changed an accounting policy voluntarily, has it applied the change retrospectively?	8.19	
9	Does the entity account for a change in accounting policy resulting from the initial application of an Ind AS in accordance with the specific transitional provisions, if any, in that Ind AS?	8.21	
10	When a change in accounting policy is applied retrospectively, has the entity adjusted the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied?	8.22	
11	If it is impracticable to determine the period-specific effects of changing an accounting policy on comparative information for one or more prior periods presented, has the entity applied the new accounting policy to the carrying amounts of assets and liabilities as at the beginning of the earliest period for which retrospective application is practicable, and made a corresponding adjustment to the opening balance of each affected component of equity for that period?	8.23 8.24	
12	In cases where it is impracticable to determine the cumulative effect, at the beginning of the current period, of applying a new accounting policy to all prior periods, has the entity made proper disclosure according to this standard?	8.25	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Changes in accounting estimate		
13	Has the entity used reasonable estimates in the preparation of financial statements?	8.33	
14	Has the entity revised an estimate if changes have occurred in the circumstances on which the estimate was based or as a result of new information or more experience?	8.34	
15	If yes, has the change in accounting estimates been recognised prospectively by including it in profit or loss in:	8.36	
	a) The period of change, if the change affects that period only, or		
	b) The period of change and future periods, if the change affects both?		
	Errors		
16	Have any material prior period errors been discovered by the entity in this period?	8.41	
17	If answer to Q 16 is yes, have the prior period errors been corrected by restating the comparative amounts for the prior period(s) presented in which the error occurred or if the error occurred before the earliest prior period presented, by restating the opening balances of assets, liabilities and equity for the earliest prior period presented?	8.42	
18	If it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, has the entity restated the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable?	8.43	
19	If it is impracticable to determine the cumulative effect, at the beginning of the current period, of an error on all prior periods, has the entity restated the comparative information to correct the error prospectively from the earliest date practicable?	8.44	
	Disclosure		
	Changes in accounting policy		
20	On initial application of an Ind AS that has an effect on the current period or any prior period would have such an effect, except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, has the entity disclosed:	8.28	
	a) The title of the Ind AS,		
	b) When applicable, the change in accounting policy is made in accordance with its transitional provisions,		
	c) The nature of the change in accounting policy,		
	d) When applicable, a description of the transitional provisions,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	e) When applicable, the transitional provisions that may have an effect on future periods,		
	f) For the current period and each prior period presented, to the extent practicable, the amount of the adjustment:		
	i) For each financial statement line item affected, and		
	ii) If Ind AS 33, *Earnings per Share*, applies to the entity, for basic and diluted earnings per share,		
	g) The amount of the adjustment relating to periods before those presented, to the extent practicable, and		
	h) If retrospective application, referred to in Q 8, is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied?		
21	When a voluntary change in accounting policy has an effect on the current period or any prior period, would have an effect on that period except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, has the entity disclosed:	8.29	
	a) The nature of the change in accounting policy,		
	b) The reasons why applying the new accounting policy provides reliable and more relevant information,		
	c) For the current period and each prior period presented, to the extent practicable, the amount of the adjustment:		
	i) For each financial statement line item affected, and		
	ii) If Ind AS 33 applies to the entity, for basic and diluted earnings per share,		
	d) The amount of the adjustment relating to periods before those presented, to the extent practicable, and		
	e) If retrospective application is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied?		
22	In case the entity has not applied a new Ind AS that has been issued but is not yet effective, has the entity disclosed:	8.30	
	a) This fact, and		
	b) Known or reasonably estimable information relevant to assessing the possible impact that application of the new Ind AS will have on the entity's financial statements in the period of initial application?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Change in accounting estimates		
23	Has the entity disclosed 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, except for the disclosure of the effect on future periods when it is impracticable to estimate that effect?	8.39	
	Prior period errors		
24	Has the entity disclosed:	8.49	
	a) The nature of the prior period error,		
	b) For each prior period presented, to the extent practicable, the amount of the correction:		
	i) For each financial statement line item affected, and		
	ii) For basic and diluted earnings per share, if applicable,		
	c) The amount of the correction at the beginning of the earliest period presented, and		
	d) If retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected?		

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- As indicated above, Ind AS requires recast of prior period information in case of a change in the accounting policy or prior period errors. It may be noted that the 2013 Act also contains provisions in connection with revision of the financial statements either pursuant to the Tribunal's orders or voluntarily. A question that remains unanswered is whether, recast of financial statements as required by Ind AS, would amount to a voluntary revision of the financial statements.

Significant carve-outs from IFRS

- No significant carve-outs from IFRS have been provided in this standard.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- ICDS does not permit changes in accounting policies without a 'reasonable cause'. In case there is a change in accounting policies, the ICDS standards require disclosure. There is no requirement to recast prior financial information. The ICDS do not define what 'reasonable cause' and hence this may lead to litigation, unless the term is specifically clarified.
- There is no specific guidance on errors. It is expected that errors would be charged to tax or deductible in the year to which they relate.

Glossary

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

Change in Accounting Estimate – 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 correction of errors.

Prior Period errors – Prior period errors are omissions from, and misstatement in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

d) Was available when financial statements for those periods were approved for issue, and

e) Could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistake in applying accounting policies, oversights or misrepresentations of facts, and fraud.

Impracticable Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.

Indian Accounting Standards (Ind ASs) are Standards prescribed under Section 133 of the Companies Act, 2013.

Material Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

Retrospective Application is applying a new accounting policy to transactions, other events and conditions as if that policy had always been applied.

Retrospective Restatement is correcting the recognition, measurement and disclosure of amounts of elements of financial statements as if a prior period error had never occurred.

Prospective Application of a change in accounting policy and of recognising the effect of a change in an accounting estimate, respectively are:

a) Applying the new accounting policy to transactions, other events and conditions occurring after the date as at which the policy is changed, and

f) Recognising the effect of the change in the accounting estimate in the current and future periods affected by the change.

(Source: Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* as issued by the Ministry of Corporate Affairs)

Ind AS-10
Events after the Reporting Period

1. Executive summary

- Indian Accounting Standard (Ind AS) 10, *Events after the Reporting Period* deals with events that occur after the end of the reporting period but before the financial statements are authorised for issue.
- The financial statements are adjusted to reflect events that occur after the end of the reporting period, but before the financial statements are authorised for issue by management, if those events provide evidence of conditions that existed at the end of the reporting period.
- Financial statements are not adjusted for events that are a result of conditions that arose after the reporting period, except when the going concern assumption is no longer appropriate.
- It is necessary to determine the underlying clauses of an event and its timing to determine whether the event is adjusting or non-adjusting.
- The classification of liabilities as current or non-current is based generally on circumstances at the reporting date.
- Earnings per share is restated to include the effect on the number of shares of certain share transactions that happen after the reporting date.
- If management determines that the entity is not a going concern after the reporting date but before the financial statements are authorised for issue, then the financial statements are not prepared on a going concern basis. (Also refer to checklist on Ind AS 1, *Presentation of Financial Statements)*

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Adjusting events		
1	If there are any events that have occurred between the end of the reporting period and the date on which the financial statements of the entity are approved for issue, that provide evidence of conditions that existed at the end of the reporting period in respect of the entity, has the entity treated these as adjusting events and adjusted the amount recognised in its financial statements to reflect such events occurring after the reporting period?	10.8	
	(The following are some examples of adjusting events: a) The settlement after the reporting period of a court case that confirms that the entity had a present obligation at the end of the reporting period, b) The receipt of information after the reporting period indicating that an asset was impaired at the end of the reporting period, or that the amount of a previously recognised impairment loss for that asset needs to be adjusted. For example, the sale of inventories after the reporting period may give evidence about their net realisable value at the end of the reporting period, c) The determination after the reporting period of the cost of assets purchased, or the proceeds from assets sold, before the end of the reporting period, d) The determination after the reporting period of the amount of profit-sharing or bonus payments, if the entity had a present legal or constructive obligation at the end of the reporting period to make such payments as a result of events before that date, and e) The discovery of fraud or errors that show that the financial statements are incorrect.)	10.9	
	Non adjusting events		
2	If there are any events that are indicative of conditions that arose after the end of the reporting period, has the entity ensured that it has not adjusted the amounts recognised in its financial statements to reflect non-adjusting events after the reporting period?	10.10	
3	If there are any material non-adjusting events, non-disclosure of which could influence the economic decisions that users make on the basis of the financial statements, has the entity disclosed the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made, in the financial statements?	10.21	
4	a) Is there any breach of a material provision of a long term loan arrangement on or before the end of the reporting period, with an effect that the liability becomes payable on demand on the reporting date?	10.3	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) Is there any agreement made by the lender before the approval of financial statements to not demand payment as a consequence of the breach?		
5	If answer to Q 4 (a) and 4 (b) is yes, has the entity considered this as an adjusting event, else has the entity disclosed the liability as payable on demand?	10.3	
	Dividends		
6	If the entity has declared dividend to equity holders after the reporting period, has the entity not recognised a liability as at the end of reporting period and disclosed the dividend in the notes in accordance with the Ind AS 1, *Presentation of financial statements*?	10.12	
	Going Concern		
7	a) Has the entity prepared its financial statements on a going concern basis? (Note: *Going concern may not be valid if:* *i) Management determined after the reporting date that it intends to liquidate the entity or cease trading,* *ii) It has no realistic alternative but to do so (e.g. if there is a deterioration in operational results and the financial position after the reporting period, it may indicate a need to consider whether the going concern assumption is appropriate.))*	10.14 10.15	
	b) Has the entity made disclosures as per Ind AS 1 if: i) The financial statements are not prepared on a going concern basis, or ii) Management is aware of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern (such events or conditions requiring disclosure may arise after the reporting period)?	10.16	
	Disclosures		
8	Has the entity disclosed the date when the financial statements were approved for issue and who gave that approval?	10.17	
9	If the entity's owners or others have the power to amend the financial statements after issue, has the fact been disclosed?	10.17	
10	Has the entity updated disclosures that relate to conditions that existed at the end of the reporting period, based upon information received after the reporting period?	10.19	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
11	Has the entity updated the disclosures in its financial statements to reflect information received after the end of the reporting period, even when the information does not affect the amounts that it recognises in its financial statement?	10.20	
12	If there is any material non-adjusting event, for example: a) A major business combination after the reporting period or disposing of a major subsidiary, b) Announcement of a plan to discontinue an operation, c) Major purchases or disposals of assets, classification of assets as held for sale, or expropriation of major assets by government, d) Destruction of a major production plant by fire, e) Announcing or completing the implementation of a major restructuring, f) Major ordinary share transactions or potential ordinary share transactions, g) Abnormally large changes in asset prices or foreign exchange rates, h) Changes in tax rates or tax laws enacted or announced after the reporting period that have a significant effect on current and deferred tax assets and liabilities, i) Entering into significant commitments or contingent liabilities, or j) Commencing major litigation arising solely out of events that occurred after the reporting period.	10.22	
	Has the following disclosure been provided: a) Nature of the event, and	10.21	
	b) An estimate of its financial effect, or a statement that such an estimate cannot be made?		
	Appendix – Distribution of non-cash assets to owners		
13	The following Q 14-18 of the checklist should be completed if: a) Where permissible by applicable laws, the entity has distributed non-cash assets as dividend to its owners or has it given its owners a choice of receiving either non-cash assets or a cash alternative as dividends,	10.A3	
	b) All owners of the same class of equity instruments are treated equally, and	10.A4	
	c) The non-cash asset to be distributed will not be ultimately controlled by the same party or parties before and after the distribution?	10.A5	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note: *For a distribution to be outside the scope of the Appendix on the basis that*		
	a) The same parties control the asset both before and after the distribution, a group of individual shareholders receiving the distribution must have, as a result of contractual arrangements, such ultimate collective power over the entity making the distribution.	10.A6	
	b) The entity distributes some of its ownership interests in a subsidiary but retains control of the subsidiary. The entity making a distribution that results in the entity recognising a non-controlling interest in its subsidiary accounts for the distribution in accordance with Ind AS 110, Consolidated Financial Statements.	10.A7	
	Further the appendix addresses only the accounting by an entity that makes a non-cash asset distribution. It does not address the accounting by shareholders who receive such a distribution.)	10.A8	
14	In case the entity has distributed non-cash assets as a dividend:	10.A11 10.A12	
	a) To its owners, was the liability measured at the fair value of the assets to be distributed, and		
	b) In case the entity has given an alternative to its owners the choice of receiving either a non-cash asset or a cash alternative, did the entity estimate the dividend payable by considering both the fair value of each alternative and the associated probability of the owners selecting each alternative?		
15	Has the entity, at the end of each reporting period and at the date of settlement, reviewed and adjusted the carrying amount of the dividend payable, with any changes in the carrying amount of dividend payable being recognised in equity as adjustments to the amount of the distribution?	10.A13	
16	On settlement, has the entity recognised the difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable in the statement of profit and loss?	10.A14	
17	If there is a difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable, has the entity disclosed the following:	10.A15 10.A16	
	a) The difference between the carrying amount of the dividend payable and the carrying amount of the asset in the statement of profit and loss account as a separate line item,		
	b) The carrying amount of the dividend payable at the beginning and end of the period, and		
	c) The increase or decrease in the carrying amount recognised in the period as result of a change in the fair value of the assets to be distributed?		
18	If, after the end of the reporting period but before the financial statements are approved for issue, the entity declares a dividend to distribute a non-cash asset, has the entity disclosed the following:	10.A17	
	a) The nature of the asset to be distributed,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) The carrying amount of the asset to be distributed as of the end of the reporting period, and		
	c) The fair value of the asset to be distributed as of the end of the reporting period, if it is different from its carrying amount, and the information about the method (s) used to measure the fair value required by paragraph 93 (b), (d), (g) and (i) and 99 of Ind AS 113, *Fair Value Measurement?*		

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- There are no specific requirements arising out of the 2013 Act in the context of this standard.

Significant carve-outs from IFRS

- Consequent to changes made in Ind AS 1, *Presentation of Financial Statements*, it has been provided in the definition of 'Events after the reporting period' that in case of breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, if the lender, before the approval of the financial statements for issue, agrees to waive the breach, it shall be considered as an adjusting event. (Also refer checklist on Ind AS 1).

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- There is no specific requirement under ICDS on adjusting events/non-adjusting events. Treatment of provisions made in the financial statements is dealt with under the other provisions of the Income-tax Act, 1961.

Glossary

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.

Notwithstanding anything contained above, where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the agreement by lender before the approval of the financial statements for issue, to not demand payment as a consequence of the breach, shall be considered as an adjusting event.

Adjusting events after the reporting period are those that provide evidence of conditions that existed at the end of the reporting period

Non adjusting events after reporting date are those that are indicative of conditions that arose after the reporting date.

(Source: Ind AS 10, *Events after the Reporting Period* as issued by the Ministry of Corporate Affairs)

Ind AS-11 Construction Contracts

1. Executive summary

General

- Indian Accounting Standard (Ind AS) 11, *Construction Contracts* prescribes the accounting treatment for revenue and costs associated with construction contracts.
- The overall approach of the standard is as follows:
  - Revenue is recognised only if it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.
  - Revenue recognition does not require cash consideration. However, when goods or services exchanged are similar in nature and value, the transaction does not generate revenue.
  - When an arrangement includes more than one component, it may be necessary to account for the revenue attributable to each component separately.
  - When two or more transactions are linked so that the individual transactions have no commercial effect on their own, they are analysed as one arrangement.
- Contract revenue and contract costs are recognised with reference to the stage of completion of the contract activity if the outcome of the construction contract can be estimated reliably.
- Use of the completed contract method is not permitted.

Service concession arrangements

- Appendix A of Ind AS 11 provides specific guidance on the accounting by private sector entities (operators) for public-to-private service concession arrangements in which:
  - The public sector (grantor) controls or regulates the services provided and prices to be charged, and
  - Controls any significant residual interest in the infrastructure.
- For service concession arrangements within the scope of the standard, the operator does not recognise public service infrastructure as its own property, plant and equipment if the infrastructure is existing infrastructure of the grantor, or if the infrastructure is built or acquired by the operator as part of the service concession arrangement.
- The operator recognises and measures revenue for providing construction or upgrade services by applying the general guidance in this standard for construction contracts and revenue for other services in accordance with the general guidance in Ind AS 18, *Revenue*.
- The operator recognises consideration receivable from the grantor for construction or upgrade services as a financial asset and/or an intangible asset.
- The operator recognises a financial asset to the extent that it has an unconditional right to receive cash (or another financial asset) irrespective of the use of the infrastructure.
- The operator recognises an intangible asset to the extent that it has a right to charge for use of the infrastructure.
- Any financial asset recognised is accounted for in accordance with Ind AS 109, *Financial Instruments* and any intangible asset in accordance with Ind AS 38, *Intangible Assets*.
- There are no exemptions from these standards for operators.
- The operator recognises and measures contractual obligations to maintain or restore infrastructure in accordance with Ind AS 37, *Provisions, Contingent Liabilities and Contingent Assets*, except for any

construction or upgrade element which is accounted for by applying the general guidance on construction contracts.

- The operator generally capitalises attributable borrowing costs incurred during construction or upgrade periods to the extent that it has a right to receive an intangible asset. Otherwise, the operator expenses borrowing costs as they are incurred.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Combining and segmenting construction contracts		
1	Has the entity applied the requirements of this standard separately to each construction contract?	11.7	
	(Note*: In certain circumstances, it is necessary to apply the standard to the separately identifiable components of a single contract or to a group of contracts together in order to reflect the substance of a contract or a group of contracts.)*		
2	When a contract covers a number of assets, has the entity treated each asset as a separate construction contract when:	11.8	
	a) Separate proposals have been submitted for each asset,		
	b) Each asset has been subject to separate negotiation and the contractor and customer have been able to accept or reject that part of the contract relating to each asset, and		
	c) The costs and revenues of each asset can be identified?		
3	If the entity has a group of contracts, whether with a single customer or with several customers, have these been treated as a single construction contract when:	11.9	
	a) The group of contracts is negotiated as a single package,		
	b) The contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin, and		
	c) The contracts are performed concurrently or in a continuous sequence?		
4	When a contract provides for the construction of an additional asset at the option of the customer or may be amended to include the construction of an additional asset, has the construction of the additional asset been treated as a separate construction contract when:	11.10	
	a) The asset differs significantly in design, technology, or function from the asset or assets covered by the original contract, or		
	b) The price of the assets is negotiated without regard to the original contract price?		
	Contract revenue		
5	Does the contract revenue comprise:	11.11	
	a) The initial amount of revenue agreed in the contract, and		
	b) Variations in contract work, claims and incentive payments:		
	i) To the extent that it is probable that they will result in revenue, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	ii) They are capable of being reliably measured?		
6	a) Has contract revenue been measured at the fair value of the consideration received or receivable?	11.12	
	b) As the measurement of contract revenue includes variations and is affected by a variety of uncertainties that depend on the outcome of future events, are estimates revised often, as events occur and uncertainties resolved?		
	(Note: *Therefore, the amount of contract revenue may increase or decrease from one period to the next. For example:* *i) A contractor and a customer may agree variations or claims that increase or decrease contract revenue in a period subsequent to that in which the contract was initially agreed,* *ii) The amount of revenue agreed in a fixed price contract may increase as a result of cost escalation clauses,* *iii) The amount of contract revenue may decrease as a result of penalties arising from delays caused by the contractor in the completion of the contract, or* iv) *When a fixed price contract involves a fixed price per unit of output, contract revenue increases as the number of units is increased.)*		
7	Has a variation been included in contract revenue when: a) It is probable that the customer will approve the variation and the amount of revenue arising from the variation, and	11.13	
	b) The amount of revenue can be reliably measured?		
	(Note: *A variation is an instruction by the customer for a change in the scope of the work to be performed under the contract. A variation may lead to an increase or a decrease in contract revenue.)*		
8	If the entity seeks to collect a claim from the customer or another party as a reimbursement for costs not included in the contract price, have such claims been included in contract revenue only when: a) Negotiations have reached as advances stage such that it is probable that the customer will accept the claim, and	11.14	
	b) The amount that will probably be accepted by the customer can be measured reliably?		
	(Note: *A claim may arise from, for example, customer caused delays, errors in specifications or design, and disputed variations in contract work. The measurement of the amounts of revenue arising from claims is subject to a high level of uncertainty and often depends on the outcome of negotiations.)*		
9	a) Has the entity included any incentive payments in contract revenue only when: i) The contract is sufficiently advanced that it is probable that the specified performance standards will be met or exceeded, and	11.15	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	ii) The amount of the incentive payment can be measured reliably?		
	(Note: *Incentive payments are additional amounts paid to the contractor if specified performance standards are met or exceeded.*)		
	b) If the customer has retained a portion of the contract revenue as a 'retention', has the entity discounted the expected cash flow to measure the fair value of the amount receivable?	11.41	
	Contract costs		
10	Has the entity included the following in contract costs:	11.16	
	a) Costs that relate directly to the specific contract, such as:	11.17	
	i) Site labour costs, including site supervision,		
	ii) Costs of materials used in construction,		
	iii) Depreciation of plant and equipment used on the contract,		
	iv) Costs of moving plant, equipment and materials to and from the contract site,		
	v) Costs of hiring plant and equipment,		
	vi) Costs of design and technical assistance that is directly related to the contract,		
	vii) The estimated costs of rectification and guarantee work, including expected warranty costs, and		
	viii) Claims from third parties,		
	b) Costs that are attributable to contract activity in general and can be allocated to the contract,	11.16	
	c) Such other costs as are specifically chargeable to the customer under the terms of the contract, and		
	d) If the entity has earned any incidental income that is not included in contract revenue, have these been reduced from the cost?	11.17	
11	a) Has the entity allocated costs that may be attributable to contract activity in general and can be allocated to specific contracts using methods that are systematic and rational and are applied consistently to all costs having similar characteristics?	11.18	
	Such costs include:		
	i) Insurance,		
	ii) Costs of design and technical assistance that are not directly related to a specific contract, and		
	iii) Construction overheads.		
	(Note: *Construction overheads include costs such as the preparation and processing of construction personnel payroll. Costs that may be*		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	attributable to contract activity in general and can be allocated to specific contracts also include borrowing costs.)		
	b) Is the allocation based on the normal level of construction activity?		
12	Have costs that cannot be attributed to contract activity or cannot be allocated to a contract been excluded from the costs of a construction contract? Such costs include: i) General administration costs for which reimbursements is not specified in the contract, ii) Selling costs, iii) Research and development costs for which reimbursement is not specified in the contract, and iv) Depreciation of idle plant and equipment that is not used on a particular contract.	11.20	
13	a) Has the entity included in contract costs, only the costs attributable to a contract for the period from the date of securing the contract to the final completion of the contract?	11.21	
	(Note*: Costs that relate directly to a contract and are incurred in securing the contract are also included as part of the contract costs if they can be separately identified, measured reliably and it is probable that the contract will be obtained.)* b) If the entity has incurred costs in securing a contract that are recognised as an expense in the period in which they are incurred, have they been excluded from contract costs when the contract is obtained in a subsequent period?		
	Recognition of contract revenue and expenses		
14	When the outcome of a construction contract can be estimated reliably, has the entity referred to the stage of completion of the contract activity at the end of the reporting period for recognising contract revenue and contract expenses?	11.22	
	(Note*: An expected loss on the construction contract shall be recognised as an expense immediately in accordance with Q 25.)*		
15	For a fixed price contract, has the entity considered the outcome of a contract to be capable of reliable estimation only when the following conditions have been satisfied: a) Total contract revenue can be measured reliably,	11.23	
	b) It is probable that the economic benefits associated with the contract will flow to the entity,		
	c) Both the contract costs to complete the contract and the stage of contract completion at the end of the reporting period can be measured reliably, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	d) The contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates?		
16	For a cost plus contract, has the entity considered the outcome of the contract to be capable of reliable estimation only when all the following conditions have been satisfied:	11.24	
	a) It is probable that the economic benefits associated with the contract will flow to the entity, and		
	b) The contract costs attributable to the contract, whether or not specifically reimbursable, can be clearly identified and measured reliably?		
17	Has the entity ensured the following in applying the percentage of completion method (stage of completion):		
	a) Contract revenue been matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and profit which can be attributed to the proportion of work completed,	11.25	
	b) Contract revenue been recognised as revenue in profit or loss in the accounting periods in which the work is performed, and	11.26	
	c) Contract costs been recognised as an expense in profit or loss in the accounting periods in which the work to which they relate is performed?		
	(Note*: Any expected excess of total contract costs over total contract revenue for the contract is recognised as an expense immediately in accordance with Q 25.)*		
18	When a contractor has incurred contract costs that relate to future activity on the contract, has the entity recognised such contract costs as an asset provided it is probable that they will be recovered?	11.27	
19	If an uncertainty arises about the collectability of an amount already included in contract revenue, and already recognised in profit or loss, has the uncollectible amount, or the amount in respect of which recovery has been ceased to be probable, been recognised as an expense rather than as an adjustment of the amount of contract revenue?	11.28	
20	Has the entity used a method to determine the stage of completion of a contract that measures reliably the work performed?	11.30	
	Such methods may include:		
	a) The proportion that contract costs incurred for work performed to date bear to the estimated total contract costs,		
	b) Surveys of work performed, or		
	c) Completion of a physical proportion of the contract work.		
	(Note: *i) Progress payments and advances received from customers often do not reflect the work performed.*		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	ii) *The method provided are to be used as a basis to measure performance and not a direct indicator of revenue to be recognised.)*		
21	When the stage of completion is determined by reference to the contract costs incurred to date, has the entity included only those contract costs that reflect work performed and excluded the following contract costs:	11.31	
	a) Contract costs that relate to future activity on the contract, such as costs of materials that have been delivered to a contract site or set aside for use in a contract but not yet installed, used or applied during contract performance, unless the materials have been made specially for the contract, and		
	b) Payments made to subcontractors in advance of work performed under the subcontract?		
22	When the outcome of a construction contract cannot be estimated reliably, has the entity ensured the following:	11.32	
	a) Revenue has been recognised only to the extent that it is probable that contract costs incurred will be recoverable,		
	b) Contract costs have been recognised as an expense in the period in which they are incurred, and		
	c) Any expected loss on the construction contract has been recognised as an expense immediately in accordance with Q 26?		
23	During the early stages of a contract, if the outcome of the contract cannot be estimated reliably:	11.33	
	a) If it is probable that the entity will recover the contract costs incurred, has the entity recognised contract revenue only to the extent of costs incurred that are expected to be recoverable, or		
	b) If it is probable that total contract costs will exceed total contract revenues, has any expected loss, being the excess of total contract costs over total contract revenue, been recognised as an expense immediately?	11.36	
24	Has the entity determined the amount of the loss in Q 23 (b) irrespective of the following:	11.37	
	a) Whether work has commenced on the contract,		
	b) The stage of completion of contract activity, or		
	c) The amount of profits expected to arise on other contracts which are not treated as a single construction contract in accordance with Q 3?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
25	Have contract costs that are not probable of being recovered been recognised as an expense immediately? (For example, these may include contracts: a) That are not fully enforceable, b) The completion of which is subject to the outcome of pending litigation or legislation, c) Relating to properties that are likely to be condemned or expropriated, d) Where the customer is unable to meet obligations, or e) Where the contractor is unable to complete the contract or otherwise meet its obligations under the contract.)	11.34	
26	When the uncertainties that prevented the outcome of the contract from being estimated reliably no longer exist, have revenue and expenses associated with the construction contract been recognised in accordance with Q 14 by the entity?	11.35	
	Changes in estimates		
27	a) Has the entity applied the percentage of completion method on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs?	11.38	
	b) Has the effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, ben accounted for as a change in accounting estimate (see Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors,* by the entity)?		
	c) Has the entity used the changed estimates in the determination of the amount of revenue and expenses recognised in profit or loss in the period in which the changes are made and in subsequent periods?		
	Disclosure		
28	Has the entity disclosed the following:	11.39	
	a) The amount of contract revenue recognised as revenue in the period,		
	b) The methods used to determine the contract revenue recognised in the period, and		
	c) The methods used to determine the stage of completion of contracts in progress?		
29	Has the entity disclosed each of the following for contracts in progress at the end of the reporting period:	11.40	
	a) The aggregate amount of costs incurred and recognised profits (less recognised losses) to date,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) The amount of advances received, and		
	c) The amount of retentions?		
	(Note*: Retentions are amounts of progress billings that are not paid until the satisfaction of conditions specified in the contract for the payment of such amounts or until defects have been rectified. Progress billings are amounts billed for work performed on a contract whether or not they have been paid by the customer. Advances are amounts received by the contractor before the related work is performed.)*	11.41	
30	Has the entity presented the following:	11.42	
	a) The gross amount due from customers for contract work as an asset, and		
	b) The gross amount due to customers for contract work as a liability?		
	(Note*: The gross amount due from customers for contract work is the net amount of costs incurred plus recognised profits, less the sum of recognised losses and progress billings, for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings.)*	11.43	
31	Has the entity disclosed any contingent liabilities and contingent assets in accordance with Ind AS 37, *Provisions, Contingent Liabilities and Contingent Assets?*	11.45	
	(Note: *Contingent liabilities and contingent assets may arise from such items as warranty costs, claims, penalties or possible losses.)*		
	Appendix A		
	Service Concession Arrangements		
	This Appendix provides guidance on the accounting by private operators for public-to-private service concession arrangements.		
	Treatment of the operator's rights over the infrastructure		
32	a) Is the infrastructure being constructed by the entity (as an operator) is within the scope of this Appendix, as it meets the following conditions:	11.A5	
	i) The grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price, and		
	ii) The grantor controls-through ownership, beneficial entitlement or otherwise-any significant residual interest in the infrastructure at the end of the term of the arrangement?		
	b) Has the entity ensured that it does not recognise the infrastructure as its property, plant and equipment and instead complies with the requirements of this Appendix?	11.A11	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
33	If the arrangement is a whole of life arrangement, has the entity applied the requirements of Appendix A to such an arrangement?	11.AG6	
	(Note: *Service concession arrangements may have different structures, and the facts and circumstances of the specific agreement should be considered. Also read application guide to the Appendix A to make the determination that an agreement falls under Appendix A of Ind AS 11.*)		
	Recognition and measurement of consideration		
34	Has the operator recognised and measured revenue and costs in accordance with Q 1 to 31 for the services it performs?	11.A13	
35	If the operator performs more than one service (i.e. construction or upgrade services and operation services) under a single contract or arrangement, has the consideration received or receivable been allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable?	11.A13	
	Consideration given by the grantor to the operator		
36	If the operator provides construction or upgrade services, has the consideration received or receivable by the operator been recognised as revenue at its fair value?	11.A14	
	(Note*: The consideration is in the form of rights to: a. financial asset, b. intangible asset.)*	11.A15	
37	Has the operator recognised a corresponding financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services?	11.A16	
38	Has the operator recognised an intangible asset to the extent that it receives a right (a license) to charge users of the public service?	11.A17	
	(Note*: A right to charge users of the public service is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service.)*		
39	If the operator is paid for the construction services partly by a financial asset and partly by an intangible asset, have these been recognised separately for each component of consideration received?	11.A18	
	Operation services		
40	Has the operator accounted for revenue and costs relating to any operation services that it provides in accordance with Ind AS 18?	11.A20	
	Contractual obligations to restore the infrastructure to a specified level of serviceability		
41	Have the contractual obligations to maintain or restore infrastructure, except for any upgrade element, been recognised and measured in accordance with Ind AS 37, *Provisions, Contingent Liabilities and Contingent Assets* (i.e. at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period)?	11.A21	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note: *The operator may have contractual obligations it must fulfil as a condition of its license (a) to maintain the infrastructure to a specified level of serviceability or (b) to restore the infrastructure to a specified condition before it is handed over to the grantor at the end of the service arrangement.)*		
	Borrowing costs incurred by the operator		
42	a) Have the borrowing costs attributable to the arrangement been recognised as an expense in the period in which they are incurred in accordance with Ind AS 23, *Borrowing Costs*, unless the operator has a contractual right to receive an intangible asset (a right to charge users of the public service)?	11.A22	
	b) If the operator has a contractual right to receive an intangible asset have the borrowing costs attributable to the arrangement been capitalised during the construction phase of the arrangement in accordance with that standard?		
	Financial asset		
43	Has the amount due from or at the direction of the grantor (recognised as a financial asset) been accounted for in accordance with Ind AS 109, *Financial Instruments* at:	11.A24	
	a) Amortised cost,		
	b) Fair value through other comprehensive income, or		
	c) Fair value through profit or loss?		
44	If the amount due from the grantor is measured at amortised cost or fair value through other comprehensive income, has the operator accounted for interest (calculated using the effective interest method) and recognised interest income in profit or loss (as per Ind AS 109)?	11.A25	
	Intangible assets		
45	In case the operator has recognised an intangible as per Q 37 and Q 38 above, has the operator applied the relevant paragraphs of Ind AS 38, *Intangible Assets* for measuring intangible assets acquired in exchange for a non-monetary asset or assets or a combination of monetary and non-monetary assets?	11.A26	
	Items provided to the operator by the grantor		
46	a) If the grantor provides other items to the operator that the operator can keep or deal with as it wishes and such assets form part of the consideration payable by the grantor for the services, (they are not government grants as defined in Ind AS 20, *Accounting for Government Grants and Disclosure of Government Assistance*) have they been recognised as assets of the operator, and measured at fair value on initial recognition?	11.A27	
	b) Has the operator also recognised a liability in respect of unfulfilled obligations it has assumed in exchange for the assets?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Appendix B		
	Service Concession Arrangements: Disclosures		
47	Has the entity (as an operator or a grantor) considered all aspects of a service concession arrangement in providing the following disclosures in the notes in each period:	11.B6	
	a) A description of the arrangement,		
	b) Significant terms of the arrangement that may affect the amount, timing and certainty of future cash flows,		
	c) The nature and extent of:		
	i) Rights to use specified assets,		
	ii) Obligations to acquire or build items of property, plant and equipment,		
	iii) Obligations to deliver or rights to receive specified assets at the end of the concession period,		
	iv) Renewal and termination options, and		
	v) Other rights and obligations (e.g. major overhauls),		
	d) Changes in the arrangement occurring during the period, and		
	e) How the service arrangement has been classified?		
48	Has the entity (as an operator) disclosed the amount of revenue and profits or losses recognised in the period on exchanging construction services for a financial asset or an intangible asset?	11.B6A	
49	Have the disclosures required in Q 47 been provided either:	11.B7	
	a) Individually for each service concession arrangement, or		
	b) In aggregate for each class of service concession arrangements, where a class is a grouping of service concession arrangements involving services of a similar nature (e.g. toll collections, telecommunications and water treatment services)?		

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- Schedule II of the 2013 Act permits revenue-based amortisation of intangible assets relating to toll roads created under the 'Build, Operate and Transfer (BOT)' or 'Build, Own, Operate and Transfer (BOOT)' or any other form of public-private partnership route in case of road projects, which is not permitted by Ind AS 38. Ind AS 101, *First-time Adoption of Indian Accounting Standards* permits companies to continue this method of amortisation for intangible assets (relating to toll roads) previously recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. However, companies need to consider the conflict between Schedule II of the 2013 Act and Ind AS 38 for new intangible assets recognised in relation to toll road projects, after this date. (Refer to Ind AS 38 checklist.)

Significant carve-outs from IFRS

- No significant carve-outs from IFRS have been provided in this standard.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- ICDS III *Construction Contracts*, prescribes non-recognition of margins during the early stages of the contract and thus allows contract revenue to be recognised only to the extent of costs incurred. It states that the early stage of a contract shall not extend beyond 25 per cent of the stage of completion. Completed service method to recognise contract revenue is not permitted. Revenue is not adjusted for the time value.
- ICDS does not permit the recognition of expected losses on onerous contracts.
- The transitional provisions under notified ICDS provide that ICDS would apply to all open contracts as at 31 March 2015. Cumulative revenue and costs recognised in the prior years have to be considered for revenue recognition of these contracts from the transition date.

Glossary

A *construction contract* is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

A *fixed price contract* is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A *cost plus contract* is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs, plus a percentage of these costs or a fixed fee.

(Source: Ind AS 11, *Construction Contracts* as issued by the Ministry of Corporate Affairs)

Ind AS-12
Income Taxes

1. Executive summary

- Indian Accounting Standard (Ind AS) 12, *Income Taxes* are taxes based on taxable profits, and taxes that are payable by a subsidiary, associate or joint arrangement on distribution to investors.
- Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for a period.
- Deferred tax is the amount of income taxes payable (recoverable) in future periods as a result of past transactions or events.
- Deferred tax is recognised for the estimated future tax effects of temporary differences, unused tax losses carried forward and unused tax credits carried forward.
- A deferred tax liability is not recognised if it arises from the initial recognition of goodwill.
- A deferred tax asset or liability is not recognised if:
  - It arises from the initial recognition of an asset or liability in a transaction that is not a business combination, and
  - At the time of the transaction, it affects neither accounting profit nor taxable profit.
- Deferred tax liability is not recognised in respect of temporary differences associated with investments in subsidiaries, branches and associates and joint arrangements if certain conditions are met. (For example, in the case the investor is able to control the timing of the reversal of the temporary differences, and it is probable that the temporary difference will not reverse in the foreseeable future).
- A deferred tax asset is recognised to the extent that it is probable that it will be realised.
- Current and deferred taxes are measured based on rates that are enacted or substantively enacted at the reporting date.
- Deferred tax is measured based on the expected manner of settlement (liability) or recovery (asset).
- Deferred tax is not discounted.
- The total income tax expense (income) recognised in a period is the sum of current tax plus the change in deferred tax assets and liabilities during the period, excluding tax recognised outside profit or loss – i.e. in other comprehensive income or directly in equity – or arising from a business combination.
- Income tax related to items recognised outside profit or loss is itself recognised outside profit or loss.
- Deferred tax is classified as non-current in a classified balance sheet.
- The entity offsets current tax assets and current tax liabilities only when it has a legally enforceable right to set off current assets against current tax liabilities, and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.
- The entity offsets deferred tax assets and deferred tax liabilities only when it has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity, or different taxable entities that intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability		
	This standard shall be applied in accounting for income taxes.	12.1	
1	Has the entity applied the standard for the below mentioned income taxes:	12.2	
	a) Domestic taxes based on taxable profits,		
	b) Any income subjected to foreign taxes,		
	c) Any withholding taxes which are payable by a subsidiary, associate or joint arrangement on distributions to the reporting entity?		
2	Has the entity ensured that they have applied Ind AS 20, *Accounting for Government Grants and Disclosure of Government Assistance* for methods of accounting government grants or investment tax credit?	12.4	
3	Has the entity applied this standard for accounting for temporary differences that may arise from government grants or investment tax credits?	12.4	
	Recognition of current tax liabilities and current tax assets		
4	Has the entity recognised any unpaid current tax for current and prior periods as a liability?	12.12	
5	Has the entity recognised the amount already paid in respect of current and prior periods exceeding the amount due for those periods as an asset?	12.12	
6	Has the entity recognised an asset in respect of tax loss that can be carried back to recover current tax of a previous period?	12.13	
	(Note: *When a tax loss is used to recover current tax of a previous period, an entity recognises the benefit as an asset in the period in which the tax loss occurs because it is probable that the benefit will flow to the entity and the benefit can be reliably measured.*)		
	Taxable temporary differences		
7	Has the entity recognised deferred tax liability for all taxable temporary differences except for the following:	12.15 12.22	
	a) Any deferred tax liability arising from the initial recognition of goodwill (refer Q 9 and Q 10),		
	b) Any deferred tax liability arising from the initial recognition of an asset or liability in a transaction which:		
	i) Is not a business combination, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	ii) At the time of transaction, affects neither accounting profit nor taxable profit (tax loss)?		
	c) Has the entity recognised deferred tax liability in accordance with requirements of Q 31 in respect of any taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint arrangements? (Also refer Q 21 below.)		
8	Has the entity recognised deferred tax liability/asset arising out of taxable temporary differences in respect of any income or expense which is included in accounting profit in one period but is included in taxable profit in a different period?	12.17	
	(Note: *Examples of such differences are interest revenue, depreciation and development costs.)*		
	Goodwill		
9	Has the entity ensured that it has not recognised any subsequent reductions in a deferred tax liability that has been unrecognised because it arises from the initial recognition of goodwill? (Also refer Q 7)	12.21A	
10	Has the entity recognised deferred tax liability to the extent of taxable temporary differences to the extent they do not arise from the initial recognition of goodwill? (Also refer Q 7)	12.21B	
	Initial recognition of an asset or liability for compound financial instruments		
11	When the entity issues a compound financial instrument, it classifies this instrument into a financial liability component and an equity component. If a taxable temporary difference arises from the initial recognition of the equity component separately from the liability component, has the entity recognised the resulting deferred tax liability directly in the carrying amount of the equity component, and recognised any subsequent changes in the deferred tax liability in profit or loss as deferred tax expense/income?	12.23	
	Deductible temporary differences		
12	Has the entity recognised deferred tax asset for all deductible temporary differences above only to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised except on any deferred tax asset arising from the initial recognition of an asset or liability in a transaction which:	12.24 12.27	
	a) Is not a business combination, and		
	b) At the time of transaction, affects neither accounting profit nor taxable profit (tax loss)?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
13	Has the entity recognised deferred tax asset in accordance with requirements of Q 25 on any deductible temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint arrangements?	12.24	
14	Does the entity have sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse:	12.28	
	a) In the same period as the expected reversal of the deductible temporary difference,		
	b) In periods into which a tax loss arising from the deferred tax asset can be carried back or forward?		
	If yes, has the entity recognised deferred tax asset in the above circumstances?		
15	If the entity has insufficient taxable temporary differences relating to the same taxation authority and the same taxable entity then has the recognised deferred tax asset only to the extent that :	12.29	
	a) It is probable that the entity will have sufficient taxable profit relating to the same taxation authority and the same taxable entity in the same period as the reversal of the deductible temporary difference (or in the periods into which a tax loss arising from the deferred tax asset can be carried back or forward),		
	b) Tax planning opportunities are available to the entity that will create taxable profit in appropriate periods?		
	Unused tax losses and unused tax credits		
16	Has the entity recognised deferred tax assets only to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised, if the entity have any unused tax losses and unused tax credits?	12.30	
17	If the entity has a history of recent losses, then has the entity recognised deferred tax assets arising from the carryforward of unused tax losses or tax credits only to the extent that:	12.35	
	a) The entity has sufficient taxable temporary differences, or		
	b) The entity has convincing other evidence that sufficient taxable profit will be available against which unused tax loses or tax credits can be utilised?		
18	Has the entity considered following criteria in assessing the probability that taxable profits would be available against which unused tax losses or unused tax credits can be utilised:	12.36	
	a) Sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilised before they expire,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) That it is probable that it will have taxable profits before the unused tax losses or unused tax credits expire,		
	c) That the unused tax losses result from identifiable causes which are unlikely to recur,		
	d) Tax planning opportunities that will create taxable profits in the period in which the unused tax losses or unused tax credits can be utilised?		
	If yes, has the entity recognised deferred tax asset only to that extent of probable taxable profit?		
	Reassessment of unrecognised deferred tax assets		
19	At the end of each reporting period, has the entity reassessed unrecognised deferred tax asset?	12.37	
20	If unrecognised deferred tax asset becomes probable i.e. future taxable profit will allow the deferred tax asset to be recovered, then has the entity recognised such previously unrecognised deferred tax assets?	12.37	
	Investments in subsidiaries, branches and associates and interests in joint arrangements		
21	Has the entity recognised the deferred tax liability for all taxable temporary differences between carrying amount of investments and the tax base (which is often cost) of investments except to the extent that both of the following conditions are satisfied:	12.39	
	a) The parent, investor, joint venture or joint operator is able to control the timing of the reversal of temporary difference, and		
	b) It is probable that the temporary difference will not reverse in the foreseeable future?		
22	If the entity's taxable profit or loss is determined in a different currency, changes in the exchange rates would give rise to temporary differences. Accordingly, has the entity charged or credited the resulting deferred tax liability or asset to the statement of profit and loss?	12.41	
	(Note: *Non-monetary assets and liabilities of the entity are measured in its functional currency.*)		
23	If the entity has any investment in associates and does not have an agreement requiring the profits of the associate to be distributed in the foreseeable future, then has the entity recognised the deferred tax liability arising from the taxable temporary differences associated with its investment in the associates?	12.42	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
24	In some cases, an investor may not be able to determine the amount of tax that would be payable if it recovers the cost of its investment in an associate, but can determine that it will equal or exceed a minimum amount. In such a case, has the entity recognised deferred tax liability at the minimum amount of tax?	12.43	
25	Has the entity recognised the deferred tax asset for all deductible temporary differences only to the extent that, it is probable that:	12.44	
	a) The temporary difference will reverse in the foreseeable future, and		
	b) Taxable profit will be available against which the temporary difference can be utilised?		
	Measurement		
26	Has the entity measured the current tax liability or asset at the amount expected to be paid or recovered from the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period?	12.46	
26	Has the entity measured the deferred tax assets or deferred tax liabilities at the tax rates that are expected to apply to the period in which the asset is realised or liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period?	12.47	
	(Note: *When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average rates that are expected to apply to the taxable profit (tax loss) of the periods in which the temporary differences are expected to reverse.*)	12.49	
28	Does the measurement of deferred tax assets or liabilities reflect management's intention regarding the manner of recovery of an asset or settlement of a liability?	12.51	
29	In some jurisdictions, the applicable tax rate depends on how the carrying amount of an asset or liability is recovered or settled. In such cases, has the management considered its intention to determine the amount of deferred tax to be recognised?	12.51	
30	If a deferred tax liability or deferred tax asset arises from a non-depreciable asset measured using the revaluation model in Ind AS 16, *Property, Plant and Equipment* then does the measurement of the deferred tax liability or deferred tax asset reflect the tax consequences of recovering the carrying amount of the non-depreciable asset through sale, regardless of the basis of measuring the carrying amount of that asset?	12.52	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
31	In some jurisdictions, income taxes are payable at a higher or lower rate if part or all of the net profit or retained earnings is paid out as a dividend to shareholders of the entity. In some other jurisdictions, income taxes may be refundable or payable if part or all of the net profit or retained earnings is paid out as a dividend to shareholders of the entity. In these circumstances, has the entity measured the current and deferred tax assets and liabilities at the tax rate applicable to undistributed profits?	12.52A	
32	In the circumstances described in Q 31, the income tax consequences of dividends are recognised when a liability to pay the dividend is recognised. The income tax consequences of dividends are more directly linked to past transactions or events than to distributions to owners. Therefore, has the entity recognised the income tax consequences of dividends in profit or loss for the period as required by this standard except to the extent that the income tax consequences of dividends arise from the circumstances described in Q 36?	12.52B	
33	Has the entity ensured that deferred tax asset or liabilities are not discounted?	12.53	
34	Has the entity reviewed the carrying amount of deferred tax assets at the end of each reporting period:	12.56	
	a) Has it reduced the carrying value of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profits will be available,		
	b) Has it reversed any previously recognised reduction in the deferred tax assets to the extent that it becomes probable that sufficient taxable profits will be available?		
	Recognition of current and deferred tax		
35	Has the entity recognised current and deferred tax as an income or an expense in the statement of profit and loss for the period?	12.58	
36	However, has the entity made following exceptions:	12.58	
	a) A transaction or event which is recognised, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity, or		
	b) A business combination (other than the acquisition by an investment entity, as defined in Ind AS 110, *Consolidated Financial Statements* of a subsidiary that is required to be measured at fair value through profit or loss)?		
37	Has the entity recognised change in the carrying amount of deferred tax assets and liabilities if there is:	12.60	
	a) Any change in tax rates or tax laws,		
	b) A reassessment of the recoverability of the deferred tax assets,		
	c) A change in the expected manner of recovery of an asset?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Items recognised outside profit or loss		
38	Has the entity recognised outside profit or loss the current tax and deferred tax if the tax relates to items that are recognised, in the same or a different period, outside profit or loss?	12.61A	
39	Therefore, has the entity recognised current tax and deferred tax of the following items that are recognised, in the same or a different period:		
	a) In other comprehensive income on items that are recognised in other comprehensive income, e.g.		
	i) Any change in the carrying amount arising from the revaluation of property, plant and equipment,	12.62	
	ii) Any exchange differences arising on the translation of the financial statements of a foreign operation,		
	b) Directly in equity on any items that are recognised directly in equity,		
	i) Any adjustments in the opening balance of retained earnings resulting from either a change in accounting policy that is applied retrospectively or the correction of an error,	12.62A	
	ii) Any amounts arising on initial recognition of the equity component of a compound financial instrument?		
	(Note: *In exceptional circumstances, it may be difficult to determine the amount of current and deferred tax that relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity*). This may be the case, for example, when: a) There are graduated rates of income tax and it is impossible to determine the rate at which a specific component of taxable profit (tax loss) has been taxed, b) A change in the tax rate or other tax rules affects a deferred tax asset or liability relating (in whole or in part) to an item that was previously recognised outside profit or loss, or c) The entity determines that a deferred tax asset should be recognised, or should no longer be recognised in full, and the deferred tax asset relates (in whole or in part) to an item that was previously recognised outside profit or loss. In such cases, the current and deferred tax related to items that are recognised outside profit or loss are based on a reasonable pro rata allocation of the current and deferred tax of the entity in the tax jurisdiction concerned, or other method that achieves a more appropriate allocation in the circumstances.)	12.63	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
40	If the entity revalues property, plant and equipment and has transferred each year from revaluation surplus to retained earnings an amount equal to the difference between the depreciation or amortisation on a revalued asset and the depreciation or amortisation based on the cost of that asset. If an entity makes such a transfer, then is the amount transferred is net of any related deferred tax? (Note: *Similar considerations apply to transfers made on disposal of an item of property, plant or equipment.*)	12.64	
41	When an asset is revalued for tax purposes and that revaluation is related to an accounting revaluation of an earlier period, or to one that is expected to be carried out in a future period, has the entity recognised the tax effects of both the asset revaluation and the adjustment of the tax base in other comprehensive income in the periods in which they occur?	12.65	
42	However, if the revaluation for tax purposes is not related to an accounting revaluation of an earlier period, or to one that is expected to be carried out in a future period, has the entity recognised the tax effects of the adjustment of the tax base in profit or loss?	12.65	
43	Has the entity charged the amount paid or payable to the taxation authorities to equity as part of dividends, if the entity has paid any withholding tax on dividend on behalf of shareholders?	12.65A	
	Deferred tax arising from a business combination		
44	Due to a business combination, the entity (acquirer) recognises a change in the deferred tax asset in the period of the business combination. Has the entity ensured to not include this deferred tax asset change as part of the accounting for business combination while measuring goodwill or bargain purchase gain?	12.67	
45	If the acquiree's income tax loss carry forwards or other deferred tax assets do not satisfy the criteria for separate recognition when business combination is initially accounted for but might be realised subsequently:	12.68	
	a) If the goodwill is not zero and the acquired deferred tax benefits recognised are within the measurement period that resulted from new information about facts and circumstances that existed at the acquisition date, then has the entity reduced the carrying amount of any goodwill related to that acquisition,		
	b) If the goodwill is zero and the acquired deferred tax benefits are recognised within the measurement period that resulted from new information about facts and circumstances that existed at the acquisition date, then has the entity recognised deferred tax assets in other comprehensive income and accumulated in equity as capital reserve or directly in capital reserve,		
	c) All other acquired deferred tax benefits, has the entity recognised such deferred tax benefits in profit or loss?		

KPMG

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Current and deferred tax arising from share based payment transactions		
46	The entity might pay remuneration for goods or services in shares, share options or other equity instruments that are considered to be equity-settled share-based payments. In this case, a temporary difference may arise, for example, when the entity receives a tax deduction for share-based payments at the exercise date, whereas the expense is recognised in profit or loss over the vesting period. Has the entity recognised deferred tax on temporary differences arising from such transactions in profit or loss?	12.68A 12.68B 12.68C	
47	If the underlying transaction is a business combination or is recognised outside profit or loss, then has the entity recognised the deferred tax on temporary differences from such transactions in equity?	12.68C	
48	If the tax deduction (or estimated future tax deduction) for that share-based payment transaction exceeds the amount of the related cumulative remuneration expense, then this indicates that the tax deduction relates not only to remuneration expense but also to an equity item. Accordingly, has the entity recognised the excess of the associated deferred tax directly in equity?	12.68C	
	Changes in the tax status of the entity or its shareholders		
49	A change in the tax status of the entity or its shareholders does not give rise to increases or decreases in amounts recognised outside profit or loss. If there is a change in the tax status of the entity or its shareholders, then has the entity included the current and deferred tax consequences of such a change in profit or loss for the period?	12.A4	
50	If the above consequences relate to transactions and events that result, in the same or a different period, in a direct credit or charge to the recognised amount of equity or in amounts recognised in other comprehensive income, then has the entity recognised:	12.A4	
	a) Those tax consequences that relate to changes in the recognised amount of equity, in the same or a different period (not included in profit or loss), directly to equity,		
	b) Those tax consequences that relate to amounts recognised in other comprehensive income, directly in other comprehensive income?		
	Presentation		
51	Has the entity offset current tax assets and current tax liabilities provided:	12.71	
	a) The entity have a legally enforceable right to set off the recognised amounts, and		
	b) The entity intend to settle on a net basis or to realise the asset and settle the liabilities simultaneously?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
52	Has the entity offset deferred tax assets and deferred tax liabilities provided:	12.74	
	a) The entity has a legally enforceable right to set off the current tax assets and current tax liabilities, and		
	b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:		
	i) The same taxable entity, or		
	ii) Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered?		
53	Has the entity presented the tax expense (income) related to profit or loss from ordinary activities as part of profit or loss in the statement of profit and loss?	12.77	
54	If the entity recognised exchange differences on deferred foreign tax liabilities and assets in the statement of profit and loss, has the entity classified them as deferred tax expense or income and presented in a manner that is most useful to financial statement users?	12.78	
	(Note: *Ind AS 12 does not specify where should the exchange differences on deferred foreign tax liabilities or assets should be presented in the statement of profit and loss.)*		
	Disclosures		
55	Has the entity disclosed separately the major components of tax expense (income) as:	12.80	
	a) Current tax expense (income),		
	b) Any adjustments recognised in the period for current tax of prior periods,		
	c) The amount of deferred tax expense (income) relating to the origination and reversal of temporary differences,		
	d) The amount of deferred tax expense (income) relating to changes in tax rates or the imposition of new taxes,		
	e) The amount of the benefit arising from a previously unrecognised tax loss, tax credit or temporary difference of a prior period that is used to reduce current tax expense,		
	f) The amount of the benefit arising from a previously unrecognised tax loss, tax credit or temporary difference of a prior period that is used to reduce deferred tax expense,		
	g) Deferred tax expense arising from the write-down, or reversal of a previous write-down, of a deferred tax asset (refer Q 34), and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	h) The amount of tax expense (income) relating to those changes in accounting policies and errors that are included in the determination of profit or loss in accordance with Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* because they cannot be accounted for retrospectively?		
56	Has the entity disclosed following separately:	12.81	
	a) The aggregate current and deferred tax relating to items that are charged or credited to equity (refer Q 39)		
	b) The amount of income tax relating to each component of other comprehensive income (refer Q 39 and Ind AS 1, *Presentation of Financial Statements*),		
	c) An explanation of the relationship between tax expense (income) and accounting profit in either or both of the following forms:		
	i) A numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate(s), also disclosing the basis on which the applicable tax rate(s) is (are) computed, or		
	ii) A numerical reconciliation between the average effective tax rate and the applicable tax rate, also disclosing the basis on which the applicable tax rate is computed,		
	d) An explanation of changes in the applicable tax rate(s) compared to the previous accounting period,		
	e) The amount (and expiry date, if any) of deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset is recognised in the balance sheet,		
	f) The aggregate amount of temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements, for which deferred tax liabilities have not been recognised (refer Q 21),		
	g) In respect of each type of temporary difference, and in respect of each type of unused tax losses and unused tax credits:		
	i) The amount of the deferred tax assets and liabilities recognised in the balance sheet for each period presented, and		
	ii) The amount of the deferred tax income or expense recognised in profit or loss, if this is not apparent from the changes in the amounts recognised in the balance sheet,		
	h) In respect of discontinued operations, the tax expense relating to:		
	i) The gain or loss on discontinuance, and		
	ii) The profit or loss from the ordinary activities of the discontinued operation for the period, together with the corresponding amounts for each prior period presented,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	i) The amount of income tax consequences of dividends to shareholders of the entity that were proposed or declared before the financial statements were authorised for issue, but are not recognised as a liability in the financial statements,		
	j) If a business combination in which the entity is the acquirer causes a change in the amount recognised for its pre-acquisition deferred tax asset (refer Q 44), the amount of that change, and		
	k) If the deferred tax benefits acquired in a business combination are not recognised at the acquisition date, but are recognised after the acquisition date (refer Q 45), a description of the event or change in circumstances that caused the deferred tax benefits to be recognised?		
57	Has the entity disclosed the amount of a deferred tax asset and the nature of the evidence supporting its recognition when:	12.82	
	a) Its utilisation is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences, and		
	b) The entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.		
58	When income taxes are payable at a higher or lower rate, or are payable or refundable, if part or all of the net profit or retained earnings is paid out as dividend to shareholders (refer Q 31), has the entity disclosed the nature of the potential income tax consequences that would result from the payment of dividends to shareholders? Has the entity disclosed the amounts of the potential income tax consequences practicably determinable and whether there are any potential income tax consequences not practicably determinable?	12.82A	
	(Note: *In explaining the relationship between tax expense (income) and accounting profit, an entity uses an applicable tax rate that provides the most meaningful information to the users of its financial statements. Often, the most meaningful rate is the domestic rate of tax in the country in which the entity is domiciled, aggregating the tax rate applied for national taxes with the rates applied for any local taxes which are computed on a substantially similar level of taxable profit (tax loss). However, for an entity operating in several jurisdictions, it may be more meaningful to aggregate separate reconciliations prepared using the domestic rate in each individual jurisdiction. The following example illustrates how the selection of the applicable tax rate affects the presentation of the numerical reconciliation.*)	12.85	
59	Has the entity disclosed the important features of the income tax systems and the factors that will affect the amount of the potential income tax consequences of dividends?	12.87A	
60	The entity is encouraged, but not required, to disclose amounts of unrecognised deferred tax liabilities arising from investments in subsidiaries, branches and associates and interests in joint arrangements?	12.87	

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- There are no specific requirements arising out of the 2013 Act in the context of this standard.

Significant carve-outs from IFRS

- Ind AS 40, *Investment Property* does not allow use of fair value model for investment properties and therefore, Ind AS 12 has been modified to that extent.
- Ind AS 103, *Business Combinations* requires a different accounting treatment of bargain purchase gain, therefore, Ind AS 12 has been modified to that extent.
- Ind AS 12 has been modified due to not allowing the option of deducting specified grant from the cost of the related asset as in Ind AS 20, *Accounting for Government Grants and Disclosure of Government Assistance.*

Some of the key requirements from the Income Computation and Disclosure Standards (ICDS)

- On 31 March 2015, the Ministry of Finance issued 10 ICDS as follows:
  - ICDS I- Accounting Policies,
  - ICDS II- Valuation of Inventories,
  - ICDS III- Construction Contracts,
  - ICDS IV- Revenue Recognition,
  - ICDS V- Tangible Fixed Assets,
  - ICDS VI- The Effects of Changes in Foreign Exchange Rates,
  - ICDS VII- Government Grants,
  - ICDS VIII- Securities,
  - ICDS IX- Borrowing Costs,
  - ICDS X- Provisions, Contingent Liabilities and Contingent Assets.
- These standards are applicable for computation of income chargeable under the head ‘Profits and Gains of business or profession’ or ‘Income from other sources’ to all assessees following the merchantile system of accounting. These standards became applicable for assessment year 2016-2017 (previous year 2015-2016). Taxable profits of entities need to be determined after making appropriate adjustments to the financial statements prepared under Ind AS to bring them in conformity with ICDS.
- ICDS in general do not have prudence as a fundamental assumption, and accordingly in several situations this would result in earlier recognition of income or gains or later recognition of expenses or losses as compared to that under the Ind AS, this would potentially have a direct impact on the timing of tax related cash flows.

Glossary

Accounting profit is profit or loss for a period before deducting tax expense.

Taxable profit (tax loss) is the profit (loss) for a period, determined in accordance with the rules established by the taxation authorities, upon which income taxes are payable (recoverable).

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of:

a) Deductible temporary differences,

b) The carry forward of unused tax losses, and

c) The carry forward of unused tax credits.

Temporary differences are differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Temporary differences may be either:

a) Taxable temporary differences, which are temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled, or

b) Deductible temporary differences, which are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.

The *tax base* of an asset or liability is the amount attributed to that asset or liability for tax purposes.

(Source: Ind AS 12, *Income Taxes* as issued by the Ministry of Corporate Affairs)

Ind AS-16 Property, Plant and Equipment

1. Executive summary

- Indian Accounting Standard (Ind AS) 16, *Property Plant and Equipment* is applied in the accounting for Property, Plant and Equipment (PPE).
- PPE is initially recognised at cost.
- Cost includes all expenditure directly attributable to bringing the asset to the location and working condition for its intended use.
- Cost includes the estimated cost of dismantling and removing the asset and restoring the site.
- Subsequent expenditure is capitalised if it is probable that it will give rise to future economic benefits.
- Changes to an existing decommissioning or restoration obligation are generally added to or deducted from the cost of the related asset.
- PPE is depreciated over its expected useful life.
- Estimates of useful life and residual value, and the method of depreciation, are reviewed as a minimum at each reporting date. Any changes are accounted for prospectively as a change in estimate.
- When an item of PPE comprises individual components for which different depreciation methods or rates are appropriate, each component is depreciated separately.
- PPE may be revalued to fair value if fair value can be measured reliably. All items in the same class are revalued at the same time, and the revaluations are kept up to date.
- When the revaluation model is chosen, changes in fair value are generally recognised in other comprehensive income.
- The gain or loss on disposal is the difference between the net proceeds received and the carrying amount of the asset.
- Compensation for the loss or impairment of PPE is recognised in the statement of profit and loss when it is receivable.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Scope		
	This standard shall be applied in accounting for PPE except when another standard requires or permits a different accounting treatment.	16.2	
1	a) Has the entity excluded the following items from the scope of this standard and applied the relevant Ind AS instead:	16.3	
	i) PPE classified as held for sale in accordance with Ind AS 105, *Non-current Assets Held for Sale and Discontinued operations*,		
	ii) Biological assets related to agricultural activity other than bearer plants (this includes produce on bearer plants), (See Ind AS 41, *Agriculture*),		
	iii) Exploration and evaluation assets (see Ind AS 106*, Exploration for and Evaluation of Mineral Resources*), and		
	iv) Mineral rights and mineral reserves such as oil, natural gas and similar non-regenerative resources?		
	b) Has the entity applied this standard to account for PPE used to develop or maintain the assets described in (ii) - (iv) above?		
2	a) Does the entity have any leases as per Ind AS 17, *Leases*?	16.4	
	b) If yes, has the entity considered other aspects of the accounting treatment for such assets, including depreciation, as prescribed by this standard?		
3	If the entity has an investment property in accordance with Ind AS 40, *Investment Property,* has it accounted for the same using the cost model guidance in this standard?	16.5	
	Recognition		
4	Has the recognition of PPE been done only if :	16.7	
	a) It is probable that future economic benefits associated with the item will flow to the entity, and		
	b) Cost can be reliably measured?		
5	Does the entity have spare parts, stand-by equipment and servicing equipment that satisfies the definition and recognition criteria of PPE as per this standard?	16.8	
	a) If yes, has the entity recognised such items as PPE , or		
	b) If no, has the entity classified such items as inventories in accordance with Ind AS 2, *Inventories*?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
6	Has the entity aggregated individually insignificant items (such as moulds, tools and dies etc.) where appropriate?	16.9	
	If yes, has the criteria of recognition covered by Q 4 above, been applied to the aggregated value?		
7	Does the entity have an item not directly increasing the future economic benefits of any particular existing asset but may be necessary for the entity to obtain the future economic benefits from its other assets?	16.11	
	(Note*: Such assets can be recognised as an asset because they enable the entity to derive future economic benefits from related assets in excess of what could be derived, had those items not been acquired. However, the resulting carrying amount of such an asset and related assets is reviewed for impairment in accordance with Ind AS 36, Impairment of Assets. For example, a chemical manufacturer may install new chemical handling processes to comply with environmental requirements for the production and storage of dangerous chemicals, related plant enhancements are recognised as an asset because without them the entity is unable to manufacture and sell chemicals.)*		
8	Has the entity expensed cost related to day-to-day servicing of the asset?	16.12	
9	With regard to replacement of a particular part:	16.13	
	a) Has the entity made replacements in regular intervals or less frequent intervals which satisfies the criteria in Q 4?		
	b) If answer to Q 9 (a) above is yes, has the cost of the same been recognised and cost of the previous replacement been derecognised?		
10	With regard to any inspection made for an asset:	16.14	
	a) Has the entity recognised the cost towards any major inspection conducted for that particular item in the carrying amount of the item of PPE as a replacement if the inspection satisfies the criteria in Q 4?		
	b) If answer to Q 10 (a) above is yes, has the entity derecognised the cost of the previous inspection conducted which was included in the carrying value of the item?		
	Measurement at recognition		
11	Has the entity measured an item that qualifies as PPE at its cost? (refer Q 12 for break-up of cost)	16.15	
12	Has the entity measured cost by including:	16.16	
	a) Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, (refer Q 13-18),		
	b) Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and (refer Q 19-21),		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	c) The estimated cost of dismantling and removing the item and restoring the site to the extent that such cost is recognised as a provision (except such cost incurred through the production of inventory in which case, the costs are included as part of inventory costs)?		
	(Note: *With regard to the costs of obligations for dismantling, removing and restoring the site on which an asset is located that are incurred during a particular period as a consequence of having used the asset to produce inventories during that period, has the entity accounted the obligations for costs in accordance with Ind AS 2 or Ind AS 16 and measured in accordance with Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets?)*	16.18	
13	a) Has the entity the cost of an item of PPE at the cash price equivalent at the recognition date?	16.23	
	b) If payment is deferred beyond normal credit terms, has the entity recognised the difference between the cash price equivalent and the total payment as interest over the period of credit unless such interest is capitalised in accordance with Ind AS 23, *Borrowing Costs*?		
14	In case an item of PPE is acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets, has the entity:	16.24	
	a) Measured the cost of such an item of PPE at fair value unless (i) the exchange transaction lacks commercial substance, or (ii) the fair value of neither the asset received nor the asset given up is reliably measurable, and		
	(Note*: The acquired item is measured at fair value even if the entity cannot immediately derecognise the asset given up.)*		
	b) If the acquired item is not measured at fair value, has the entity measured its cost at the carrying amount of the asset given up?		
15	Has the entity determined the fair value by ascertaining that:	16.26	
	a) The variability in the range of reasonable fair value measurements is not significant for that asset, or		
	b) The probabilities of the various estimates within the range can be reasonably assessed and used when measuring fair value?		
	*(*Note*: If the entity is able to measure reliably the fair value of either the asset received or the asset given up, then the fair value of the asset given up is used to measure the cost of the asset received unless the fair value of the asset received is more clearly evident.)*		
16	Has the entity ascertained whether the exchange transaction has commercial substance by assessing the below conditions:	16.25	
	a) Configuration (risk, timing and amount) of the cash flows of the asset received are different from the configuration of the cash flows of the asset transferred, or		
	b) Entity-specific value of the portion of the entity's operations affected by the transaction changes as a result of the exchange, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	c) Difference in (a) or (b) significant relative to the fair value of the assets exchanged?		
	(Note*: Entity-specific value of the portion of the entity's operations affected by the transaction shall reflect post-tax cash flows.)*		
17	For assets under a finance lease, has the cost of the asset been determined in accordance with Ind AS 17?	16.27	
18	Has the entity included the following as directly attributable costs:	16.17	
	a) Costs of employee benefits arising directly from the construction or acquisition of the asset,		
	b) Costs of site preparation,		
	c) Initial delivery and handling costs,		
	d) Installation and assembly costs,		
	e) Costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition,		
	f) Professional fees, and		
	g) Costs incurred in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management?		
19	Has the entity excluded the following costs from the recognition of carrying cost:	16.19	
	a) Costs of opening a new facility,		
	b) Costs of introducing a new product or service,		
	c) Costs of conducting business in a new location or with a new class of customer,		
	d) Administration and other general overhead costs,		
	e) Costs incurred in using or redeploying an asset,	16.20	
	f) Costs incurred while an asset capable of operating in the manner intended by management has yet to be brought into use or is operated at less than full capacity,		
	g) Initial operating losses, such as those incurred while demand for the item's output builds up,		
	h) Costs of relocating or reorganising part or all of the entity's operations, and		
	i) Costs relating to operations in connection with the construction or development of an asset, but are not necessary to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management?	16.21	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
20	With regard to self-constructed assets:	16.22	
	a) Has the cost of self-constructed asset determined using the same principles as for an acquired asset?		
	b) Has any internal profit been eliminated?		
	c) Has any cost of abnormal amounts of wasted material, labour, or other resources incurred in self-constructing an asset been excluded from the cost of the asset?		
21	While accounting of bearer plants (except produce on bearer plants), has the entity used the same principles and procedures as in Q 20 above before they are in the location and condition necessary to be capable of operating in the manner intended by management?	16.22A	
	(Note*: Consequently, references to 'construction' in this Standard should be read as covering activities that are necessary to cultivate the bearer plants before they are in the location and condition necessary to be capable of operating in the manner intended by management.)*		
	Measurement after recognition		
22	a) Has the entity chosen either the cost model or the revaluation model as its accounting policy and applied that policy to an entire class of PPE?	16.29-16.34	
	(Note*: Cost model - After recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.*		
	Revaluation model - After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.)		
	b) With regard to the frequency of the revaluations, has the entity:		
	i) Revalued assets for which the fair value differs materially from its carrying amount,		
	ii) Performed annual revision of fair value for assets which experience significant and volatile changes in fair value, and		
	iii) Performed revisions of fair value every 3 to 5 years for assets with only insignificant changes in fair value?		
23	Has the entity revalued its asset?	16.35	
	If yes, has it followed either of the following:		
	a) Adjusted the gross carrying amount in a manner that is consistent with the revaluation of the carrying amount of the asset, or		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) Eliminated the accumulated depreciation against the gross carrying amount of the asset?		
24	If an asset is revalued, has the entity simultaneously revalued, the entire class of property, plant and equipment to which that asset belongs?	16.36	
25	In case an entity has opted to revalue a class of assets on a rolling basis:	16.38	
	a) Has revaluation of the class of assets been completed within a short period?		
	b) Has the revaluations kept up to date?		
26	If the entity has a revaluation gain, does the entity have a revaluation loss of the same asset that was previously recognised in the statement of profit and loss:	16.39	
	a) If yes, has the entity recognised the increase in the statement of profit or loss to the extent that it reverses the revaluation loss, or		
	b) If no, has the entity recognised the increase in other comprehensive income and accumulated the gain in equity under the head 'revaluation surplus'?		
27	If the entity has a revaluation loss, does the entity have a revaluation surplus that has been previously recognised in the other comprehensive income:	16.40	
	a) If yes, has the entity accounted for the loss in other comprehensive income to the extent of any credit balance existing in the 'revaluation surplus' in respect of that asset, or		
	b) If no, has the entity accounted for the decrease in the statement of profit and loss?		
28	Has the entity followed the following accounting treatment in respect of revaluation surplus:	16.41	
	a) Transferred the whole of the revaluation surplus to retained earnings on derecognition of assets,		
	b) Transferred a relevant portion of the revaluation surplus to retained earnings (difference of depreciation between revalued carrying amount and original cost) as the asset was used by the entity, and		
	c) Has it been ensured that the transfers from revaluation surplus are not to be made through profit or loss?		
29	Has the entity recognised and disclosed the effects of taxes on income, if any, resulting from the revaluation of PPE in accordance with Ind AS 12, *Income Taxes*?	16.42	
	Depreciation		
30	Has the entity depreciated separately, each part of an item of PPE with a cost that is significant in relation to the total cost of the item?	16.43	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
31	Has the entity allocated the amount initially recognised in respect of an item of PPE to its significant parts and depreciated separately each such part?	16.44	
	Also, has the entity grouped a part of the asset having a useful life and a depreciation method same as the useful life and the depreciation method of another significant part of that same asset, in determining the depreciation charge?	16.45	
32	In case there are varying expectations for remainder of the parts which are not depreciated separately, has the entity undertaken necessary approximation techniques to depreciate the remainder in a manner that faithfully represents the consumption pattern and/or useful life of such remainder parts?	16.46	
33	In case future economic benefits embodied in an asset are absorbed in producing other assets, is the depreciation charge constituting a part of cost of the other assets?	16.49	
34	Have depreciation on assets not covered in Q 33 above, been recognised in profit or loss?	16.48	
35	Has the depreciable amount of an asset been allocated on a systematic basis over its useful life?	16.50	
36	With regards to the residual value and useful life:	16.51	
	a) Are the residual value and useful life of asset reviewed at least at the end of the financial year, and		
	b) If the expectations differed from previous estimates, has the change been accounted for in accordance with Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*?		
37	Is the carrying value of the asset more than the residual value of the asset?	16.52	
	If yes, depreciation is chargeable		
	(Note: *It must be noted that the residual value of an asset may increase to an amount equal to or greater than the asset's carrying amount. if it does, the asset's depreciation charge is zero unless and until its residual value subsequently decreases to an amount below the asset's carrying amount.)*	16.54	
38	Has the depreciation been charged from the date when the PPE was in the location and condition necessary for it to be capable of operating in the manner intended by management?	16.55	
39	Has the depreciation of an asset ceased at the earlier of the date the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with Ind AS 105 and the date that the asset is derecognised?	16.55	
40	For determining the useful life of an asset, has the entity considered the following criteria:	16.56	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) Expected usage of the asset,		
	b) Expected physical wear and tear,		
	c) Technical or commercial obsolescence, and		
	d) Legal or similar limits on the use of the asset?		
41	Has the entity estimated the useful life of an asset in terms of the assets expected utility to the entity?	16.57	
	(Note*: The useful life of an asset may be shorter than its economic life. The estimation of the useful life of the asset is a matter of judgment based on the experience of the entity with similar assets.)*		
42	With regards to land and buildings:	16.58 16.59	
	a) If the cost of land includes the costs of site dismantlement, removal and restoration, then has the entity depreciated that portion of the land asset over the period of benefits obtained by incurring those costs?		
	(Note: *In some cases, the land itself may have a limited useful life, in which case it is depreciated in a manner that reflects the benefits to be derived from it, e.g. quarries and sites used for landfill.)*		
	b) Has the entity treated land and buildings as separate assets even if they are acquired together?		
	c) Has the entity ignored the increase in the value of the land on which the building stands for the purpose of computing the depreciable amount of the building?		
43	With respect to depreciation:		
	a) Has the entity selected a depreciation method that reflects the pattern in which the assets are expected to be consumed by the entity?	16.60	
	b) Does the entity conduct a review of the depreciation method at least at each year end?	16.60	
	c) Has the entity identified a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, if yes, has the method of depreciation been changed to reflect the changed pattern?	16.61	
	d) Has the entity accounted for the change in point (c) above as a change in an accounting estimate in accordance with Ind AS 8?		
44	Has the entity ensured that none of their assets are depreciated based on revenue generated by the said asset?	16.62A	
	Impairment		
45	Has the entity accounted for impairment losses if any as per Ind AS 36, *Impairment of Assets*?	16.63	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Compensation for impairment		
46	Has the entity included the compensation from third parties for items of PPE that were impaired, lost or given up in the statement of profit and loss when the compensation became receivable?	16.65	
47	Has the entity accounted for impairments or losses of items of PPE, related claims for or payments of compensation from third parties and any subsequent purchase or construction of replacement assets as separate economic events as follows:	16.66	
	a) Recognised impairments of items of PPE in accordance with Ind AS 36,		
	b) Derecognised items of PPE retired or disposed in accordance with this standard,		
	c) Recognised compensation from third parties for items of PPE that were impaired, lost or given up is included in the statement of profit and loss when such sums become receivable, and		
	d) Recognised the cost of items of PPE restored, purchased or constructed as replacements in accordance with this standard?		
	Derecognition		
48	Has the entity derecognised the carrying amount of an item of PPE when either of the below have occurred:	16.67	
	a) When the asset has been disposed, or		
	b) When no future economic benefits are expected from its use or disposal?		
49	Has the gain or loss arising from the derecognition of an asset been included in the profit or loss when the item is derecognised unless Ind AS 17 requires otherwise in case of sale and leaseback? (Note: The *gain or loss on derecognition is generally included in the profit or loss unless the transaction is a sale-and-leaseback and deferral is required, and is not classified as revenue.)*	16.68	
50	In case an entity in the course of its ordinary activities, routinely disposed items of PPE that it had held for rental to others, has the entity transferred such assets to inventories at their carrying amount when they cease to be rented and become held for sale?	16.68A	
51	If answer to Q 50 above is yes, has the entity recognised the proceeds from the sale of such assets as revenue in accordance with Ind AS 18? (Note*: Ind AS 105 does not apply when assets that are held for sale in the ordinary course of business are transferred to inventories.)*	16.68A	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
52	Has the entity recorded the date of disposal of the item as the date the recipient obtains control of that item in accordance with the requirements in Ind AS 18, *Revenue*?	16.69	
53	In case a part of an asset is replaced, , has the entity derecognised the carrying amount of that replaced part regardless of whether the replaced part had been depreciated separately or not?	16.70	
	(Note: *If it impractical to determine the carrying amount of the replaced part, then entity may use the cost of the replacement as an indication of the cost of acquisition.)*		
54	Has the difference between the net disposal proceeds, if any, and the carrying amount of the item been determined as the gain or loss arising from the derecognition of an asset?	16.71	
55	Has the amount of consideration to be included in the gain or loss arising from the derecognition of an item of PPE been determined in accordance with the requirements for determining the transaction price as per Ind AS 18?	16.72	
	Disclosure		
56	For each class of PPE, whether the entity disclosed:	16.73	
	a) The measurement bases used for determining the gross carrying amount,		
	b) The depreciation methods used,		
	c) The useful lives or the depreciation rates used,		
	d) The gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period, and		
	e) A reconciliation of the carrying amount at the beginning and end of the period showing relevant information as given in Q 57 below?		
57	Whether the entity disclosed a reconciliation of the carrying amount at the beginning and end of the period showing:	16.73(e)	
	a) Additions,		
	b) Assets classified as held for sale or included in a disposal group classified as held for sale in accordance with Ind AS 105 and other disposals,		
	c) Acquisitions through business combinations,		
	d) Increases or decreases resulting from revaluations under Q 25-27 and from impairment losses recognised, or reversed in other comprehensive income in accordance with Ind AS 36,		
	e) Impairment losses recognised in profit or loss in accordance with Ind AS 36,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	f) Impairment losses reversed in profit or loss in accordance with Ind AS 36, (Note*: Where the entity has recorded an impairment loss, the disclosures required under Ind AS 36 should also be made by the entity.)*		
	g) Depreciation,		
	h) The net exchange differences arising on the translation of the financial statements from the functional currency into a different presentation currency, including the translation of a foreign operation into the presentation currency of the reporting entity, and		
	i) Other changes?		
58	Whether the financial statements disclose:	16.74	
	a) The existence and amounts of restrictions on title, and PPE pledged as security for liabilities,		
	b) The amount of expenditures recognised in the carrying amount of an asset in the course of its construction,		
	c) The amount of contractual commitments for the acquisition of PPE,		
	d) The amount of compensation from third parties for items of PPE that were impaired, lost or given up that is included in the statement of profit and loss, and		
	e) Depreciation, whether recognised in the statement of profit and loss or as a part of the cost of other assets, during a period and accumulated depreciation at the end of the period?	16.75	
59	If the entity has a change in an accounting estimate that has an effect in the current period or is expected to have an effect in subsequent periods with regards to PPE, then the entity discloses the changes in estimates with respect to:	16.76	
	a) Residual values,		
	b) The estimated costs of dismantling, removing or restoring items of PPE,		
	c) Useful lives, and		
	d) Depreciation methods?		
60	Has the entity stated revalued amounts for items of PPE, if yes, has the entity disclosed the following in addition to the disclosures required by Ind AS 113, *Fair Value Measurement*:	16.77	
	a) The effective date of the revaluation,		
	b) Whether an independent valuer was involved,		
	c) For each revalued class of PPE, the carrying amount that would have been recognised had the assets been carried under the cost model, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	d) The revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders?		
61	Whether the entity opts to disclose the additional information encouraged by Ind AS 16:	16.79	
	a) The carrying amount of temporarily idle PPE,		
	b) The gross carrying amount of any fully depreciated PPE that is still in use,		
	c) The carrying amount of PPE retired from active use and not classified as held for sale in accordance with Ind AS 105, and		
	d) When the cost model is used, the fair value of PPE when this is materially different from the carrying amount?		

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- **Review of useful life and residual value**: Under the existing AS 6, *Depreciation Accounting* review the useful life and residual value of the PPE is not obligatory, it provides an option of periodically review of the same. However, Ind AS 16 requires annual review of the useful life and the residual value. This may not impact those companies that have opted to follow the residual value (not more than five percent of the original cost) and useful lives stipulated in schedule II to the 2013 Act.

  However those companies which have elected to determine the useful life and residual value of its PPE based on technical evaluation, under the 2013 Act, will have to evaluate the useful lives and residual values annually. Accordingly such companies need to put policies and standard operating procedures in place to address that same. This assumes higher importance in the light of requirement of Internal Financial Controls.

  Where the company is estimating a useful life or residual value different from those specified in Schedule II, financial statements should disclose such difference along with the justification in this behalf duly supported by technical advice.

- **Componentisation**: One of the significant changes brought forth by Ind AS 16 is the requirement for componentisation of PPE. Under Ind AS 16, each part of an item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately. Although the current Indian GAAP had references to the concept of componentisation, it was not mandated. Further, the 2013 Act along with the notifications made thereunder, mandates componentisation of PPE w.e.f April 1, 2015. Ideally, Indian companies would already be in compliance with such requirements by the time Ind AS is implemented.

  Componentisation of PPE would result in the management making judgments in identifying different components which are individually significant and aggregating components which are not significant.

- **Transitional provisions on depreciation**: The 2013 Act mandates adoption of Schedule II to all companies effective accounting year beginning April 1, 2014. With respect to Companies which are covered under Phase I of Ind AS and which had and extended accounting year for the period ended March 31, 2015 (i.e. January 2014 to March 2015), the first year of adoption of Ind AS and Schedule II would coincide.

  The transitional provision under the 2013 Act prescribes that carrying amount of assets on the first day of the accounting year, whose remaining useful life is nil may be recognised in the opening balance of retained earnings or charged off to statement of profit and loss. In such cases, by virtue of the option under statute, the company may depart from the principles stated in Ind AS 16 and adjust the differences against the reserves.

- **Treatment of revaluation gains:** The revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised.

Significant carve-outs from IFRS

- In respect of the initial recognition for assets against which government grants have been received, IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance* gives an option to present the grants by either accounting the grant as a deferred income or by reducing the grant from carrying amount of the PPE. Ind AS 20 requires the presentation of such grants only as deferred income.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- **Expenses incurred before actual use**: Under ICDS, expenses incurred from the date the project is ready for commercial production to the date of actual production commences shall also be capitalised. Under Ind AS costs incurred after asset is ready to use cannot be capitalised.
- **Change in method of depreciation**: Change in method of depreciation can only be made when there is reasonable cause as covered under ICDS I and is treated as a change in accounting policy. However under Ind AS a change in method of depreciation shall be treated as change in accounting estimate and such change may be made even if the entity believes that it will result in better presentation of financial statements.
- **Exchange differences**: Ind AS does not permit capitalisation of exchange gain/loss arising out of reinstatement/settlement of monetary items associated with procurement of PPE. ICDS reiterates the fact that capitalisation of exchange differences relating to fixed asset shall be done in accordance with Section 43 A of Income Tax Act, 1961 or other such provisions.
- **Deemed interest cost**: Exchange differences arising from foreign currency borrowings to the extent they are regarded as interest cost are considered as borrowing costs under Ind AS 23. However, ICDS is not considering the same as borrowing cost and accordingly may not be eligible for capitalisation in respect of a qualifying asset.
- **Capitalisation of borrowing costs**: ICDS has prescribed a new formula for capitalisation of general borrowing cost. In case of specific borrowings, capitalisation must commence only from the date of utilisation of funds.
- **No concept of substantial period of time to determine qualifying assets**: ICDS does not define any minimum period for classification of an asset as a qualifying asset. Borrowing costs is required to be therefore be capitalised even if the asset does not take substantial period of time to construct.
- **Suspension of capitalisation of borrowing costs**: Under Ind AS 16, capitalisation of borrowing costs shall be suspended during extended periods in which active development is interrupted/suspended. ICDS does not prescribe no such suspension and the borrowing costs shall continue to be capitalised till the asset is put to use.

Glossary

Bearer Plant is a living plant that,

a) Is used in the production or supply of agricultural produce;

b) Is expected to bear produce for more than one period; and

c) Has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Carrying amount, is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.

Cost, is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Indian Accounting Standards, e.g. Ind AS 102, Share-based Payment.

Depreciable amount, is the cost of an asset, or other amount substituted for cost, less its residual value

Depreciation, is the systematic allocation of the depreciable amount of an asset over its useful life.

Entity-specific value, is the present value of the cash flows an entity expects to arise from the continuing use of an asset and from its disposal at the end of its useful life or expects to incur when settling a liability.

Fair value, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Impairment loss, is the amount by which the carrying amount of an asset exceeds its recoverable amount.

Property, plant and equipment are tangible items that:

a) Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and

b) Are expected to be used during more than one period.

Recoverable amount, is the higher of an asset's fair value less costs to sell and its value in use.

Residual value, of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Useful life is:

a) The period over which an asset is expected to be available for use by an entity; or

b) The number of production or similar units expected to be obtained from the asset by an entity.

(Source: Ind AS 16*, Property, Plant and Equipment* as issued by the Ministry of Corporate Affairs)

Ind AS-17
Leases

1. Executive summary

- Indian Accounting Standard (Ind AS) 17, *Leases* states that an arrangement that at its inception can be fulfilled only through the use of a specific asset or assets, and that conveys a right to use that asset or those assets, is a lease or contains a lease.
- A lease is classified as either a finance lease or an operating lease.
- Lease classification depends on whether substantially all of the risks and rewards incidental to ownership of the leased asset have been transferred from the lessor to the lessee.
- A lessee may classify a property interest held under an operating lease as an investment property. If this is done, then the lessee accounts for that lease as if it were a finance lease, measures investment property at the lower of the fair value of the property and the present value of the minimum lease payments and recognises a lease liability for future lease payments.
- A lease of land with a building is treated as two separate leases: a lease of the land and a lease of the building; the two leases may be classified differently.
- In determining whether the lease of land is a finance lease or an operating lease, an important consideration is that land normally has an indefinite economic life.
- Lease classification is made at inception of the lease and is not revised unless the lease agreement is modified.
- In a finance lease, the lessor derecognises the leased asset and recognises a finance lease receivable. The lessee recognises the leased asset and a liability for future lease payments.
- Special requirements for revenue recognition apply to manufacturer or dealer lessors granting finance leases.
- Under an operating lease, both parties treat the lease as an executory contract. The lessor and the lessee recognise the lease payments as income/expense over the lease term. The lessor recognises the leased asset in the balance sheet, the lessee does not.
- Lessors and lessees recognise incentives granted to a lessee under an operating lease as a reduction in lease rental income/expense over the lease term.
- Immediate gain recognition from the sale-and-leaseback of an asset depends on whether the leaseback is classified as a finance or an operating lease and, if the leaseback is an operating lease, whether the sale takes place at fair value.
- A series of linked transactions in the legal form of a lease is accounted for as one transaction based on the substance of the arrangement, when the overall economic effect cannot be understood without reference to the series of transactions as a whole. For example, a series of structured lease transactions may be designed to achieve a tax advantage and the substance may be that the series of transactions is not a lease.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability and scope		
1	Has the entity applied this standard in accounting for all leases other than:	17.2	
	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, plays, manuscripts, patents and copyrights?		
2	Has the entity excluded from the scope of this standard, measurement of assets where the entity:	17.2	
	a) Is a lessee of property that is accounted for as investment property (Ind AS 40, *Investment Property*),		
	b) Is a lessor providing investment property under operating leases (Ind AS 40),		
	c) Is a lessee holding biological assets under finance leases (Ind AS 41, *Agriculture*), or		
	d) Is a lessor providing biological assets under operating leases (Ind AS 41)?		
	Appendix C- Determining whether an arrangement contains a lease.		
3	If the fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset), has the entity also evaluated whether the arrangement conveys the right to control the use of the asset (refer Q 4(a))?	17.C6	
4	a) Has the entity determined that an arrangement conveys the right to control the use of the underlying asset to the purchaser, if any one of the following conditions is met:	17.C9	
	i) The purchaser has the ability or right to operate the asset or direct others to operate the asset in a manner it determines while obtaining or controlling more than an insignificant amount of the output or other utility of the asset,		
	ii) The purchaser has the ability or right to control physical access to the underlying asset while obtaining or controlling more than an insignificant amount of the output or other utility of the asset, or		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	iii) Facts and circumstances indicate that it is remote that one or more parties other than the purchaser will take more than an insignificant amount of the output or other utility that will be produced or generated by the asset during the term of the arrangement, and the price that the purchaser will pay for the output is neither contractually fixed per unit of output nor equal to the current market price per unit of output as of the time of delivery of the output?		
	b) If the answer to both Q 3 and Q 4(a) is 'yes', has the arrangement been considered as lease or containing a lease?		
5	Has the assessment of whether an arrangement contains a lease been made only at the inception of the arrangement and a reassessment is made only when any one of the following conditions is met:	17.C10	
	a) There is a change in the contractual terms, unless the change only renews or extends the arrangement,		
	b) A renewal option is exercised or an extension is agreed to by the parties to the arrangement, unless the term of the renewal or extension had initially been included in the lease term in accordance with this standard,		
	c) There is a change in the determination of whether fulfilment is dependent on a specified asset, or		
	d) There is a substantial change to the asset, for example a substantial physical change to property, plant or equipment?		
6	Has the reassessment been based on the facts and circumstances as of the date of reassessment and if an arrangement is reassessed and determined to contain a lease (or not to contain a lease) has lease accounting been applied (or ceased to apply) from:	17.C11	
	a) When the change in circumstances giving rise to the reassessment occur in case Q 5 (a), (c) or (d) apply, or		
	b) The inception of the renewal or extension period in case Q 5 (b) applies?		
7	a) Has the entity separated the payments and other consideration required by the arrangement (at inception or upon reassessment) into those for the lease element and those for other elements on the basis of their relative fair values, using an estimation technique if required?	17.C13	
	b) Has the entity classified the lease element in accordance with Q 10 to 16 and applied the relevant provisions of this standard, and accounted for other elements of the arrangement in accordance with other relevant Ind AS?	17.C12	
8	Has the entity followed the below procedures, if the entity has an arrangement in which it is impracticable to separate the payment reliably:	17.C15	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) Finance lease: Has the entity recognised an asset and a liability at an amount equal to the fair value of the underlying asset that was identified as the subject of the lease, and subsequently, reduced the liability as payments are made and recognised an imputed finance charge on the liability using the purchaser's incremental borrowing rate of interest?		
	b) Operating lease: Has the entity treated all payments under the arrangement as lease payments for the purposes of complying with the disclosure requirements of this standard but: i) Disclosed those payments separately from minimum lease payments of other arrangements that do not include payments for non-lease elements, and		
	ii) Stated that the disclosed payments also include payments for non-lease elements in the arrangement?		
	Appendix B: Evaluating the substance of transactions involving the legal form of a lease		
9	a) Has the entity considered a series of transactions that involve the legal form of a lease as linked and accounted for them as one transaction when the overall economic effect cannot be understood without reference to the series of transactions as a whole (for example, when they are closely interrelated, negotiated as a single transaction, and take place concurrently or in a continuous sequence)?	17.B3	
	b) Has the entity considered the following as indicators that an arrangement may not, in substance, involve a lease and accounted for such an arrangement based on its substance in accordance with applicable Ind AS: i) The entity retains all the risks and rewards incident to ownership of the underlying asset and enjoys substantially the same rights to its use as before the arrangement,	17.B5	
	ii) The primary reason for the arrangement is to achieve a particular tax result, and not to convey the right to use an asset, and		
	iii) An option is included on terms that make its exercise almost certain (example a put option that is exercisable at a price sufficiently higher than the expected fair value when it becomes exercisable)?		
	Classification		
10	Has the entity classified a lease as a finance lease, if the lease transfers substantially all the risks and rewards incidental to the ownership of the asset to the lessee (refer Q 11)?	17.8	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note: In assessing the requirements of Q 10, has the entity considered the following indicators that individually or in combination would normally lead to a lease being classified as a finance lease: *a) The lease transfers ownership of the asset to the lessee by the end of the lease term,* *b) The lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised,* *c) The lease term is for the major part of the economic life of the asset even if title is not transferred,* *d) At the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset, and* *e) The leased assets are of such a specialised nature that only the lessee can use them without major modifications?*	17.10	
	Indicators of situations that individually or in combination could also lead to a lease being classified as a finance lease are: *i) If the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee,* *ii) Gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (for example, in the form of a rent rebate equaling most of the sales proceeds at the end of the lease), and* *iii) The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent?)*	17.11	
11	If the lease does not transfer substantially all the risks and rewards incidental to the ownership of the asset in accordance with Q 10, has the entity classified a lease as an operating lease?	17.12	
12	Has the entity re-evaluated the classification of a lease arrangement, as a new agreement if at any time the lessee and lessor agreed to change the provisions of the lease, other than by renewing the lease, in a manner that would have resulted in a different classification in accordance with Q 10, if the changed terms had been in effect at the inception of the lease?	17.13	
13	If a lease includes both land and buildings elements, has the entity classified each element as a finance or operating lease separately in accordance with Q 10 to 12, by allocating the minimum lease payments between the land and buildings elements in proportion to the relative fair values of the leasehold interests in the two elements at the inception of the lease?	17.15A	
14	If the lease payments cannot be allocated reliably between these two elements, has the entity classified the entire lease as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease?	17.16	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
15	Has the entity treated the land and buildings as a single unit for the purpose of lease classification, if the amount that would initially be recognised for the land element is immaterial?	17.17	
	Finance leases in the financial statements of lessees		
	Initial recognition		
16	a) At the commencement of the lease term, has the lessee recognised finance leases as assets and liabilities in their balance sheets at amounts equal to the lower of the fair value of the leased property and the present value of the minimum lease payments (each determined at the inception of lease)?	17.20	
	b) Have any initial direct costs incurred by the lessee, been added to the amount recognised as an asset?		
	c) Has the entity used the interest rate implicit in the lease as the discount rate to be used in calculating the present value of the minimum lease payments, if this is practicable to determine, or if not practicable, the lessee's incremental borrowing rate?		
17	Has the lessee ensured that lease liabilities are presented separately in the financial statements (not as a deduction from leased assets) and that if for presentation of liabilities in the balance sheet a distinction is made between current and non-current liabilities, the same distinction is made for lease liabilities?	17.23	
18	Are initial direct costs, i.e. costs identified as directly attributable to activities performed by the lessee for a finance lease added to the amount recognised as an asset?	17.24	
	Subsequent measurement		
19	Has the entity:	17.25	
	a) Apportioned minimum lease payments between the finance charge and the reduction of the outstanding liability,		
	b) Allocated the finance charge to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability, and		
	c) Ensured that the contingent rents are charged as expenses in the periods in which they are incurred?		
20	Has the entity depreciated the leased asset and ensured that the depreciation policy is consistent with that for depreciable assets that are owned, and the depreciation recognised is calculated in accordance with Ind AS 16, *Property, Plant and Equipment* and Ind AS 38, *Intangible Assets*?	17.27	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
21	If there is no reasonable certainty that the lessee will obtain the ownership of the asset by the end of the lease term, has the entity depreciated the asset fully over the shorter of the lease term and its useful life?	17.28	
22	Has the entity applied the requirements of Ind AS 36, *Impairment of assets* to determine whether a leased asset has become impaired?		
	Disclosures		
23	In addition to the disclosures required by Ind AS 107, *Financial Instruments*: *Disclosures*, has the entity disclosed the following:	17.31	
	a) For each class of asset, the net carrying amount at the end of the reporting period,		
	b) A reconciliation between the total of future minimum lease payments at the end of the reporting period, and their present value,		
	c) The total of future minimum lease payments at the end of the reporting period, and their present value, for each of the following periods:		
	i) Not later than one year,		
	ii) Later than one year and not later than five years, and		
	iii) Later than five years,		
	d) Contingent rents recognised as an expense in the period,		
	e) The total of future minimum sublease payments expected to be received under non-cancellable subleases at the end of the reporting period, and		
	f) A general description of the lessee's material leasing arrangements including, but not limited to, the following:		
	i) The basis on which contingent rent payable is determined,		
	ii) The existence and terms of renewal or purchase options and escalation clauses, and		
	iii) Restrictions imposed by lease arrangements, such as those concerning dividends, additional debt, and further leasing?		
24	Has the entity (as a lessee) provided disclosures in accordance with Ind AS 16, Ind AS 36, Ind AS 38, Ind AS 40, *Investment Property* and Ind AS 41, *Agriculture* for assets leased under finance leases?	17.32	
	Operating leases in the financial statements of lessees		
25	Has the entity recognised lease payments under an operating lease on a straight-line basis over the lease term, unless either:	17.33	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) There is another systematic basis which is more representative of the time pattern of the user's benefit, even if the payments to the lessors are not on that basis? (In such cases, lease expenses is recognised on such other systematic basis), or		
	b) The payments to the lessor structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases and such increases? (In such cases, the increase is not straight lined over the lease term.)		
	(Note*: If payments to the lessor vary because of factors other than general inflation, then this criterion is not met.*)		
26	Has the aggregate benefit of incentives been recognised as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished?	17.A5	
	Disclosures		
27	Has the entity (as a lessee) disclosed the following in addition to meeting the requirements of Ind AS 107:	17.35	
	a) The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:		
	i) Not later than one year,		
	ii) Later than one year and not later than five years, and		
	iii) Later than five years,		
	b) The total of future minimum sublease payments expected to be received under non-cancellable subleases at the end of the reporting period,		
	c) Lease and sublease payments recognised as an expense in the period, with separate amounts for minimum lease payments, contingent rents, and sublease payments, and		
	d) A general description of the lessee's significant leasing arrangements including, but not limited to, the following:		
	i) the basis on which contingent rent payable is determined,		
	ii) the existence and terms of renewal or purchase options and escalation clauses, and		
	iii) Restrictions imposed by lease arrangements, such as those concerning dividends, additional debt, and further leasing?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Finance leases in the financial statements of the lessor		
	Initial recognition		
28	Has the entity (as a lessor) recognised assets held under a finance lease in the balance sheet and presented them as a receivable at an amount equal to the net investment in the lease?	17.36	
	(Note: *The lease payment receivable is treated by the lessor as repayment of principal and finance income to reimburse and reward the lessor for its investment and services.)*	17.37	
29	Have initial direct costs (that are incremental and directly attributable to negotiating and arranging a lease) been included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term, except if the entity is a manufacturer or dealer lessor?	17.38	
30	Have initial direct costs incurred by the entity as a manufacturer or dealer lessor, in connection with negotiating and arranging a lease been excluded from the net investment in the lease and recognised as an expense when the selling profit is recognised in accordance with Q 34 (normally at the commencement of the lease term)?	17.38 17.42	
	Subsequent measurement		
31	Has the entity recognised the finance income based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease?	17.39	
	(Note: *Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.)*	17.40	
32	Has the entity regularly reviewed the estimated unguaranteed residual value used in computing its gross investment in the lease and revised the income allocation over the lease term and recognised any reduction in respect of amounts accrued, if there is a reduction in the estimated unguaranteed residual value?	17.41	
33	Has the entity accounted for an asset under a finance lease that is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with Ind AS 105, *Non-current Assets Held for Sale and Discontinued Operations*?	17.41A	
34	If the entity is a manufacturer or dealer lessor, for a finance lease of asset, has the entity recognised:	17.43	
	a) Selling profit or loss equivalent to the profit or loss resulting from an outright sale of the asset being leased (refer Q 36 to 38), at normal selling prices, reflecting any applicable volume or trade discounts (in accordance with the policy followed for outright sales), and		
	b) Finance income over the lease term?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
35	Has the entity ensured that selling profit is restricted to that which would apply if a market rate of interest were charged, if artificially low rates of interests are quoted?	17.42	
36	Has the lessee recognised sales revenue at amounts equal to the fair value of the asset, or if lower, the present value of the minimum lease payments accruing to the lessor computed at a market rate of interest?	17.44	
37	Is the cost of sale recognised by the entity at the commencement of the lease term, either the cost, or carrying amount if different, of the leased property less the present value of the unguaranteed residual value?	17.44	
38	Has the difference between the sales revenue and the cost of sale been recognised as the selling profit in accordance with the entity's policy for outright sales?	17.44	
	Disclosures		
39	Has the entity, in addition to meeting the requirements in Ind AS 107, disclosed the following for finance leases:	17.47	
	a) A reconciliation between the gross investment in the lease at the end of the reporting period, and the present value of minimum lease payments receivable at the end of the reporting period. In addition, the entity shall disclose the gross investment in the lease and the present value of minimum lease payments receivable at the end of the reporting period, for each of the following periods:		
	i) Not later than one year,		
	ii) Later than one year and not later than five years, and		
	iii) Later than five years,		
	b) Unearned finance income,		
	c) The unguaranteed residual values accruing to the benefit of the lessor,		
	d) The accumulated allowance for uncollectible minimum lease payments receivable,		
	e) Contingent rents recognised as income in the period, and		
	f) A general description of the lessor's material leasing arrangements?		
	Operating Leases in the financial statements of lessor		
40	Has the entity (as a lessor) presented the assets subject to operating leases in the balance sheet according to the nature of the asset?	17.49	
41	Has the entity recognised lease income from operating leases (excluding amounts for services such as insurance and maintenance) on a straight-line basis over the lease term, unless either:	17.50	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) There is another systematic basis which is more representative of the time pattern of the user's benefit, even if the payments to the lessors are not on that basis (in such cases, lease income is recognised on such other systematic basis), or		
	b) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases (in such cases, the increase in not straight lined over the lease term.)?		
42	Have the costs, including depreciation, incurred in earning the lease income been recognised as an expense?	17.51	
43	Have initial direct costs incurred by the entity (as a lessor) in negotiating and arranging an operating lease been added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income?	17.52	
	(Note: *Initial direct costs are often incurred by lessors and include amounts such as commissions, legal fees and internal costs that are incremental and directly attributable to negotiating and arranging a lease. They exclude general overheads such as those incurred by a sales and marketing team.)*		
44	Is the depreciation policy for depreciable leased assets consistent with the entity's normal depreciation policy for similar assets, and is depreciation calculated in accordance with Ind AS 16 and Ind AS 38?	17.53	
45	Has the entity (as a lessor) recognised the aggregate cost of lease incentives as a reduction of rental income over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished?		
	Disclosures		
47	Has the entity disclosed, in addition to meeting the requirements of Ind AS 107, the following for operating leases:	17.56	
	a) The future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following periods:		
	i) Not later than one year,		
	ii) Later than one year and not later than five years, and		
	iii) Later than five years,		
	b) Total contingent rents recognised as income in the period, and		
	c) A general description of the lessor's leasing arrangements?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Sale and lease back transactions		
48	Has the entity classified the transaction as a sale and leaseback transaction, if a transaction involves the sale of an asset and leasing back of the same asset?	17.58	
49	If a sale and leaseback transaction resulted in a finance lease, has the entity (as a seller-lessee) not recognised as income any excess of sales proceeds over the carrying amount and deferred and amortised this amount over the lease term?	17.59	
50	If a sale and lease back transaction resulted in an operating lease and it is clear that the transaction is established at fair value, has the entity recognised any profit or loss immediately?	17.61	
51	If a sale and lease back transaction resulted in an operating lease and:	17.61	
	a) The sale price is below fair value, has the entity recognised profit or loss immediately, except that, if the loss is compensated for by future lease payments at below market price, has the entity deferred and amortised the loss in proportion to the lease payments over the period for which the asset is expected to be used, and		
	b) The sale price is above fair value, has the entity deferred the excess over fair value and amortised over the period for which the asset is expected to be used?		
52	For operating leases, if the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, has the entity recognised a loss equal to the amount of the difference between the carrying amount and fair value immediately?	17.63	
	(Note*: For finance leases, no such adjustment is required unless there has been an impairment in value, in which case the carrying amount is reduced to recoverable amount in accordance with Ind AS 36.)*		

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- There are no specific requirements arising out of the 2013 Act in the context of this standard.

Significant carve-outs from IFRS

- IAS 17, *Leases* requires measurement of the land and buildings elements when the lessee's interest in both land and buildings is classified as an investment property in accordance with Ind AS 40, *Investment Property*, if the fair value model is adopted. However Ind AS 17, has no such requirement, since Ind AS 40 prohibits the use of fair value model.
- Ind AS 17 modifies the requirements of IAS 17 to provide that where the escalation of lease rentals is in line with the expected general inflation so as to compensate the lessor for expected inflationary cost, the increases in the rentals shall not be straight lined.

Some of the key requirements of the Income Tax Computation and Disclosure Standards (ICDS)

- No specific requirements has been prescribed under the ICDS relating to this standard.

Glossary

A *lease* is 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.

A *finance lease* is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

An *operating lease* is a lease other than a finance lease.

A *non-cancellable lease* is a lease that is cancellable only:

a) Upon the occurrence of some remote contingency,

b) With the permission of the lessor,

c) If the lessee enters into a new lease for the same or an equivalent asset with the same lessor, or

d) Upon payment by the lessee of such an additional amount that, at inception of the lease, continuation of the lease is reasonably certain.

The *inception of the lease* is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease. As at this date:

a) A lease is classified as either an operating or a finance lease, and

b) In the case of a finance lease, the amounts to be recognised at the commencement of the lease term are determined.

The *commencement of the lease* term is the date from which the lessee is entitled to exercise its right to use the leased asset. It is the date of initial recognition of the lease (i.e. the recognition of the assets, liabilities, income or expenses resulting from the lease, as appropriate).

The *lease term* is the non-cancellable period for which the lessee has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option.

Minimum lease payments are the payments over the lease term that the lessee is or can be required to make, excluding contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor, together with:

a) For a lessee, any amounts guaranteed by the lessee or by a party related to the lessee, or

b) For a lessor, any residual value guaranteed to the lessor by:

    i) The lessee,

    ii) A party related to the lessee, or

    iii) A third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee.

However, if the lessee has an option to purchase the asset at a price that is expected to be sufficiently lower than fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised, the minimum lease payments comprise the minimum payments payable over the lease term to the expected date of exercise of this purchase option and the payment required to exercise it.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Economic life is either:

a) The period over which an asset is expected to be economically usable by one or more users, or

b) The number of production or similar units expected to be obtained from the asset by one or more users.

Useful life is the estimated remaining period, from the commencement of the lease term, without limitation by the lease term, over which the economic benefits embodied in the asset are expected to be consumed by the entity.

Guaranteed residual value is:

a) For a lessee, that part of the residual value that is guaranteed by the lessee or by a party related to the lessee (the amount of the guarantee being the maximum amount that could, in any event, become payable), and

b) For a lessor, that part of the residual value that is guaranteed by the lessee or by a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee.

Unguaranteed residual value is that portion of the residual value of the leased asset, the realisation of which by the lessor is not assured or is guaranteed solely by a party related to the lessor.

Initial direct costs are incremental costs that are directly attributable to negotiating and arranging a lease, except for such costs incurred by manufacturer or dealer lessors.

Gross investment in the lease is the aggregate of:

a) The minimum lease payments receivable by the lessor under a finance lease, and

b) Any unguaranteed residual value accruing to the lessor.

Net investment in the lease is the gross investment in the lease discounted at the interest rate implicit in the lease.

Unearned finance income is the difference between:

a) The gross investment in the lease, and

b) The net investment in the lease.

The *interest rate implicit in the lease* is the discount rate that, at the inception of the lease, causes the aggregate present value of (a) the minimum lease payments and (b) the unguaranteed residual value to be equal to the sum of (i) the fair value of the leased asset and (ii) any initial direct costs of the lessor.

The *lessee's incremental borrowing rate of interest* is the rate of interest the lessee would have to pay on a similar lease or, if that is not determinable, the rate that, at the inception of the lease, the lessee would incur to borrow over a similar term, and with a similar security, the funds necessary to purchase the asset.

Contingent rent is that portion of the lease payments that is not fixed in amount but is based on the future amount of a factor that changes other than with the passage of time (e.g. percentage of future sales, amount of future use, future price indices, future market rates of interest).

(Source: Ind AS 17, *Leases* as issued by the Ministry of Corporate Affairs)

Ind AS-18
Revenue

1. Executive summary

- Indian Accounting Standard (Ind AS) 18, *Revenue* states that revenue is recognised only if it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.
- Revenue recognition does not require cash consideration. However, when goods or services exchanged are similar in nature and value, the transaction does not generate revenue.
- When an arrangement includes more than one component, it may be necessary to account for the revenue attributable to each component separately.
- When two or more transactions are linked so that the individual transactions have no commercial effect on their own, they are analysed as one arrangement.
- The recognition criteria in this standard are usually applied separately to each transaction. However, in certain circumstances, it is necessary to apply the recognition criteria to the separately identifiable components of a single transaction in order to reflect the substance of the transaction.
- Revenue is measured at the fair value of consideration received, taking into account any trade discounts and volume rebates.
- If a transaction includes a financing element, then revenue is measured by discounting all future cash receipts at an imputed rate of interest.
- Revenue from the sale of goods is recognised when:
  - The entity has transferred the significant risks and rewards of ownership to the buyer, and
  - It no longer retains control or has managerial involvement in the goods.
- Revenue from service contracts is recognised in the period during which the service is rendered, generally under the percentage-of-completion method.
- Revenue comprises the gross inflows of economic benefits received by an entity for its own account.
- In an agency relationship, amounts collected on behalf of the principal are not recognised as revenue by the agent.
- The Guidance Note on Real Estate Transactions issued by the Institute of Chartered Accountants of India recommends the accounting treatment by entities dealing in 'Real Estate' as sellers or developers.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability		
	Ind AS 18 prescribes the accounting treatment for revenue arising from certain types of transactions and events.		
1	If the entity has revenue arising from the following transactions or events, has it applied this standard in the recognition of revenue from those transactions or events:	18.1	
	a) Sale of goods (including goods produced by entity for the purpose of sale and goods purchased for resale),		
	b) Rendering of services, and		
	c) Use by others of entity assets yielding interest, royalties and dividends?		
2	If the entity has revenue arising from the following transactions or events, has it excluded these when applying the guidance in this standard and applied the relevant Ind AS instead:	18.6	
	a) Lease agreements (refer Ind AS 17, *Leases*),		
	b) Dividends arising from investments which are accounted for under the equity method (refer Ind AS 28, *Investments in Associates and Joint Ventures*),		
	c) Insurance contracts within the scope of Ind AS 104, *Insurance Contracts*,		
	d) Changes in the fair value of financial assets and financial liabilities or their disposal (refer Ind AS 109, *Financial Instruments*),		
	e) Changes in the value of other current assets,		
	f) Initial recognition and from changes in the fair value of biological assets related to agricultural activity (refer Ind AS 41, *Agriculture*),		
	g) Initial recognition of agricultural produce (refer Ind AS 41), and		
	h) The extraction of mineral ores?		
	Identification of the transaction		
3	a) If the entity entered into a revenue transaction which includes more than one component, has the entity applied the recognition criteria to each separately identifiable component of this transaction?	18.13	
	b) Has the entity entered into two or more transactions that are linked such that the individual transactions have no commercial effect on their own, then has the entity analysed them as one arrangement?		
	(Note: *In general, this section refers to revenue recognition in the context of a single transaction. However, in some cases two or more transactions may be linked so that the individual transactions have no commercial*		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	effect on their own. In these cases, the combined effect of all such transactions together is analysed as one arrangement.		
	The identification of components may be necessary to apply the revenue recognition criteria to the separately identified components of single transaction to reflect the substance of the transaction. Examples are customer loyalty programmes, free or discounted goods.)		
4	Does each component meet the following test:	18.C15	
	a) The component has stand-alone value to the customer, and		
	b) The fair value of the component can be measured reliably?		
	Measurement of revenue		
5	Has the entity measured the revenue at the fair value of the consideration received or receivable?	18.9	
6	Has the entity adjusted the fair value of the consideration received or receivable for any trade discounts and volume rebates allowed by the entity?	18.10	
	(Note: *An entity should take into consideration early settlement discount and cash rebates while recognising revenue based on the substance of the arrangement.)*		
7	a) If the inflow of consideration has been deferred and entity does not charge a market interest rate, is the current cash price available? If yes, has the entity considered imputed rate of interest as the rate that exactly discounts the amount to be received in the future to the current cash selling price?	18.11	
	(Note: *The above difference would be recognised as interest income over the period of financing, using effective interest method.)*		
	b) If current cash price is not available, has the entity imputed rate of interest that is a market-participant-based discount rate for a similar instrument including the counterparty's credit risk?		
	(Note: *The above difference would be recognised as interest income over the period of financing, using effective interest method.)*		
8	If there is more than one component, then has the entity allocated the consideration by following either of the methods:	18.B5-7	
	a) Relative fair value, or		
	b) Fair value of the undelivered component (residual value method)?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Sale of goods		
9	Has the entity recognised revenue from sale of goods only if all the following conditions have been satisfied:	18.14	
	a) The entity has transferred to the buyer the significant risks and rewards of ownership of the goods,		
	b) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,		
	c) The amount of revenue can be measured reliably,		
	d) It is probable that the economic benefits associated with the transaction will flow to the entity, and		
	e) The costs incurred or to be incurred in respect of the transaction can be measured reliably?		
	(Note: *Assessment of when an entity has transferred the significant risks and rewards of ownership to the buyer requires an examination of the circumstances of the transaction. In most cases, the transfer of the risks and rewards of ownership coincides with the transfer of the legal title or the passing of possession to the buyer. This is the case for most retail sales. In other cases, the transfer of risks and rewards of ownership occurs at a different time from the transfer of legal title or the passing of possession.)*	18.15	
10	If the entity retains significant risks of ownership, has it ensured that revenue from sale is not recognised?	18.16	
	(Examples of situations in which the entity may retain the significant risks and rewards of ownership are: a) When the entity retains an obligation for unsatisfactory performance not covered by normal warranty provisions b) When the receipt of the revenue from a particular sale is contingent on the derivation of revenue by the buyer from its sale of the goods c) When the goods are shipped subject to installation and the installation is a significant part of the contract which has not yet been completed by the entity, and d) When the buyer has the right to rescind the purchase for a reason specified in the sales contract and the entity is uncertain about the probability of return.)		
11	If the entity retains only an insignificant risk of ownership has the entity recognised revenue at the time of sale provided the entity (seller) can reliably estimate future returns and recognises a liability for returns based on previous experience and other relevant factors?	18.17	
	(For example: a seller may retain the legal title to the goods solely to protect the collectability of the amount due. In such a case, if the entity has transferred the significant risks and rewards of ownership, the transaction is a sale and revenue is recognised. Another example of an		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	entity retaining only an insignificant risk of ownership may be a retail sale when a refund is offered if the customer is not satisfied.)		
12	Has the entity recognised revenue only when it is probable that the economic benefits associated with the transaction will flow to the entity?	18.18	
	(Note: *In some cases, the flow of economic benefits may not be probable until the consideration is received or until an uncertainty is removed. For example, it may be uncertain that a foreign governmental authority will grant permission to remit the consideration from a sale in a foreign country. When the permission is granted, the uncertainty is removed and revenue is recognised. However, when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectible amount or the amount in respect of which recovery has ceased to be probable is recognised as an expense, rather than as an adjustment of the amount of revenue originally recognised.*)		
13	Have revenue and expenses that relate to the same transaction or other event been recognised simultaneously?	18.19	
	(Note*: Expenses, including warranties and other costs to be incurred after the shipment of the goods can normally be measured reliably when the other conditions for the recognition of revenue have been satisfied. However, revenue cannot be recognised when the expenses cannot be measured reliably, in such circumstances, any consideration already received for the sale of the goods is recognised as a liability.)*		
	Rendering of services		
14	Has the entity recognised revenue from transactions that involve the rendering of services by reference to the stage of completion (i.e. the percentage of completion method wherein revenue is recognised in the period in which services are rendered) only when their outcome can be estimated reliably, based on satisfaction of all of the following conditions:	18.20	
	a) The amount of revenue can be measured reliably,		
	b) It is probable that the economic benefits associated with the transaction will flow to the entity,		
	c) The stage of completion of the transaction at the end of the reporting period can be measured reliably, and		
	d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably?		
	(Note: *This would also apply when the uncertainties that earlier prevented the outcome of the contract being estimated reliably no longer exist.*)		
15	If there is uncertainty about collectability of an amount included in revenue, has the entity recognised the amount in respect of which recovery has ceased to be probable as an expense, rather than as an adjustment of the amount of revenue originally recognised?	18.22 18.34	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
16	Has the stage of completion of the transaction at the end of the reporting period been considered to be measurable reliably when the entity has agreed to the following with the other parties to the transaction:	18.23	
	a) Each party's enforceable rights regarding the service to be provided and received by the parties,		
	b) The consideration to be exchanged, and		
	c) The manner and terms of settlement?		
17	Has the entity used a method that reliably measures the stage of completion of a transaction involving rendering of services?	18.24	
	For example, the following methods may be used:		
	a) Surveys of work performed,		
	b) Services performed to date as a percentage of total services to be performed,		
	c) The proportion that costs incurred to date bear to the estimated total costs of the transaction. Only costs that reflect services performed to date are included in costs incurred to date. Only costs that reflect services performed or to be performed are included in the estimated total costs of the transaction.		
	(Note: *Progress payments and advances received from customers often do not reflect the services performed.*)		
18	a) If the entity has rendered services through a number of indeterminate acts over a specified period of time, has the entity recognised revenue on a straight-line basis over the specified period unless there is evidence that some other method better represents the stage of completion?	18.25	
	b) If a specific act is much more significant than any other acts, has the entity postponed the recognition of revenue until the significant act is executed?		
19	If the outcome of the transactions involving the rendering of services cannot be estimated reliably, has the entity recognised revenue only to the extent of the costs incurred that are expected to be recoverable:	18.26	
	a) If it is probable that the transaction costs incurred will be recovered, has revenue been recognised only to the extent of costs incurred that are expected to be recoverable,		
	b) If it is probable that costs will not be recovered, has the entity not recognised revenue until the uncertainties cease to exist (however costs incurred are recognised as an expense)?	18.28	
	(In case the uncertainties that earlier prevented the outcome of the contract being estimated reliably no longer exist, refer to Q12 above)	18.28	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Interests, royalties and dividends		
20	a) Has the entity recognised revenue arising from the use by others of entity assets yielding interest, royalties and dividends, only if the following conditions are met:	18.29	
	i) It is probable that the economic benefits associated with the transaction will flow to the entity, and		
	ii) The amount of the revenue can be measured reliably?		
	b) If the conditions in Q 20 (a) are met, has the entity recognised revenue on the following basis:	18.30	
	i) Interest, using the effective interest method as set out in Ind AS 109, *Financial Instruments*, and		
	ii) Royalties, on an accrual basis in accordance with the substance of the relevant agreement?		
21	Has the entity accrued royalties in accordance with the terms of the relevant agreements?	18.33	
22	If uncertainty exists about the collectability of an amount already included in revenue, has the entity recognised as an expense the uncollectible amount, or the amount in respect of which recovery has ceased to be probable rather than as an adjustment of the amount of revenue originally recognised?	18.34	
	Customer loyalty programmes		
23	a) If the entity (seller) grants customer loyalty award credits to its customers, as part of a sales transaction, that the customer can redeem in the future for free or discounted goods or services (subject to meeting qualifying conditions), has it applied the guidance in this standard to account for award credits as a separately identifiable component of the sales transaction(s) in which they are granted (the 'initial sale')?	18.B5	
	b) Has the entity measured the consideration allocated to the award credits by reference to their fair value?	18.B6	
	(Note: *The fair value of the award credits takes into account, as appropriate*	18.B.AG 2	
	i) The amount of the discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale,		
	ii) The proportion of award credits that are not expected to be redeemed by customers, and		
	iii) Non-performance risk.)		
	c) If the entity supplies the awards itself, has the entity recognised the consideration allocated to award credits as revenue when award credits are redeemed and it fulfils its obligations to supply awards?	18.B7	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note: *The amount of revenue recognised shall be based on the number of award credits that have been redeemed in exchange for awards, relative to the total number expected to be redeemed.*)		
	d) If a third party supplies the awards, and the entity collects the consideration allocated to award credits on behalf of the third party, has the entity:		
	i) Measured its revenue as the net amount retained on its own account, and		
	ii) Recognised this net amount as revenue when the third party becomes obliged to supply the awards and entitled to receive consideration for doing so?		
	e) If a third party supplies the awards and the entity is collecting the consideration on its own account, has it measured its revenue as the gross consideration allocated to the awards and recognised revenue when it fulfils its obligations in respect of the awards?		
	f) If the unavoidable costs of meeting the obligations to supply the awards are expected to exceed the consideration receivable, has the entity recognised a liability for the excess in accordance with Ind AS 37, *Provisions, Contingent Liabilities and Contingent Assets*?		
	Transfers of assets from customers		
24	If the entity has received an item of property, plant and equipment from its customer which the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both. If such item meets the definition of an asset for the entity, then:	18.C13	
	a) Recognised this net amount as revenue when the third party becomes obliged to supply the awards and entitled to receive consideration for doing so,		
	b) If the entity has agreed to deliver one or more separately identifiable services in exchange for the transferred item of property, plant and equipment, has the entity allocated the fair value of the total consideration to each service recognised revenue for each service in accordance with this standard (refer Q 8)?		
	(Note: *This Appendix does not apply to agreements in which the transfer is either a government grant as defined in Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance or infrastructure used in a service concession arrangement that is within the scope of Appendix A of Ind AS 11, Service Concession Arrangements.)*		
	c) If an ongoing service is identified as part of the agreement, has the period over which revenue is recognised for that service generally been determined by the terms of the agreement with the customer?	18.C14	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	d) If the agreement does not specify a period, then has the entity recognised revenue over a period no longer than the useful life of the transferred asset used to provide the ongoing service?		
	(Note: *Q 27 would apply also to agreements in which an entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and recognise revenue in accordance with this standard at the amount of cash received from the customer.*)		
	Exchange transactions including barter transactions		
25	a) If the entity has exchanged or swapped goods or services for goods or services of a similar nature and value, has it excluded this transaction from being considered as one that generates revenue?	18.12	
	b) If the entity has exchanged or swapped goods or services for goods or services of a dissimilar nature, has the entity measured revenue at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred?	18.12	
	(Note: *Revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.)*		
26	a) If the entity (seller) has entered into a barter transaction to provide advertising services in exchange for receiving advertising services from its customer, and the services exchanged are dissimilar, has the entity considered this as a transaction that generates revenue and applied the guidance in this standard?	18.A5	
	b) Has the entity (seller) measured revenue at the fair value of the advertising services it provides in a barter transaction, by reference only to non-barter transactions that:		
	i) Involve advertising similar to the advertising in the barter transaction,		
	ii) Occur frequently,		
	iii) Represent a predominant number of transactions and amount when compared to all transactions to provide advertising that is similar to the advertising in the barter transaction,		
	iv) Involve cash and/or another form of consideration (e.g. marketable securities, non-monetary assets, and other services) that has a reliably measurable fair value, and		
	v) Do not involve the same counterparty as in the barter transaction?		

KPMG

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Gross vs net		
27	a) Does the revenue includes only the gross inflows of economic benefits received and receivable by the entity on its own account?	18.8	
	b) When an entity is an agent, does revenue represent the amount of the commission?		
	Disclosures		
28	Has the entity disclosed the following:	18.35	
	a) The accounting policies adopted for the recognition of revenue, including the methods adopted to determine the stage of completion of transactions involving the rendering of services,		
	b) The amount of each significant category of revenue recognised during the period, including revenue arising from:		
	i) The sale of goods,		
	ii) The rendering of services,		
	iii) Interest,		
	iv) Royalties,		
	v) Dividends, and		
	c) The amount of revenue arising from exchanges of goods or services included in each significant category of revenue?		
29	Has the entity disclosed all contingent liabilities and contingent assets arising from items such as warranty costs, claims, penalties or possible losses in accordance with Ind AS 37, *Provisions, Contingent Liabilities and Contingent Assets*?	18.36	
	Accounting for real estate transactions		
30	Does the entity deal in 'real estate' as sellers or developers?	GN-1.1	
	(Note: *The guidance note covers all forms of transactions in real estate such as sale of plots of land (including lease of land on finance lease under Ind AS 17, Leases) without any development, sale of plots of land (including lease of land on finance lease under Ind AS 17) with development including development in the form of common facilities like laying of roads, drainage lines and water pipeline, etc.)*		
	Application of principles of Ind AS 18 in respect of sale of goods to a real estate project		
31	Has the entity applied the principles of Ind AS 18 for recognition of revenue on completion of the transaction/activity in respect of a real estate project which is completed?	GN-3.3 GN-4.1	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
32	Has the entity carefully analysed all the elements of the transaction, agreement, understanding and conduct of the parties to the transaction to determine the economic substance of the transaction?	GN-3.4	
33	Are the conditions specified in Q 9 above been satisfied based on which the entity has concluded that the real estate project is complete?	GN-4.2	
34	If transfer of legal title a condition precedent to the buyer taking on the significant risks and rewards of ownership and accepting significant completion of the seller's obligation, then has the entity recognised revenue only when the legal title is validly transferred to the buyer?	GN-4.3	
	Application of percentage completion method		
35	Has the entity applied the Percentage of Completion Method (POC) explained in Ind AS 11, *Construction Contracts* in accounting of all real estate transactions/activities where the economic substance is similar to construction contracts?	GN-5.1	
36	Has the entity carefully analysed all the elements of the transaction, agreement, understanding and conduct of the parties to the transaction to determine the economic substance of the transaction?	GN-3.4	
	(Note: *Examples of transactions where POC method is used are where individual contracts are part of a single project, although risks and rewards may have been transferred on signing of a legally enforceable individual contract but significant performance in respect of such an individual contract should not be recognised until the performance on the remaining components is considered to be completed on the basis of the aforesaid principles. Some further indicators of such transactions/activities are:* *a) The duration of such projects is beyond 12 months and the project commencement date and project completion date fall into different accounting periods.* *b) Most features of the project are common to construction contracts, viz., land development, structural engineering, architectural design, construction, etc.* *c) While individual units of the project are contracted to be delivered to different buyers these are interdependent upon or interrelated to completion of a number of common activities and/or provision of common amenities.* *d) The construction or development activities form a significant proportion of the project activity.)*	GN-3.3 GN-5.1	
37	Has the entity applied this method when the outcome of a real estate project can be estimated reliably and when all the following conditions are satisfied: a) Total project revenues can be estimated reliably,	GN-5.2	
	b) It is probable that the economic benefits associated with the project will flow to the entity,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	c) The project costs to complete the project and the stage of project completion at the reporting date can be measured reliably, and		
	d) The project costs attributable to the project can be clearly identified and measured reliably so that actual project costs incurred can be compared with prior estimates?		
38	Further to the conditions specified above in Q 37, there is a rebuttable presumption that the outcome of a real estate project can be estimated reliably. Therefore, has the entity ensured that revenue should be recognised under the POC method only when the events in (a) to (d) below are completed: a) All critical approvals necessary for commencement of the project have been obtained. These include, wherever applicable: i) Environmental and other clearances,	GN-5.3	
	ii) Approval of plans, designs, etc,		
	iii) Title to land or other rights to development/construction,		
	iv) Change in land use,		
	b) When the stage of completion of the project reaches a reasonable level of development. A reasonable level of development is not achieved if the expenditure incurred on construction and development costs is less than 25 per cent of the construction and development costs as defined in this guidance note,		
	c) At least 25 per cent of the saleable project area is secured by contracts or agreements with buyers,		
	d) At least 10 per cent of the contract consideration as per the agreements of sale or any other legally enforceable documents are realised at the reporting date in respect of each of the contracts and it is reasonable to expect that the parties to such contracts will comply with the payment terms as defined in the contracts.?		
39	If the outcome of the project is estimated reliably, has the entity recognised the project revenues and project costs associated with the project as revenue and expenses respectively by applying the POC method in the manner detailed out below in Q 40 to 45?	GN-5.2	
	(Note*: For computation of revenue the stage of completion is arrived at with reference to the entire project costs incurred including land costs, borrowing costs and construction and development costs as defined in the guidance note. Whilst the method of determination of stage of completion with reference to project costs incurred is the preferred method, the guidance note does not prohibit other methods of determination of stage of completion, e.g., surveys of work done, technical estimation, etc.)*	GN-5.4	
40	For computation of revenue with reference to other methods of determination of stage of completion, has the entity ensured that it should not, in any case, exceed the revenue computed with reference to the 'project costs incurred' method?	GN-5.4	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
41	a) Has the entity matched the project costs which are recognised in the statement of profit and loss by reference to the stage of completion of the project activity with the revenues recognised resulting in the reporting of revenue, expenses and profit which can be attributed to the proportion of work completed?	GN-5.5	
	b) Has the entity excluded the costs incurred that relate to future activity on the project and payments made to sub-contractors in advance of work performed under the sub-contract and matched with revenues when the activity or work is performed?		
42	Has the entity ensured that the recognition of project revenue by reference to the stage of completion of the project activity should not at any point exceed the estimated total revenues from 'eligible contracts'/other legally enforceable 'agreements for sale'?	GN-5.6	
	(Note: '*Eligible contracts' means contracts/ agreements specified in the guidance note where at least 10 per cent of the contract consideration has been realised and there are no outstanding defaults of the payment terms in such contracts.)*		
43	a) Has the entity immediately recognised as an expense the expected loss when it is probable that total project costs will exceed total eligible project revenues?	GN-5.7	
	b) Has the entity determined the amount of such loss, irrespective of:		
	i) Commencement of project work, or		
	ii) The stage of completion of project activity?		
44	a) Has the entity accounted for the effect of a change in the estimate of project costs, or the effect of a change in the estimate of the outcome of a project as a change in accounting estimate?	GN-5.8	
	b) Has the entity used the changed estimates in determination of the amount of revenue and expenses recognised in the statement of profit and loss in the period in which the change is made and in subsequent periods?		
45	If the changes to estimates referred in Q 44 above also include changes arising out of cancellation of contracts and cases where the property or part thereof is subsequently earmarked for own use or for rental purposes, has the entity reversed any revenues attributable to such contracts previously recognised and carried forward costs in relation thereto and accounted in accordance with Ind AS 16, *Property, Plant and Equipment*, or Ind AS 40, *Investment Property*, as the case may be?	GN-5.9	
	Accounting for sale of land or plots		
46	Has the entity recognised revenue from sale of land or plots that are without any development, when all the conditions of Q 9 above are met?	GN-6.A	
47	For sale of developed plots where development activity is significant, has the entity used the POC method to account for sales as per the criteria set out in Q 35 to 38 above?	GN-6.B	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Transferable development rights		
48	a) Has the entity acquired any transferable development rights (TDRs) in any of the following ways:	GN-7.1	
	i) Direct purchase,		
	ii) Development and construction of built-up area, or		
	iii) Giving up of rights over the existing structures or open land?		
	b) If the answer to Q 48 (i) or (ii) above is a yes, has the entity measured the cost of acquisition as the cost of purchases or amount spent on development or construction of built-up area, respectively?	GN-7.2	
	c) If the answer to Q 48 (iii) above is a yes, has the entity measured the development rights in accordance with the principles of exchange of assets given in paragraphs 46-48 of Ind AS, *Intangible Assets*?	GN-7.2	
49	If the development rights are utilised in a real estate project by the entity, has the entity added such costs (as per Q 48) to the project costs?	GN-7.3	
50	If the entity has transferred or sold developments rights, then has the entity recognised revenue when the following conditions are fulfilled:	GN-7.4	
	a) The entity has transferred to the buyer the significant risks and rewards of ownership of development rights,		
	b) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the development rights sold,		
	c) the amount of revenue can be measured reliably,		
	d) it is probable that the economic benefits associated with the transaction will flow to the entity, and		
	e) the costs incurred or to be incurred in respect of the transaction can be measured reliably?		
	Transactions with multiple elements		
51	Where transactions invlolve multiple elements in addition to the construction/development of real estate, has the entity split the contract consideration into separately identifiable components based on the fair value of each component?	GN-8.1 GN-8.2	
	(Note: *For example, property management services, sale of decorative fittings (excluding fittings which are an integral part of the unit to be delivered), rental in lieu of unoccupied premises, etc.*).		
52	Has the entity made the following disclosures:	GN-9.1	
	a) The amount of project revenue recognised as revenue in the reporting period,		
	b) The methods used to determine the project revenue recognised in the reporting period, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	c) The method used to determine the stage of completion of the project?		
53	Has the entity also disclosed the following for projects in progress at the end of the reporting period:	GN-9.2	
	a) The aggregate amount of costs incurred and profits recognised (less recognised losses) to date,		
	b) The amount of advances received,		
	c) The amount of work in progress and the value of inventories, and		
	d) Excess of revenue recognised over actual bills raised (unbilled revenue)?		

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- The 2013 Act defines turnover as the aggregate value of the realisation of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the company during a financial year.
- The principal used in the above definition is same as used in Ind AS 18.

Significant carve-outs from IFRS

- The transitional provisions given in IAS 18, *Revenue,* SIC 13, *Jointly Controlled Entities-Non-Monetary* contributions by Ventures, and IFRIC 13, *Customer Loyalty Programmes* have not been given in Ind AS 18, since all transitional provisions related to Ind ASs, wherever considered appropriate have been included in Ind AS 101, *First-time Adoption of Indian Accounting Standards*.
- IFRIC 15, *Agreements for the Construction of Real Estate* prescribes criteria to determine whether such agreements are within the scope of IAS 18 or IAS 11, *Construction Contracts*. It states that an agreement that does not meet the definition of a construction contract under IAS 11, as the buyers have only limited ability to influence the design of the real estate, should be treated as sale of goods under IAS 18 and revenue should be recognised when the entity has transferred significant risks and rewards of ownership and retained neither continuing managerial involvement nor effective control. This may result in the recognition of revenue from real estate sales only on completion of construction or upon delivery. However, IFRIC 15 has not been included Ind AS 11 or Ind AS 18. The Institute of Chartered Accountants of India (ICAI) has issued a guidance note on accounting of revenue by real estate developers.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- ICDS IV provides guidance on recognition of revenue for computing income.
- Expected losses on onerous contracts are not permitted to be recognised upfront.
- With respect to revenue from rendering of services, the revenue should be recognised by using only the percentage completion method. Completed service method to recognise revenue is not permitted. The early stage of a contract shall not extend beyond 25 per cent of the stage of completion.
- Revenue is not adjusted for the time value.
- Interest shall accrue on time basis and discount or premium on debt securities held should accrue over period of maturity.
- The transitional provisions of ICDS IV require the management to consider cumulative catch-up of revenue after the date of transition for all contracts undertaken on or before 31 March 2015, but not completed by the said date.

Glossary

Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Project is the smallest group of units/plots/saleable spaces which are linked with a common set of amenities in such a manner that unless the common amenities are made available and functional, these units/plots/ saleable spaces cannot be put to their intended effective use.

A larger venture can be split into smaller projects if the basic conditions as set out above are fulfilled. For example, a project may comprise a cluster of towers or each tower can also be designated as a project. Similarly, a complete township can be a project or it can be broken down into smaller projects.

Project costs in relation to a project ordinarily comprise:

a) Cost of land and cost of development rights -All costs related to the acquisition of land, development rights in the land or property including cost of land, cost of development rights, rehabilitation costs, registration charges, stamp duty, brokerage costs and incidental expenses.

b) Borrowing Costs – In accordance with Ind AS 23, *Borrowing Costs*, which are incurred directly in relation to a project or which are apportioned to a project.

c) Construction and development costs – These would include costs that relate directly to the specific project and costs that may be attributable to project activity in general and can be allocated to the project.

Project revenues include revenue on sale of plots, undivided share in land, sale of finished and semi-finished structures, consideration for construction, consideration for amenities and interiors, consideration for parking spaces and sale of development rights.

Under Ind AS 18, *Revenue* and Ind AS 11, *Construction Contracts*, project revenues are measured at fair value of the consideration received or receivable. The measurement of project revenues is affected by a variety of uncertainties that depend on the outcome of future events. The estimates often need revision as events occur and uncertainties are resolved. Therefore, the amount of project revenue may increase or decrease from one reporting period to the next.

(Source: Ind AS 18, *Revenue* as issued by the Ministry of Corporate Affairs and the Guidance Note on Accounting for Real Estate Transactions issued by the ICAI.)

Ind AS-19 Employee Benefits

1. Executive summary

- Indian Accounting Standard (Ind AS) 19, *Employee Benefits* specifies the accounting for various types of employee benefits, including:
  - Benefits provided for services rendered – e.g. pensions, lump-sum payments on retirement, paid absences and profit-sharing arrangements, and
  - Benefits provided on termination of employment.
- Post-employment plans are classified as:
  - Defined contribution plans – plans under which the entity pays a fixed contribution in to a fund and will have no further obligation, and
  - Defined benefit plans – all other plans.
- Liabilities and expenses for employee benefits that are provided in exchange for services are generally recognised in the period in which the services are rendered.
- The costs of providing employee benefits that are recognised in profit or loss or other comprehensive income (OCI), unless other Ind ASs permit or require capitalisation.
- To account for defined benefit post-employment plans, the entity:
  - Determines the present value of a defined benefit obligation by applying an actuarial valuation method,
  - Deducts the fair value of any plan assets,
  - Adjusts for any effect of the asset ceiling, and
  - Determines services costs and net interests (recognised in profit or loss) and remeasurements (recognised in OCI).
- If insufficient information is available for multi-employer defined benefit plan to be accounted for as a defined benefit plan, then it is treated as a defined contribution plan and additional disclosures are required.
- If the entity applies defined contribution plan accounting to a multi-employer defined benefit plan and there is an agreement that determines how a surplus in the plan would be distributed or a deficit in the plan funded, then an asset or a liability that arises from the contractual agreement is recognised.
- If there is a contractual agreement or stated policy for allocating a group's net defined benefit cost, then participating group entities recognise the cost allocated to them.
- If there is no agreement or policy in place, then the net defined benefit cost is recognised by the entity that is the legal sponsor, and other participating entities expense their contribution payable for the period.
- Short term employee benefits – i.e. those that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service – are expensed as they are incurred, except for termination benefits.
- The expenses for long-term employee benefits, calculated on discounted basis, is usually accrued over the service period.
- A termination benefit is recognised at the earlier of:
  - The date on which the entity recognises costs for a restructuring in the scope of the provisions standard that includes the payment of termination benefits, and
  - The date on which the entity can no longer withdraw the offer of the termination benefits.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability		
1	Has the entity applied Ind AS 19 on all employee benefits, except to those to which Ind AS 102, *Share-based Payment* applies?	19.2	
	Short-term employee benefits		
2	For all short-term employee benefits, when an employee has rendered service during the accounting period, has the entity recognised the undiscounted amount of benefit as:	19.11	
	a) An expense, unless another Ind AS requires/permits the inclusion of the benefits in the cost of an asset (e.g., AS 16, *Property, Plant and Equipment*), and		
	b) A liability after deducting amounts already paid?		
	(Note: *Short-term employee benefits are those which fall due wholly within 12 months of the end of the accounting period (other than termination benefits. These include:* a) *Wages, salaries and social security contributions* *b) Short-term compensated absences (such as paid annual leave)* *c) Profit-sharing and bonuses payable within twelve months* *d) Non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees.)*	19.9	
3	If amount paid exceeds the undiscounted amount of benefit, has the entity recorded the excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or cash refund?	19.11 (a)	
	Short-term compensated absences		
4	Has the entity recognised the expected cost of accumulating short-term compensated absences when the employees render service that increases their entitlement to future compensated absences or to compensatory payment?	19.13 (a) 19.16	
5	Has the entity accounted for accumulating short-term compensated absences which are vesting i.e. payable in cash?	19.13 (a) 19.15	
6	Has the entity recognised non-accumulating paid absences when they occur?	19.13 (b)	
	Profit sharing and bonus plans		
7	Has the entity recognised the expected cost of profit-sharing and bonus payments when:	19.19 19.20 19.21	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) There is a present obligation (i.e. no realistic alternative but to make such payment) as a result of past events e.g. legal obligation to pay bonus or constructive obligation, the entity has past practice of paying bonuses, and		
	b) A reliable estimate of the obligation can be made?		
8	Has the entity made a reliable estimate of its legal or constructive obligation under a profit-sharing or bonus plan when, and only when:	19.22	
	a) The formal terms of the plan contain a formula for determining the amount of the benefit,		
	b) The entity determines the amounts to be paid before the financial statements are approved for issue, or		
	c) Past practice gives clear evidence of the amount of the entity's constructive obligation?		
	(Note: *If profit-sharing and bonus payments are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, those payments are other long-term employee benefits* (see Q 78 to 81)	19.24	
	Disclosure for short-term employee benefits		
9	Has the entity applied Ind AS 24, *Related Party Disclosures* for disclosures about employee benefits for key management personnel and Ind AS 1, *Presentation of Financial Statements* for disclosures of employee benefits expense?	19.25	
	(Note: *Ind AS 19 does not require specific disclosures about short-term employee benefits.*)		
	Post-employment benefits		
10	Has the entity appropriately classified each of its post-employment benefit plans as either a defined contribution plan or defined benefit plan, depending on its economic substance (as derived from its principal terms and conditions)?	19.27	
	(Note: *Under defined contribution plan*: *a) The entity's legal or constructive obligation is limited to the amount it agrees to contribute to the fund. Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by the entity (and perhaps also the employee) to a post-employment benefit plan or to an insurance entity, together with investment returns arising from the contributions, and* *b) The actuarial risk and investment risk fall on the employee.*	19.28	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Under defined benefit plans:	19.30	
	c) The entity's obligation is to provide the agreed benefits to current and former employees, and		
	d) Actuarial risk (that benefits will cost more than expected) and investment risk fall, in substance, on the entity. If actuarial or investment experience are worse than expected, the entity's obligation may be increased.)		
	Defined contribution plans		
11	Has the entity recognised the contribution payable to a defined contribution plan in exchange for employees' service as:	19.51	
	a) An expense, unless another Ind AS requires or permits the inclusion of the contribution in the cost of an asset,		
	b) A liability (accrued expense), after deducting any contribution already paid, and		
	c) However, if the contribution already paid exceeds the contribution due for service before the balance sheet date, has the entity recognised that excess as an asset to the extent that the repayment will lead to a reduction in future payments or a cash refund?		
12	If the contributions to a defined contribution plan are not expected to be settled wholly before 12 months after the end of the annual period in which the employees render the related service, in measuring the liability referred to in Q 11 (b), have such contributions been discounted by reference to market yields at the balance sheet date on government bonds (refer Q 17 (f))?	19.52	
	Disclosures for defined contribution plans		
13	Has the entity disclosed the amount recognised as an expense for defined contribution plans?	19.53	
14	Has the entity disclosed the information about contributions to defined contribution plans for key management personnel as per Ind AS 24?	19.54	
	Defined benefit plans		
15	Has the entity determined the net defined benefit liability (asset) with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period?	19.58	
16	In accounting for post-employment defined benefit plans, has the entity accounted for:	19.61	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) Legal obligation under the formal terms of a defined benefit plan, and		
	b) Constructive obligation arising from its informal practices?		
	(Note: *Informal practices give rise to an obligation where the entity has no realistic alternative but to pay employee benefits.)*	19.61	
17	Has the entity accounted for Defined Benefit Plans in the following manner (separately for each material plan):		
	a) Measured the present value of defined benefit obligation (DBO) and related current and where applicable, past service cost, using Projected Unit Credit Method, and	19.67	
	b) Determined the present value of its DBO and related current service cost and, where applicable, past service cost, by attributing benefit to periods of service under the plan's benefit formula?	19.70	
	(Note: *The entity should attribute benefit on a straight-line basis if an employee's service in later years will lead to a materially higher level of benefit than service in earlier years. This should be from:* *i) The date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service), until* *ii) The date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.)*	19.70	
	c) Made actuarial assumptions relating to demographic variables and financial variables:	19.75 19.76	
	i) Which are unbiased and mutually compatible, and		
	ii) Are the entity's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits,		
	(Note: *Actuarial assumptions are unbiased if they are neither imprudent nor excessively conservative. They are mutually compatible if they reflect the economic relationships between factors such as inflation, rates of salary increase, the return on plan assets and discount rates.*)	19.77 19.78	
	d) Do the actuarial assumptions comprise:	19.76	
	i) Demographic assumptions:		
	• Mortality both during and after employment,		
	• Rates of employee turnover, disability and early retirement,		
	• The proportion of plan members who will select each form of payment option available under the plan terms, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	• Claim rates under medical plans,		
	ii) Financial assumptions, dealing with items such as:		
	• The discount rate,		
	• Future salary and benefit levels (excluding any cost of the benefits to be met by employees),		
	• Medical benefits, future medical costs, including where material, the cost of administering claims and benefit payments,		
	• Future medical costs, including claim handling costs (i.e. the costs that will be incurred in processing and resolving claims, including legal and adjuster's fees) (refer Q 17 (e) (vi)), and		
	• Taxes payable by the plan on contributions relating to service before the reporting date or on benefits resulting from that service,		
	e) Measured the defined benefit obligation on a basis that reflects:	19.87 19.90	
	i) Estimated future salary increases e.g. due to :		
	• Inflation,		
	• Seniority,		
	• Promotion, and		
	• Supply and demand in the employment market,		
	ii) The benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the end of the reporting period,		
	iii) The effect of any limit on the employer's share of the cost of the future benefits,		
	iv) Contributions from employees or third parties that reduce the ultimate cost to the entity of those benefits,		
	v) Estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:		
	• Those changes were enacted before the end of the reporting period,		
	• Historical data, or other reliable evidence, indicate that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	vi) Assumptions about medical costs to take into account estimated changes in the cost of medical services, resulting from both inflation and specific changes in medical costs,	19.96	
	(Note: *Financial assumptions shall be based on market expectations, at the end of the reporting period, for the period over which the obligations are to be settled.*)	19.80	
	f) Estimated the obligation (funded and unfunded) on a discounted basis, (Note: *The rate used to discount post-employment benefit obligations (both funded and unfunded) shall be determined by reference to market yields at the end of the reporting period on government bonds. However, subsidiaries, associates, joint ventures and branches domiciled outside India shall discount post-employment benefit obligations arising on account of post-employment benefit plans using the rate determined by reference to market yields at the end of the reporting period on high quality corporate bonds. In case, such subsidiaries, associates, joint ventures and branches are domiciled in countries where there is no deep market in such bonds, the market yields (at the end of the reporting period) on government bonds of that country shall be used. The currency and term of the government bonds or corporate bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations.*)	19.83	
	g) Determined the fair value of the plan assets (assets held by the benefit fund and qualifying insurance policies), if any, at the balance sheet date,	19.113 19.114 19.115	
	h) In determining the fair value of the plan assets, has the entity: i) Excluded unpaid contributions due from the entity to the fund as well as non-transferable financial instruments issued by the entity and held by the fund,	19.113 19.114 19.115	
	ii) Reduced the plan assets by any liabilities of the fund that do not relate to employee benefits, and		
	iii) Valued the qualifying insurance policies that exactly match the amount and timing of some or all of the benefits payable under the plan at the present value of the related obligations (which is deemed to be their fair value),		
	i) Determined the adjustment for any effect of limiting net defined benefit asset to the asset ceiling (refer Q 26 and Q 32 to Q 44), and j) Determined the total amount of actuarial gains and losses?		
	(Note-: *Actuarial gains and losses result from increases or decreases in the present value of the defined benefit obligation because of changes in actuarial assumptions and experience adjustments. Causes of actuarial gains and losses include, for example:* *i) Unexpectedly high or low rates of employee turnover, early retirement or mortality or of increases in salaries, benefits (if the*	19.128	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	formal or constructive terms of a plan provide for inflationary benefit increases) or medical costs		
	ii) The effect of changes to assumptions concerning benefit payment options		
	iii) The effect of changes in estimates of future employee turnover, early retirement or mortality or of increases in salaries, benefits (if the formal or constructive terms of a plan provide for inflationary benefit increases) or medical costs		
	iv) The effect of changes in the discount rate.)		
	Determine the past service cost if a plan is amended or curtailed during the period		
18	Before determining past service cost, or gain or loss on settlement, has the entity remeasured the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions (including current market interest rates and other current market prices) reflecting the benefits offered under the plan before the plan amendment, curtailment or settlement?	19.99	
19	Has the entity recognised past service cost as an expense at the earlier of the following dates:	19.103	
	a) When the plan amendment or curtailment occurs, and		
	b) When the entity recognises related restructuring costs (refer Ind AS 37, *Provisions, Contingent Liabilities and Contingent Assets*) or termination benefits (refer Q 82)?		
	(Note: *A plan amendment occurs when the entity introduces, or withdraws, a defined benefit plan or changes the benefits payable under an existing defined benefit plan.*	19.104	
	A curtailment occurs when the entity significantly reduces the number of employees covered by a plan. A curtailment may arise from an isolated event, such as the closing of a plant, discontinuance of an operation or termination or suspension of a plan)	19.105	
20	Does past service cost exclude:	19.108	
	a) The effect of differences between actual and previously assumed salary increases on the obligation to pay benefits for service in prior years (there is no past service cost because actuarial assumptions allow for projected salaries),		
	b) Underestimates and overestimates of discretionary pension increases when the entity has a constructive obligation to grant such increases (there is no past service cost because actuarial assumptions allow for such increases),		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	c) Estimates of benefit improvements that result from actuarial gains or from the return on plan assets that have been recognised in the financial statements if the entity is obliged, by either the formal terms of a plan (or a constructive obligation that goes beyond those terms) or legislation, to use any surplus in the plan for the benefit of plan participants, even if the benefit increase has not yet been formally awarded (there is no past service cost because the resulting increase in the obligation is an actuarial loss), and		
	d) The increase in vested benefits (i.e. benefits that are not conditional on future employment) when, in the absence of new or improved benefits, employees complete vesting requirements (there is no past service cost because the entity recognised the estimated cost of benefits as current service cost as the service was rendered)?		
	Gains and losses on settlement		
21	Does the entity recognise a gain or loss on the settlement of a defined benefit plan when the settlement occurs?	19.110	
	(Note: *The gain or loss on a settlement is the difference between*	19.109	
	a) The present value of the defined benefit obligation being settled, as determined on the date of settlement, and		
	b) The settlement price, including any plan assets transferred and any payments made directly by the entity in connection with the settlement.)		
	Fair value of the plan assets		
22	Has the entity deducted the fair value of any plan assets from the present value of the defined benefit obligation in determining the deficit or surplus?	19.113	
	(Note: *Plan assets exclude unpaid contributions due from the reporting entity to the fund, as well as any non-transferable financial instruments issued by the entity and held by the fund. Plan assets are reduced by any liabilities of the fund that do not relate to employee benefits, for example, trade and other payables and liabilities resulting from derivative financial instruments.*	19.114	
	Where plan assets include qualifying insurance policies that exactly match the amount and timing of some or all of the benefits payable under the plan, the fair value of those insurance policies is deemed to be the present value of the related obligations (subject to any reduction required if the amounts receivable under the insurance policies are not recoverable in full).)	19.115	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Reimbursements		
23	When, and only when, it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, has the entity:	19.116	
	a) Recognised its right to reimbursement as a separate asset and has measured the asset at fair value, and		
	b) Disaggregated and recognised changes in the fair value of its right to reimbursement in the same way as for changes in the fair value of plan assets?		
	(Note: *The components of defined benefit cost recognised in accordance with Q 27 may be recognised net of amounts relating to changes in the carrying amount of the right to reimbursement.)*		
24	Has the entity accounted for qualifying insurance policies in the same way as for all other plan assets and applied the guidance in the standard?	19.117	
	(Note: *Qualifying insurance policies are plan assets.)*		
	Balance sheet		
25	Has the entity recognised the net defined benefit liability (asset) in the balance sheet?	19.63	
26	If the entity has a surplus in the defined benefit plan, then has it measured the net defined benefit asset at the lower of:	19.64	
	a) The surplus in the defined benefit plan, and		
	b) The asset ceiling, determined using the discount rate specified in Q 17 (f)?		
	(Note: A net defined benefit asset may arise where a defined benefit plan has been overfunded or where actuarial gains have arisen. The entity recognises a net defined benefit asset in such cases because:	19.65	
	a) The entity controls a resource, which is the ability to use the surplus to generate future benefits,		
	b) That control is a result of past events (contributions paid by the entity and service rendered by the employee), and		
	c) Future economic benefits are available to the entity in the form of a reduction in future contributions or a cash refund, either directly to the entity or indirectly to another plan in deficit. The asset ceiling is the present value of those future benefits.)		
	Components of defined benefit cost		
27	Has the entity recognised the components of defined benefit cost, except to the extent that another Ind AS requires or permits their inclusion in the cost of an asset, as follows:	19.120	
	a) Service cost in the statement of profit and loss,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) Net interest on the net defined benefit liability (asset) in the statement of profit and loss, and		
	c) Remeasurements of the net defined benefit liability (asset) in other comprehensive income?		
28	Has the entity not reclassified the remeasurements of the net defined benefit liability (asset) recognised in other comprehensive income to profit or loss in a subsequent period?	19.122	
	(Note: *The entity may transfer those amounts recognised in other comprehensive income within equity.)*		
	Net interest on the net defined benefit liability (asset)		
29	Has the entity determined the net interest on the net defined benefit liability (asset) by multiplying the net defined benefit liability (asset) by the discount rate specified in Q 17 (f), both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments?	19.123	
	(Note: *Net interest on the net defined benefit liability (asset) can be viewed as comprising interest income on plan assets, interest cost on the defined benefit obligation and interest on the effect of the asset ceiling mentioned in Q 26 and Q 32 to 44.)*	19.124	
30	Has the entity included in the remeasurement of the net defined benefit liability (asset), the difference between that amount and the total change in the effect of the asset ceiling?		
	(Note: *Interest on the effect of the asset ceiling is part of the total change in the effect of the asset ceiling, and is determined by multiplying the effect of the asset ceiling by the discount rate specified in Q 17 (f), both as determined at the start of the annual reporting period.)*	19.126	
	Remeasurements of the net defined benefit liability (asset)		
31	Do the remeasurements of the net defined benefit liability (asset) comprise:	19.127	
	a) Actuarial gains and losses,		
	b) The return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and		
	c) Any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	The limit on defined benefit asset, minimum funding requirements and their interaction		
32	Has the entity determined the availability of a refund or a reduction in future contributions in accordance with the terms and conditions of the plan and any statutory requirements in the jurisdiction of the plan?	19.B7	
	(Note: *An economic benefit, in the form of a refund or a reduction in future contributions, is available if the entity can realise it at some point during the life of the plan or when the plan liabilities are settled. In particular, such an economic benefit may be available even if it is not realisable immediately at the end of the reporting period.*	19.B8	
	The economic benefit available does not depend on how the entity intends to use the surplus. The entity shall determine the maximum economic benefit that is available from refunds, reductions in future contributions or a combination of both. The entity shall not recognise economic benefits from a combination of refunds and reductions in future contributions based on assumptions that are mutually exclusive.)	19.B9	
33	Has the entity considered that a refund is available to it only if the entity has an unconditional right to a refund:	19.B11	
	a) During the life of the plan, without assuming that the plan liabilities must be settled in order to obtain the refund (e.g. in some jurisdictions, the entity may have a right to a refund during the life of the plan, irrespective of whether the plan liabilities are settled),		
	b) Assuming the gradual settlement of the plan liabilities over time until all members have left the plan, or		
	c) Assuming the full settlement of the plan liabilities in a single event (i.e. as a plan windup)?		
	(Note: *An unconditional right to a refund can exist whatever the funding level of a plan at the end of the reporting period.)*		
34	If the entity's right to a refund of a surplus depends on the occurrence or non-occurrence of one or more uncertain future events not wholly within its control, then the entity does not have an unconditional right and therefore, has it ensured that it does not recognise an asset?	19..B12	
35	Has the entity measured the economic benefit available as a refund as the amount of the surplus at the end of the reporting period (being the fair value of the plan assets less the present value of the defined benefit obligation) that the entity has a right to receive as a refund, less any associated costs?	19.B13	
	(Note: *For instance, if a refund would be subject to a tax other than income tax, the entity shall measure the amount of the refund net of the tax.)*		
36	In measuring the amount of a refund available when the plan is wound up (refer Q 33 (c)), has the entity included the costs to the plan of settling the plan liabilities and making the refund?	19.B14	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note: *For example, the entity shall deduct professional fees if these are paid by the plan rather than the entity, and the costs of any insurance premiums that may be required to secure the liability on wind-up.)*		
37	If the amount of a refund is determined as the full amount or a proportion of the surplus, rather than a fixed amount, has the entity ensured that it does not make any adjustment for the time value of money, even if the refund is realisable only at a future date?	19.B15	
38	If there is no minimum funding requirement for contributions relating to future service, has the entity ensured that the economic benefit available as a reduction in future contributions is the future service cost to the entity for each period over the shorter of the expected life of the plan and the expected life of the entity? (Note: *The future service cost to the entity excludes amounts that will be borne by employees.)*	19.B16	
39	Has the entity determined the future service costs using assumptions consistent with those used to determine the defined benefit obligation and with the situation that exists at the end of the reporting period as determined by this standard? (Note: *The entity shall assume no change to the benefits to be provided by a plan in the future until the plan is amended and shall assume a stable workforce in the future unless the entity makes a reduction in the number of employees covered by the plan. In the latter case, the assumption about the future workforce shall include the reduction.)*	19.B17	
40	Has the entity analysed any minimum funding requirement at a given date into contributions that are required to cover (a) any existing shortfall for past service on the minimum funding basis and (b) future service?	19.B18	
41	If there is a minimum funding requirement for contributions relating to future service, has the entity ensured that the economic benefit available as a reduction in future contributions is the sum of: a) Any amount that reduces future minimum funding requirement contributions for future service because the entity made a prepayment (i.e. paid the amount before being required to do so), and b) The estimated future service cost in each period in accordance with Q 38 and 39, less the estimated minimum funding requirement contributions that would be required for future service in those periods if there were no prepayment as described in Q 41 (a) above?	19.B20	
	(Note: *The entity shall estimate the future minimum funding requirement contributions for future service taking into account the effect of any existing surplus determined using the minimum funding basis but excluding the prepayment described in Q 41 (a). The entity shall use assumptions consistent with the minimum funding basis and, for any factors not specified by that basis, assumptions consistent with those used to determine the defined benefit obligation and with the situation that exists at the end of the reporting period as determined by Ind AS 19. The estimate shall include any changes expected as a result of the entity paying the minimum contributions when they are due. However, the estimate shall not include the effect of expected changes in the terms*	19.B21	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	and conditions of the minimum funding basis that are not substantively enacted or contractually agreed at the end of the reporting period.)		
42	When the entity determines the amount described in Q 41(b), if the future minimum funding requirement contributions for future service exceed the future service cost in any given period, then has the entity ensured that excess reduces the amount of the economic benefit available as a reduction in future contributions?	19.B22	
	(Note: *The amount described in Q 41(b) can never be less than zero.)*		
43	If the entity has an obligation under a minimum funding requirement to pay contributions to cover an existing shortfall on the minimum funding basis in respect of services already received, has the entity determined whether the contributions payable will be available as a refund or reduction in future contributions after they are paid into the plan?	19.B23	
44	To the extent that the contributions payable will not be available after they are paid into the plan, has the entity recognised a liability when the obligation arises?	19.B24	
	(Note: *The liability shall reduce the net defined benefit asset or increase the net defined benefit liability so that no gain or loss is expected to result from applying Q 17 (i) and Q 26 when the contributions are paid.)*		
	Presentation		
	Offset		
45	Has the entity offset an asset relating to one plan against a liability relating to another plan when, and only when, the entity: a) Has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan, and	19.131	
	b) Intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously?		
	(Note: *The offsetting criteria are similar to those established for financial instruments in Ind AS 32, Financial Instruments: Presentation*.)	19.132	
	Current/non-current distinction		
	(Note: *Some entities distinguish current assets and liabilities from non-current assets and liabilities. This standard does not specify whether the entity should distinguish current and non-current portions of assets and liabilities arising from post-employment benefits.)*	19.133	
	Components of defined benefit cost		
46	Has the entity presented components of defined benefit cost e.g. service cost and net interest in accordance with Ind AS 1?	19.134	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Disclosure		
47	Does the entity disclose the following information:	19.135	
	a) Explained the characteristics of the defined benefit plans and risks associated with them,		
	b) Identified and explained the amounts in the financial statements arising from the defined benefit plans, and		
	c) Described how the defined benefit plans may affect the amount, timing and uncertainty of the entity's future cash flows?		
48	To meet the objectives in Q 47, has the entity considered the following while giving disclosures:	19.136	
	a) The level of detail necessary to satisfy the disclosure requirements,		
	b) How much emphasis to place on each of the various requirements,		
	c) How much aggregation or disaggregation to undertake, and		
	d) Whether users of financial statements need additional information to evaluate the quantitative information disclosed?		
49	If the disclosures provided in accordance with the requirements in this standard and other Ind ASs are insufficient to meet the objectives in Q 47 then has the entity disclosed additional information necessary to meet those objectives? (For example, the entity may present an analysis of the present value of the defined benefit obligation that distinguishes the nature, characteristics and risks of the obligation. Such a disclosure could distinguish: a) Between amounts owing to active members, deferred members and pensioners b) Between vested benefits and accrued but not vested benefits, and c) Between conditional benefits, amounts attributable to future salary increases and other benefits.)	19.137	
50	Has the entity assessed whether all or some disclosures should be disaggregated to distinguish plans or groups of plans with materially different risks? (For example, the entity may disaggregate disclosure about plans showing one or more of the following features: a) Different geographical locations, b) Different characteristics such as flat salary pension plans, final salary pension plans or post-employment medical plans, c) Different regulatory environments, d) Different reporting segments, and	19.138	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	e) Different funding arrangements (e.g. wholly unfunded, wholly or partly funded).		
	Characteristics of defined benefit plans and risks associated with them		
51	Has the entity disclosed:	19.139	
	a) Information about the characteristics of its defined benefit plans, including:		
	i) The nature of the benefits provided by the plan (e.g. final salary defined benefit plan or contribution-based plan with guarantee),		
	ii) A description of the regulatory framework in which the plan operates – e.g. the level of any minimum funding requirements and any effect of the regulatory framework on the plan, such as the asset ceiling (refer Q 26 and Q 32 to Q 44), and		
	iii) A description of any other entity's responsibilities for the governance of the plan – e.g. responsibilities of trustees or of board members of the plan,		
	b) A description of the risks to which the plan exposes the entity, focused on any unusual, entity-specific or plan-specific risks, and of any significant concentrations of risk. For example, if plan assets are invested primarily in one class of investments – e.g. property, the plan may expose the entity to a concentration of property market risk, and		
	c) A description of any plan amendments, curtailments and settlements?		
	Explanation of amounts in the financial statements		
52	Has the entity provided a reconciliation from the opening balance to the closing balance for each of the following, if applicable:	19.140	
	a) The net defined benefit liability (asset), showing separate reconciliations for:	19.140 (a)	
	i) Plan assets,		
	ii) The present value of the defined benefit obligation, and		
	iii) The effect of the asset ceiling, and		
	b) Any reimbursement rights?	19.140 (b)	
53	Has the entity described the relationship between any reimbursement right and the related obligation?	19.140 (b)	
54	Has the entity shown, if applicable, in each reconciliation listed in Q 52, each of the following:	19.141	
	a) Current service cost,		
	b) Interest income or expense,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	c) Remeasurements of the net defined benefit liability (asset), showing separately:		
	i) The return on plan assets, excluding amounts included in interest in Q 54 (b),		
	ii) Actuarial gains and losses arising from changes in demographic assumptions (refer Q 17 (d)),		
	iii) Actuarial gains and losses arising from changes in financial assumptions (refer Q 17 d (ii)), and		
	iv) Changes in the effect of limiting a net defined benefit asset to the asset ceiling, excluding amounts included in interest in Q 54 (b). Also disclose how the entity determined the maximum economic benefit available – i.e. whether those benefits would be in the form of refunds, reductions in future contributions or a combination of both,		
	d) Past service cost and gains and losses arising from settlements. As permitted by this standard, past service cost and gains and losses arising from settlements need not be distinguished if they occur together,		
	(Note: *The entity need not distinguish between past service cost resulting from a plan amendment, past service cost resulting from a curtailment and a gain or loss on settlement if these transactions occur together. In some cases, a plan amendment occurs before a settlement, such as when the entity changes the benefits under the plan and settles the amended benefits later. In those cases the entity recognises past service cost before any gain or loss on settlement.)*	19.100	
	e) The effect of changes in foreign exchange rates,		
	f) Contributions to the plan, showing separately those by the employer and by plan participants,		
	g) Payments from the plan, showing separately the amount paid in respect of any settlements, and		
	h) The effects of business combinations and disposals?		
55	Has the entity disaggregated the fair value of the plan assets into classes that distinguish the nature and risks of those assets, subdividing each class of plan asset into those that have a quoted market price in an active market (as defined in Ind AS 113, *Fair Value Measurement*) and those that do not?	19.142	
	(For example, and considering the level of disclosure discussed in Q 48, the entity could distinguish between: a) Cash and cash equivalents, b) Equity instruments (segregated by industry type, entity, size, geography, etc.), c) Debt instruments (segregated by type of issuer, credit quality, geography, etc.), d) Real estate (segregated by geography, etc.),	19.142	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	e) derivatives (segregated by type of underlying risk in the contract, for example, interest rate contracts, foreign exchange contracts, equity contracts, credit contracts, longevity swaps, etc.),	103.B64	
	f) investment funds (segregated by type of fund),		
	g) asset-backed securities, and		
	h) Structured debt.)		
56	Has the entity disclosed the fair value of the entity's own transferable financial instruments held as plan assets and the fair value of plan assets that are property occupied by, or other assets used by, the entity?	19.143	
57	Has the entity disclosed the significant actuarial assumptions used to determine the present value of the defined benefit obligation (see Q 17 (c) and (d))? Such disclosure is required to be in absolute terms (e.g. as an absolute percentage and not just as a margin between different percentages and other variables).	19.144	
	(Note: *When the entity provides disclosures in total for a grouping of plans, then provide such disclosures in the form of weighted averages or relatively narrow ranges.)*		
	Amount, timing and uncertainty of future cash flows		
58	Has the entity disclosed:	19.145	
	a) A sensitivity analysis for each significant actuarial assumption (Refer Q 57) as of the reporting date, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at that date,		
	b) The methods and assumptions used in preparing the sensitivity analyses required by Q 58 (a) and the limitations of those methods, and		
	c) Changes from the previous period in the methods and assumptions used in preparing the sensitivity analyses, and the reasons for such changes?		
59	Has the entity disclosed a description of any asset-liability matching strategies used by the plan or the entity, including the use of annuities and other techniques, such as longevity swaps, to manage risk?	19.146	
60	To provide an indication of the effect of the defined benefit plan on the entity's future cash flows, has the entity disclosed:	19.147	
	a) A description of any funding arrangements and funding policy that affect future contributions,		
	b) The expected contributions to the plan for the next annual reporting period, and		
	c) Information about the maturity profile of the defined benefit obligation. This will include the weighted average duration of the defined benefit obligation and may include other information about the distribution of the timing of benefit payments, such as a maturity analysis of the benefit payments?		

KPMG

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
61	Has the entity disclosed in accordance with Ind AS 1 any restrictions on the current realisability of the surplus or disclosure of the basis used to determine the amount of the economic benefit available?	19.B10	
	Multiple-employer (or state) plans		
62	Where the entity participates in a multi-employer (or state) plan, has it properly classified the plan according to its terms (including any obligation that goes beyond the formal terms) as a	19.32 19.43	
	a) Defined contribution plan or		
	b) Defined benefit plan?		
63	When a multi-employer (or state) plan is a defined benefit plan, has the entity:	19.33	
	a) Account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan, and		
	b) Disclose the information required by Q 47 to 60 and 69 (excluding Q 69 (d)?		
64	When sufficient information is not available to use defined benefit accounting for a multiemployer defined benefit plan, has the entity :	19.34 19.51 19.52	
	a) Accounted for the plan in accordance with Q 11 and 12 as if it were a defined contribution plan, and		
	b) Disclosed the information required by Q 69?		
65	Where sufficient information is available about a multi-employer defined benefit plan, does the entity accounts for its proportionate share of the defined benefit obligation, plan assets and postemployment cost associated with the plan in the same way as for any other defined benefit plan?	19.36	
66	The entity may not be able to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes. This may occur if:	19.36	
	a) The plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual entities participating in the plan, or		
	b) The entity does not have access to sufficient information about the plan to satisfy the requirements of this Ind AS.		
	In the above cases, does the entity account for the plan as if it were a defined contribution plan and disclosed the information required by Q 69)?	19.36	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
67	If the entity has a contractual agreement between the multi-employer plan and its participants that determines how the surplus in the plan will be distributed to the participants (or the deficit funded) then does the entity (a participant in a multi-employer plan with such an agreement) accounts for the plan as a defined contribution plan in accordance with Q 64 and recognised the asset or liability that arises from the contractual agreement and the resulting income or expense in the statement of profit and loss?	19.37	
68	Has the entity applied Ind AS 37, *Provisions, Contingent Liabilities and Contingent Assets* in determining when to recognise, and how to measure, a liability relating to the wind-up of a multi-employer defined benefit plan, or the entity's withdrawal from a multi-employer defined benefit plan?	19.39	
	Disclosures for multi-employer plans		
69	If the entity participates in a multi-employer defined benefit plan, has it disclosed:	19.148	
	a) A description of the funding arrangements, including the method used to determine the entity's rate of contributions and any minimum funding requirements,		
	b) A description of the extent to which the entity can be liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plan,		
	c) a description of any agreed allocation of a deficit or surplus on:		
	i) Wind-up of the plan, or		
	ii) The entity's withdrawal from the plan,		
	d) If the entity accounts for that plan as if it were a defined contribution plan in accordance with Q 64, it shall disclose the following, in addition to the information required by Q 69 (a)–(c) above and instead of the information required by Q 51-60:		
	i) The fact that the plan is a defined benefit plan,		
	ii) The reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan,		
	iii) The expected contributions to the plan for the next annual reporting period,		
	iv) Information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the entity, and		
	v) An indication of the level of participation of the entity in the plan compared with other participating entities. Examples of measures that might provide such an indication include the entity's proportion of the total contributions to the plan or the entity's proportion of the total number of active members,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	retired members, and former members entitled to benefits, if that information is available?		
	Insured benefits		
70	When the entity has paid insurance premiums to fund a post-employment benefit plan then has the entity treated such a plan as a defined contribution plan unless the entity will have (either directly, or indirectly through the plan) a legal or constructive obligation either:	19.46	
	a) To pay the employee benefits directly when they fall due, or		
	b) To pay further amounts if the insurer does not pay all future employee benefits relating to employee service in the current and prior periods?		
	(Note: *If obligation (constructive or legal) as specified above is retained, it should be classified as a defined benefit plan.*)		
	Defined benefit plans that share risks between entities under common control		
71	If the entity is participating in such a plan, has it obtained information about the plan as a whole measured in accordance with this Ind AS on the basis of assumptions that apply to the plan as a whole?	19.41	
72	If there is a contractual agreement or stated policy for charging to individual group entities the net defined benefit cost for the plan as a whole measured in accordance with this Ind AS, then has the entity in its separate or individual financial statements, recognised the net defined benefit cost so charged?	19.41	
73	If there is no such agreement or policy, has the entity recognised the net defined benefit cost in the separate or individual financial statements of the group entity that is legally the sponsoring employer for the plan?	19.41	
74	Have the other group entities, in their separate or individual financial statements, recognised a cost equal to their contribution payable for the period?	19.41	
	(Note: *Defined benefit plans that share risks between entities under common control, for example, a parent and its subsidiaries, are not multi-employer plans. Participation in such a plan is a related party transaction for each individual group entity. The entity shall therefore, in its separate or individual financial statements, disclose the information required by Q 75.)*	19.40 19.42	
	Disclosures for defined benefit plans that share risks between entities under common control		
75	If the entity participates in a defined benefit plan that shares risks between entities under common control, has it disclosed:	19.149	

KPMG

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) The contractual agreement or stated policy for charging the net defined benefit cost or the fact that there is no such policy,		
	b) The policy for determining the contribution to be paid by the entity,		
	c) If the entity accounts for an allocation of the net defined benefit cost as noted in Q 71-74, all the information about the plan as a whole required by paragraphs Q 47-60, and		
	d) If the entity accounts for the contribution payable for the period as noted in Q 71-74, the information about the plan as a whole required by Q 47-49, Q51, Q 55-57 and Q 60 (a) and (b)?		
	(Note: *The information required by paragraph 149(c) and (d) can be disclosed by cross-reference to disclosures in another group entity's financial statements if:*	19.150	
	a) That group entity's financial statements separately identify and disclose the information required about the plan; and		
	b) That group entity's financial statements are available to users of the financial statements on the same terms as the financial statements of the entity and at the same time as, or earlier than, the financial statements of the entity.)		
	Disclosure requirements of other Ind ASs		
76	Has the entity disclosed following requirements of Ind AS 24:	19.151	
	a) Related party transactions with post-employment benefit plans; and		
	b) Post-employment benefits for key management personnel?		
77	Where required by Ind AS 37, has the entity disclosed information about contingent liabilities arising from post-employment benefit obligations?	19.152	
	Other long-term employee benefits		
78	In recognising and measuring the surplus or deficit in another long-term employee benefit plan, has the entity applied the provisions as per this standard?	19.155	
79	If the entity has any reimbursement right, then has it applied the provisions of this standard in recognising and measuring any reimbursement right?	19.155	
80	For other long-term employee benefits, has the entity recognised the net total of the following amounts in profit or loss, except to the extent that another Ind AS requires or permits their inclusion in the cost of an asset:	19.156	
	a) Service cost,		
	b) Net interest on the net defined benefit liability (asset), and		
	c) Remeasurements of the net defined benefit liability (asset)?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note: *One form of other long-term employee benefit is long-term disability benefit. If the level of benefit depends on the length of service, an obligation arises when the service is rendered. Measurement of that obligation reflects the probability that payment will be required and the length of time for which payment is expected to be made. If the level of benefit is the same for any disabled employee regardless of years of service, the expected cost of those benefits is recognised when an event occurs that causes a long-term disability.)*	19.157	
	Disclosures for other long-term employee benefits		
81	Has the entity applied Ind AS 24 for disclosures about employee benefits for key management personnel and Ind AS 1 for disclosures of employee benefits expense?		
	(Note: *This standard does not require specific disclosures about other long-term employee benefits, other Ind ASs may require disclosures.*)		
	Termination benefits		
82	Has the entity shall recognised a liability and expense for termination benefits at the earlier of the following dates: a) When the entity can no longer withdraw the offer of those benefits, and	19.165	
	b) When the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits?		
	(Note- *For termination benefits payable as a result of an employee's decision to accept an offer of benefits in exchange for the termination of employment, the time when the entity can no longer withdraw the offer of termination benefits is the earlier of:* *a) When the employee accepts the offer, and* *b) When a restriction (e.g. a legal, regulatory or contractual requirement or other restriction) on the entity's ability to withdraw the offer takes effect. This would be when the offer is made, if the restriction existed at the time of the offer.)*	19.166	
83	For termination benefits payable as a result of the entity's decision to terminate an employee's employment, the entity can no longer withdraw the offer when the entity has communicated to the affected employees a plan of termination meeting all of the following criteria: a) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made,	19.167	
	b) The plan identifies the number of employees whose employment is to be terminated, their job classifications or functions and their locations (but the plan need not identify each individual employee) and the expected completion date, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	c) The plan establishes the termination benefits that employees will receive in sufficient detail that employees can determine the type and amount of benefits they will receive when their employment is terminated?		
84	When the entity recognises termination benefits, has the entity ensured that it has accounted for a plan amendment or a curtailment of other employee benefits (Refer Q 19)?	19.168	
85	Has the entity measured termination benefits on initial recognition?	19.169	
86	Has the entity measured and recognised subsequent changes, in accordance with the nature of the employee benefit?	19.169	
87	If the termination benefits are an enhancement to post-employment benefits, then has the entity applied the requirements for post-employment benefits?	19.169	
88	If the termination benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the termination benefit is recognised, has the entity applied the requirements for short-term employee benefits?	19.169(a)	
89	If the termination benefits are not expected to be settled wholly before 12 months after the end of the annual reporting period, has the entity applied the requirements for other long-term employee benefits?	19.169(b)	
	Disclosure for termination benefits		
90	Has the entity applied Ind AS 24 for disclosures about employee benefits for key management personnel and Ind AS 1 for disclosures of employee benefits expense?	19.171	
	(Note: *This standard does not require specific disclosures about termination benefits, other Ind ASs may require disclosures.)*		

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- There are no specific requirements arising out of the 2013 Act in the context of this standard.

Significant carve-outs from IFRS

- According to Ind AS 19, *Employee Benefits* the rate to be used to discount post-employment benefit obligation shall be determined by reference to the market yields on government bonds, whereas under IAS 19, *Employee Benefits* the government bonds can be used only for those currencies where there is no deep market of high quality corporate bonds. However, requirements given in IAS 19 in this regard have been retained with appropriate modifications for foreign entities where the expected settlement of benefits would be in currencies other than Indian Rupees.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- No specific requirement has been prescribed under ICDS relating to this standard. Whereas, it is expected that employee benefits provision to the extent not paid will be disallowed and deductible under Income Tax Act, 1961 in the year to which they relate or are paid.

Glossary

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

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.

Post-employment benefits are employee benefits (other than termination benefits and short term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either:

a) The entity's decision to terminate an employee's employment before the normal retirement date; or

b) An employee's decision to accept an offer of benefits in exchange for the termination of employment.

Post-employment benefit plans are formal or informal arrangements under which the entity provides post-employment benefits for one or more employees.

Defined contribution plans are post-employment benefit plans under which the entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Multi-employer plans are defined contribution plans (other than state plans) or defined benefit plans (other than state plans) that:

a) Pool the assets contributed by various entities that are not under common control; and

b) Use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees.

The *net defined benefit liability (asset)* is the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

The *deficit or surplus* is:

a) The present value of the defined benefit obligation less

b) The fair value of plan assets (if any).

The *asset ceiling* is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The *present value of a defined benefit obligation* is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Plan assets comprise:

a) Assets held by a long-term employee benefit fund; and

b) Qualifying insurance policies.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that:

a) Are held by the entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits; and

b) Are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in bankruptcy), and cannot be returned to the reporting entity, unless either:

  i) The remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
  ii) The assets are returned to the reporting entity to reimburse it for employee benefits already paid.

A *qualifying insurance policy* is an insurance policy* issued by an insurer that is not a related party (as defined in Ind AS 24, *Related Party Disclosures*) of the reporting entity, if the proceeds of the policy:

a) Can be used only to pay or fund employee benefits under a defined benefit plan; and
b) Are not available to the reporting entity's own creditors (even in bankruptcy) and cannot be paid to the reporting entity, unless either:
  i) The proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
  ii) The proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See Ind AS 113, *Fair Value Measurement*.)

(Source: Ind AS 19, *Employee Benefits* as issued by the Ministry of Corporate Affairs)

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

1. Executive summary

- Indian Accounting Standard (Ind AS) 20, *Accounting for Government Grants and Disclosure of Government Assistance* shall be applied in accounting and disclosure of government grants and for disclosure of other forms of government assistance.
- Government grants, including non-monetary grants at fair value, are recognised only when there is reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received.
- If government grant is in the form of a non-monetary asset, then both the asset and the grant are recognised at the fair value of the non-monetary asset.
- Unconditional government grants related to biological assets measured at fair value less cost to sell are recognised in profit or loss when they become receivable, conditional grants for such assets are recognised in profit or loss when the required conditions are met.
- Government grants that relate to the acquisition of an asset, other than a biological asset measured at fair value less cost to sell, are recognised in profit or loss as the related asset is depreciated or amortised. In case of a non-depreciable assets, the related grants are recognised in profit or loss over the periods that bear the cost of meeting the obligations.
- Other government grants are recognised in profit or loss when the entity recognises as expenses the related costs that the grants are intended to compensate.
- A forgivable loan from government is treated as government grant when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan.
- Low-interest loans from government may include components that need to be treated as government grants.
- Non-monetary government grants are only to be measured at their fair value.
- Government grants related to assets are presented as deferred income.
- Government grants related to income are presented separately in profit or loss or as deduction from the related expense.
- Government grants that becomes repayable shall be accounted for as a change in an accounting estimate.
- Repayment of a government grant related to income shall be applied first against any unamortised deferred credit recognised in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or when no deferred credit exists, the repayment shall be recognised immediately in profit or loss.
- Repayment of a grant related to an asset shall be recognised by reducing the deferred income balance by the amount repayable.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability		
	This standard shall be applied in accounting for, and in the disclosure of, government grants and in the disclosure of other forms of government assistance.	20.1	
1	Has the entity ensured that this standard is not applied when the entity deals with any of the following:	20.2	
	a) The special problems arising in accounting for government grants in financial statements reflecting the effects of changing prices or in supplementary information of a similar nature,		
	b) Government assistance that is provided for an entity in the form of benefits that are available in determining taxable profit or tax loss, or are determined or limited on the basis of income tax liability. Examples of such benefits are income tax holidays, investment tax credits and accelerated depreciation,		
	c) Government participation in the ownership of the entity, and		
	d) Government grants covered by Ind AS 41, *Agriculture*?		
	Government grants		
2	Has the entity recognised government grants, including non-monetary grants at fair value if there is reasonable assurance that:	20.7	
	a) The entity will comply with the conditions attaching to them, and	20.8	
	b) The grants will be received?		
3	Have grants received in cash or as a reduction of a liability to the government, been accounted for in the same manner?	20.9	
4	If the entity has received any forgivable loan from government, is there reasonable assurance that the entity will meet the terms for forgiveness of the loan?	20.10	
5	If the entity has received any government loan at a below-market rate of interest, has the benefit of the below-market rate of interest been measured as the difference between the initial carrying value of the loan (determined in accordance with Ind AS 109, *Financial Instruments*), and the proceeds received?	20.10A	
6	Has the entity recognised the government grants in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate?	20.12	
7	If the grant is related to depreciable assets, has it been recognised in profit or loss over the periods and in the proportions in which depreciation expense on those assets is recognised?	20.17	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
8	If the grant is related to non-depreciable assets and does it required the fulfilment of certain obligations, has it been recognised in profit or loss over the periods that bear the cost of meeting the obligations?	20.18	
9	If the grant has been received as part of a package of financial or fiscal aids to which conditions are attached, have the conditions been identified which give rise to costs and expenses to determine the periods over which the grant will be earned?	20.19	
10	If the government grant has become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs, has it been recognised in profit or loss of the period in which it becomes receivable?	20.20	
11	If the entity has received a government grant in the form of a transfer of a non-monetary asset, for the use of the entity, has the entity accounted for the grant and the asset at the fair value of non-monetary asset?	20.23	
	Presentation of grants related to assets		
12	Has the entity presented government grants related to assets, including non-monetary grants at fair value, in the balance sheet by setting up the grant as deferred income?	20.24	
13	Has the grant set up as deferred income been recognised in profit or loss on a systematic basis over the useful life of the asset?	20.26	
14	Have cash outflows associated with the purchase of the asset and cash inflows associated with the government grant been disclosed as separate items in the statement of cash flows?	20.28	
	Presentation of grants related to income		
15	Has the entity recognised grants related to income either:	20.29	
	a) As part of profit or loss, either separately or under a general heading such as other income, or		
	b) As a deduction in reporting the related expense?		
	Repayment of government grants		
16	If any government grant has become repayable, has the entity accounted for repayment of government grant as a change in accounting estimate?	20.32	
17	For repayment of a grant related to income, has the entity applied the repayment first against any unamortised deferred credit recognised in respect of the grant and the balance if any, has been recognised immediately in profit or loss?	20.32	
18	For repayment of a grant related to an asset, has the entity recognised it by reducing the deferred income balance by the amount repayable?	20.32	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Government assistance		
19	In case of government assistance which cannot reasonably have value placed upon them and transactions with government which cannot be distinguished from normal trading transactions of the entity, has the entity disclosed the nature, extent and duration of such government assistance?	20.34 20.36	
	Disclosure		
20	Has the entity disclosed the following:	20.39	
	a) Accounting policy adopted for government grants, including the methods of presentation adopted in the financial statements,		
	a) The nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the entity has directly benefited, and		
	b) Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised?		

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- There are no specific requirements arising out of the 2013 Act in the context of this standard.

Significant carve-outs from IFRS

- IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance* gives an option to measure non-monetary government grants either at their fair value or at nominal value. Ind AS 20 requires measurement of such grants only at their fair value. Thus, the option to measure these grants at nominal value is not available under Ind AS 20.
- IAS 20 gives an option to present the grants related to assets, including non-monetary grants at fair value, in the balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Ind AS 20 requires presentation of such grants in the balance sheet only by setting up the grant as deferred income. Thus, the option to present such grants by deduction of the grant in arriving at the carrying amount of asset is not available under Ind AS 20.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- **Capital Approach**: ICDS does not permit the capital approach for recording of government grants. Accordingly ICDS requires the accounting of all grants either to be reduced from the cost of the asset or recognised as income either immediately or over a period of time depending upon the nature of grants. Ind AS 20 does not permit the reduction of grant from the cost of the asset. Ind AS 20 permits recognition of grant only when the conditions attached to the grant are met and only if the grant will be received.
- **Recognition of Grant:** ICDS mandates that initial recognition of grants cannot be postponed beyond the date of actual receipt even if all the recognition criteria are not met. Ind AS 20 does not permit recognition of government grant until there is reasonable assurance that the entity will comply with the conditions attached to it and that the grant will be received.

Glossary

Government refers to government, government agencies and similar bodies whether local, national or international.

Government assistance is action by government designed to provide an economic benefit specific to an entity or range of entities qualifying under certain criteria. Government assistance for the purpose of this Standard does not include benefits provided only indirectly through action affecting general trading conditions, such as the provision of infrastructure in development areas or the imposition of trading constraints on competitors.

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity.

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Subsidiary conditions may also be attached restricting the type or location of the assets or the periods during which they are to be acquired or held.

Grants related to income are government grants other than those related to assets.

Forgivable loans are loans which the lender undertakes to waive repayment of under certain prescribed conditions.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(Source: Ind AS 20, *Accounting for Government Grants and Disclosure of Government Assistance* as issued by the Ministry of Corporate Affairs.)

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

1. Executive summary

- Indian Accounting Standard (Ind AS) 21, *The Effects of Changes in Foreign Exchange Rates* shall be applied:
  – In accounting for transactions and balances in foreign currencies, except for those derivative transactions and balances that are within the scope of Ind AS 109, *Financial Instruments,*
  – In translating the results and financial position of foreign operations that are included in the financial statements of the entity by consolidation or the equity method, and
  – In translating the entity's results and financial position into a presentation currency.
- The entity measures its assets, liabilities, income and expenses in its functional currency, which is the currency of the primary economic environment in which it operates.
- Transactions that are not denominated in the entity's functional currency are foreign currency transactions. They are translated at actual rates or appropriate averages, exchange differences arising on translation are generally recognised in the statement of profit and loss.
- The financial statements of foreign operations are translated as follows:
  – Assets and liabilities are translated at the closing rate,
  – Income and expenses are translated at the exchange rates or appropriate averages, and
  – Equity components are translated at the exchange rates at the date of the relevant transactions.
- Exchange differences arising on the translation of the financial statements of a foreign operation are recognised in Other Comprehensive Income (OCI) and accumulated in a separate component of equity. The amount attributable to any Non-Controlling Interests (NCI) is allocated to, and recognised as part of, NCI.
- The entity may present its financial statements in a currency other than its functional currency (presentation currency). The entity that translates its financial statements into a presentation currency other than its functional currency uses the same method as for translating the financial statements of a foreign operation.
- If the functional currency of a foreign operation is the currency of a hyperinflationary economy, then its financial statements are first adjusted to reflect the purchasing power at the current reporting date and then translated into a presentation currency using the exchange rate at the current reporting date. If the presentation currency is not the currency of a hyperinflationary economy, then comparative amounts are not restated.
- If the entity disposes of its entire interest in a foreign operation, or loses control over a foreign subsidiary or retains neither joint control nor significant influence over an associate or joint arrangement as a result of a partial disposal, then the cumulative exchange differences recognised in OCI are reclassified to profit and loss account.
- A partial disposal of a foreign subsidiary without the loss of control leads to a proportionate reclassification of the cumulative exchange differences in OCI to NCI.
- A partial disposal of a joint arrangement or an associate with retention of either joint control or significant influence results in a proportionate reclassification of the cumulative exchange differences recognised in OCI to profit or loss.
- The entity may present supplementary financial information in a currency other than its presentation currency if certain disclosures are made.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability		
1	Has the entity applied this standard to the following:	21.3	
	a) Transactions and balances in foreign currencies (except for those derivative transactions and balances that are within the scope of Ind AS 109, *Financial Instruments*,		
	b) Translating the results and financial position of foreign operations that are included in the financial statements of the entity by consolidation or the equity method, and		
	c) Translating an entity's results and financial position into a presentation currency?		
2	Has the entity applied this standard to foreign currency derivatives that are not within the scope of Ind AS 109 (e.g. some foreign currency derivatives that are embedded in other contracts)?	21.4	
3	Has the entity applied Ind AS 109 in cases where it follows hedge accounting for foreign currency items, including the hedging of a net investment in a foreign operation? (Note: *Such transactions are excluded from this standard*).	21.5	
4	Has the entity excluded from its scope the following:	21.7	
	a) The presentation in a statement of cash flows of the cash flows arising from transactions in a foreign currency, or sthe translation of cash flows of a foreign operation (see Ind AS 7, *Statement of Cash Flows*). and,		
	b) Long-term foreign currency monetary items for which the entity has opted for the exemption given in paragraph D13AA of Appendix D to Ind AS 101, *First-time Adoption of Indian Accounting Standards*? (Note: *The entity may opt to continue to apply the accounting policy adopted under Indian GAAP for such long-term foreign currency monetary items.*)		
	Initial Recognition		
5	Has the entity applied to the foreign currency transaction, the spot exchange rate between the functional and foreign currency as at the date of the transaction to the foreign currency amount, on initial recognition in functional currency?	21.21	
	(Note: *Foreign currency transaction being transactions that are denominated or requires settlement in a foreign currency, including transactions arising when an entity:* *a) Buys or sells goods or services whose price is denominated in a foreign currency*	21.20	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) *Borrows or lends funds when the amounts payable or receivable are denominated in a foreign currency; or*		
	c) *Otherwise acquires or disposes of assets, or incurs or settles liabilities, denominated in a foreign currency.)*		
6	a) Has the entity used rates that approximates the actual rate at the date of the transactions (date of a transaction being the date on which the transaction first qualifies for recognition in accordance with Ind AS? (For example, an average rate for a week or a month might be used for all transactions in each foreign currency occurring during that period.)	21.22	
	b) If the exchange rates have been fluctuating significantly, has the entity used average rate?		
	Reporting at the ends of subsequent reporting periods		
7	Has the entity translated the following at the end of the reporting period:	21.23	
	a) Foreign currency monetary items, using the closing rate,		
	b) Non-monetary items that are measured in terms of historical cost in a foreign currency, using the exchange rate at the date of the transaction, and		
	c) Non-monetary items that are measured at fair value in a foreign currency, using the exchange rates at the date when the fair value was determined?		
8	a) Has the entity determined the carrying amount of an item in a foreign currency in conjunction with other relevant standards? (For example, property, plant and equipment may be measured in terms of fair value or historical cost in accordance with Ind AS 16, *Property, Plant and Equipment.*)?	21.24	
	b) Irrespective of whether the carrying amount is determined on the basis of historical cost or on the basis of fair value, if the amount is determined in a foreign currency, has the entity translated it into the functional currency in accordance with this standard?		
9	If the entity has non-monetary assets measured in foreign currency, has the entity determined the carrying amount by comparing:	21.25	
	a) The cost or carrying amount, as appropriate, translated at the exchange rate at the date when that amount was determined, and		
	b) The net realisable value or recoverable amount, as appropriate, translated at the exchange rate at the date when that value was determined.		
	(Note*: The effect of this comparison may be that an impairment loss is recognised in the functional currency but would not be recognised in the foreign currency, or vice versa.)*		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
10	a) When several exchange rates are available, has the entity used the exchange rate at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date?	21.26	
	b) When the exchangeability between two currencies is temporarily lacking, has the entity used the first subsequent rate at which exchanges could be made?		
	Recognition of exchange differences		
11	Has the entity recognised the exchange differences in profit and loss account in the period in which they arise? (Note*: The exchange differences to be recognised arising on the settlement or translating of monetary items at rates, different from those at which they were translated on initial recognition during the period or in previous financial statements.)*	21.28	
12	a) Has the entity recognised all the exchange differences arising from foreign currency monetary items transaction settled within the same accounting period?	21.29	
	b) Has the entity recognised the exchange difference in each period up to the date of settlement when the transaction is settled in a subsequent accounting period?		
13	a) When a gain or loss on a non-monetary item is recognised in other comprehensive income, has the entity recognised in other comprehensive income any exchange component of that gain or loss?	21.30	
	b) Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, has the entity recognised in profit or loss any exchange component of that gain or loss?		
14	If the entity has exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation, has the entity:	21.32	
	a) Recognised exchange differences in statement of profit or loss of the separate financial statements of the reporting entity or the individual financial statements of the foreign operation,		
	b) In the financial statements that include the foreign operation and the reporting entity recognised exchange differences initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment in accordance with Q 26?		
15	a) Does the entity maintain its books and records in a currency other than its functional currency?	21.34	
	b) If yes, then has the entity prepared its financial statements by translating all the amounts into the functional currency?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Change in functional currency		
16	a) Has the entity changed its functional currency consequent to a change in the underlying transactions, events and conditions?	21.35 21.36	
	b) If yes, has the entity applied the translation procedures applicable to the new functional currency prospectively from the date of the change?		
17	a) Has the entity translated all items into the new functional currency using the exchange rate at the date of the change?	21.37	
	b) Has the entity treated the resulting translated amounts for non-monetary items as their historical cost?		
	Use of a presentation currency other than the functional currency		
18	a) Does the entity's presentation currency differs from its functional currency?	21.38	
	b) If yes, has the entity translated its results and financial position into the presentation currency?		
19	Where the entity's functional currency is not the currency of a hyperinflationary economy, has the entity ensured that its results and financial position has been translated into a different presentation currency using the following procedures:	21.39 21.42 21.37	
	a) Translation of assets and liabilities for the balance sheet (including comparatives) at the closing rate at the date of that balance sheet,		
	b) Translation of income and expenses for the statement of profit and loss (including comparatives) at exchange rates at the date(s) of the transactions, and		
	c) All resulting exchange differences are recognised in other comprehensive income?		
20	Where the entity's functional currency is the currency of a hyperinflationary economy:	21.43	
	a) Has the entity restated its financial statements in accordance with Ind AS 29, *Financial Reporting in Hyperinflationary Economies* before applying the translation method provided in this standard, and		
	b) Has the entity ensured that its results and financial position has been translated into a different presentation currency using the following procedures, and		
	(Note*: Translation of all amounts (i.e. assets, liabilities, equity items, income and expenses, including comparatives) at the closing rate at the date of the most recent balance sheet except that the comparative amounts shall be those that were presented as current year amounts in the relevant prior year financial statements (i.e. not adjusted for subsequent changes in the price level or subsequent changes in exchange*		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	rates) when amounts are translated into currency of a non-hyperinflationary economy.)		
	c) When the economy ceases to be hyperinflationary and the entity no longer restates its financial statements in accordance with Ind AS 29, has the entity used the historical costs for translation into the presentation currency, the amounts restated to the price level at the date the entity ceased restating its financial statements?		
21	a) Has the entity presented the cumulative amount of the exchange differences, arising from the translation of assets, liabilities, income and expense in a separate component of equity until disposal of the foreign operation?	21.41	
	b) Has the entity recognised as part of non-controlling interests in the consolidated balance sheet, when the exchange differences relate to a foreign operation, that is consolidated but not wholly-owned, accumulated exchange differences arising from translation and attributable to non-controlling interests?	21.41	
	Translation of a foreign operation		
22	Has the entity translated the results and financial position of a foreign operation into a presentation currency so that the foreign operation can be included in the financial statements of the reporting entity by consolidation or the equity method?	21.44	
23	If the answer to Q 22 is yes, has the entity:	21.45	
	a) Recognised any exchange differences arising from intra group monetary items, in the profit or loss in the consolidated financial statements of the reporting entity, and		
	b) Recognised any exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation in other comprehensive income and accumulated in a separate component of equity until the disposal of the foreign operation?		
24	a) Where the financial statements of a foreign operation have been drawn up to a date different from that of the reporting entity and the foreign operation has not prepared additional statements as of the same date as the reporting entity's financial statements, have the assets and liabilities of the foreign operation been translated at the exchange rate at the end of the reporting period of the foreign operation and adjustments been made for significant changes in exchange rates up to the end of the reporting period of the reporting entity in accordance with Ind AS 110, *Consolidated Financial Statements*?	21.46	
	b) Is the same approach used in applying the equity method to associates and joint ventures in accordance with Ind AS 28, *Investments in Associates and Joint Ventures?*	21.46	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
25	If the entity has any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities, arising on the acquisition of that foreign operation, has it done the following:	21.47	
	a) Treated that goodwill as assets and liabilities of the foreign operation, and		
	b) Expressed the goodwill in the functional currency of the foreign operation and translated at the closing rate in accordance with this standard?		
	Disposal or partial disposal of a foreign operation		
26	a) Has the entity disposed its foreign operation?	21.48	
	b) If yes, has the entity at the time of recognition of the disposal of a foreign operation, reclassified from equity to profit or loss the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity?		
27	In the following situations of a partial disposal of a foreign operation, has the entity accounted for the same as a disposal of a foreign operation in accordance with Q 26 above:	21.48A	
	a) When the partial disposal involves the loss of control of a subsidiary that includes a foreign operation, regardless of whether the entity retains a non-controlling interest in its former subsidiary after the partial disposal, and		
	b) When the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation?		
28	a) If the entity disposes of a subsidiary that includes a foreign operation, has the entity derecognised the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the non-controlling interests? (Note: *This should not be reclassified to profit or loss.)*	21.48B	
	b) If the entity has made partial disposal of a subsidiary that includes a foreign operation, has it re-attributed the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income to the non-controlling interest in that foreign operation?	21.48C	
	c) In case of other partial disposal of a foreign operation, has the entity reclassified to profit or loss only the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income?	21.48C	
29	Has the entity treated the reduction in an entity's ownership interest in a foreign operation, except those reductions in Q 27, as partial disposal?	21.48D	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
30	a) Does the entity have a write-down of the carrying amount of a foreign operation, either because of its own losses or because of an impairment recognised by the investor?	21.49	
	b) If yes, has the entity ensured that no part of the foreign exchange gain or loss recognised in OCI is reclassified to profit or loss at the time of a write-down?		
	Tax effects of all exchange differences		
31	a) Does the entity have tax effects on accounts of gains and losses on foreign currency transactions and exchange differences, arising on translating the results and financial position of an entity (including a foreign operation) into a different currency?	21.50	
	b) If yes, is this tax effect accounted in accordance with Ind AS 12, *Income Taxes*?		
	Disclosures		
32	Has the entity disclosed:	21.52	
	a) Exchange differences recognised in profit or loss, except for those arising on financial instruments accounted in accordance with Ind AS 109, and		
	b) Net exchange differences recognised in other comprehensive income and accumulated in a separate component of equity, and a reconciliation of such exchange differences at the beginning and end of the period?		
33	Is the presentation currency different from the functional currency, If yes, has the entity disclosed:	21.53	
	a) The functional currency,		
	b) The reason for using a different presentation currency, and		
	c) Has the entity described that the financial statements are complying with Ind AS (when it has complied with all the requirements of each applicable standard including the transition method set out in Q 19)?	21.55	
34	Has the entity disclosed that there is a change in the functional currency of either the reporting entity or a significant foreign operation, together with the reason for the change in functional currency and the date of change in functional currency?	21.54	
35	If the entity has presented its financial statements or other financial information in a currency that is different from either its functional currency or its presentation currency and the requirements of Q 33 not met, has the entity ensured that it has:	21.57	
	a) Clearly identified the information as supplementary information to distinguish it from the information that complies with Ind ASs,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) Disclosed the currency in which the supplementary information is displayed, and		
	c) Disclosed the entity's functional currency and the method of translation used to determine the supplementary information?		

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- There are no specific requirements arising out of the 2013 Act in the context of this standard.

Significant carve-outs from IFRS

- Ind AS 21 read along with Ind AS 101 provides companies with an option to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.
- When there is a change in functional currency of either the reporting currency or a significant foreign operation, IAS 21 *The Effects of Changes in Foreign Exchange Rates* requires disclosure of that fact and the reason for the change in functional currency. Ind AS 21 requires an additional disclosure of the date of change in functional currency.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- **Scope exception**: There is no scope exception for exchange differences arising from foreign currency borrowings which may be regarded as an adjustment to interest costs as per ICDS VI, Effects of Changes in Foreign Exchange Rates. However, as per Ind AS there is an exception for exchange differences arising from foreign currency borrowings to the extent considered as an adjustment to interest costs.
- **Functional and presentation currency**: ICDS uses the terms foreign currency (currency other than the reporting currency of a person) and reporting currency (Indian currency except for foreign operations where it shall mean currency of the country where the operations are carried out), whereas Ind AS mandates the determination and use of functional and presentation currency for the purpose of calculating the effects of foreign exchange.
- **Conversion at period end for non-monetary foreign currency items**: Non-monetary items, exchange differences arising on conversion thereof at the last day of the previous year, whereas in Ind AS, non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction, and those that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured. In addition, exchange differences arising shall not be recognised as income or expense in that year as per ICDS.
- **Exchange difference on settlement of monetary items**: Exchange differences in respect of monetary items, exchange differences arising on the settlement thereof or on conversion thereof at last day of the previous year shall be recognised as income or as expense in that previous year whereas in Ind AS shall be recognised in profit or loss in the period in which they arise.
- **Translation of integral/non-integral foreign operation**: Exchange difference shall be recognised as income or as expenses in that year under the ICDS. Under Ind AS, recognised initially in OCI and reclassified from equity to profit or loss on disposal of the net investment.
- **Foreign exchange contracts**: This is in scope of ICDS but are kept out of the scope of Ind AS 21 and treatment is done as per Ind AS 109.
- **Change in functional currency**: Not covered under ICDS, however Ind AS the entity shall apply the translation procedures applicable to the new functional currency prospectively from the date of the change and the reason for the change in functional currency and the date of change in functional currency shall be disclosed.

Glossary

Closing rate is the spot exchange rate at the end of the reporting period.

Exchange difference is the difference resulting from translating a given number of units of one currency into another currency at different exchange rates.

Exchange rate is the ratio of exchange for two currencies.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See Ind AS 13, *Fair Value Measurement*.).

Foreign currency is a currency other than the functional currency of the entity.

Foreign operation is an entity that is a subsidiary, associate, joint arrangement or branch of a reporting entity, the activities of which are based or conducted in a country or currency other than those of the reporting entity.

Functional currency is the currency of the primary economic environment in which the entity operates.

A *group* is a parent and all its subsidiaries.

Monetary items are units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency.

Net investment in a foreign operation is the amount of the reporting entity's interest in the net assets of that operation.

Presentation currency is the currency in which the financial statements are presented.

Spot *exchange rate* is the exchange rate for immediate delivery.

(Source: Ind AS 21, *The Effects of Changes in Foreign Exchange Rates* as issued by the Ministry of Corporate Affairs)

Ind AS-23 Borrowing Costs

1. Executive summary

- Indian Accounting Standard (Ind AS) 23, *Borrowing Cost* is applied in the accounting for borrowing costs. Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. These include interest expense calculated using the effective interest method as described in Ind AS 109, *Financial Instruments*, finance charges in respect of finance leases recognised in accordance with Ind AS 17, *Leases*, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.
- The standard requires that borrowing costs directly attributable to the acquisition, construction or production of a 'qualifying asset' are included in the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably.
- Borrowing costs are reduced by interest income from the temporary investment of borrowings.
- Capitalisation begins when an entity meets all of the following conditions:
  - Expenditure for the asset is being incurred,
  - Borrowing costs are being incurred, and
  - Activities that are necessary to prepare the asset for its intended use or sale have commenced.
- Capitalisation ceases when the activities necessary to prepare the asset for its intended use or sale are substantially complete.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability		
	This standard shall be applied in accounting for borrowing costs.		
1	Has the entity excluded the following from the scope of Ind AS 23:		
	a) Actual or imputed cost of equity, including preferred capital not classified as a liability,	23.3	
	b) A qualifying asset measured at fair value, and	23.4	
	c) Inventories that are manufactured, or otherwise produced, in large quantities on a repetitive basis?	23.4	
2	Has the entity appropriately identified assets that necessarily takes a substantial period of time to get ready for their intended use or sale (a qualifying asset)?	23.5	
	Depending on the circumstances, any of the following may be qualifying assets:	23.7	
	a) Inventories,		
	b) Manufacturing plants,		
	c) Power generation facilities,		
	d) Investment properties,		
	e) Intangible assets, or		
	f) Bearer plants?		
	(Note: *Financial assets, and inventories that are manufactured, or otherwise produced, over a short period of time, are not qualifying assets. Assets that are ready for their intended use or sale when acquired are not qualifying assets.*)		
3	If there are no qualifying asset, then has the entity recognised borrowing cost as an expense in the period in which it incurs then?	23.8	
4	Does the borrowing cost include:	23.6	
	a) Interest expense calculated the effective interest method as described in Ind AS 109,		
	b) Financial charges in respect of finance lease recognised in accordance with Ind AS 17, and		
	c) Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
5	If the entity incurs exchange differences that are required to be treated as borrowing costs in accordance with paragraph 6(e) of Ind AS 23: a) Is the adjustment amount equivalent to the extent to which the exchange loss does not exceed the difference between the cost of borrowing in functional currency when compared to the cost of borrowing in a foreign currency, and b) Where there is an unrealised exchange loss which is treated as an adjustment to interest and subsequently there is a realised or unrealised gain in respect of the settlement or translation of the same borrowing, has the entity recognised the gain to the extent of the loss previously recognised as an adjustment to interest?	23.6A	
	Borrowing costs eligible for capitalisation		
6	a) Has the entity computed the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as those borrowing costs that would have been avoided if the expenditure on the qualifying asset had not been made?	23.10	
	b) Have the borrowing costs which do not satisfy the criteria for capitalisation as specified in (a) above, been recognised as an expense in the period in which they are incurred?	23.8	
7	If the entity has difficulty in identifying borrowing costs that are eligible for capitalisation, has management exercised judgment appropriately, based on the accounting policies developed by the entity?	23.11	
8	To the extent that the entity borrows funds specifically for the purpose of obtaining a qualifying asset, has the entity determined the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.?	23.12	
9	Where the funds are borrowed generally, and used for the purpose of obtaining a qualifying asset, has the entity computed and used a capitalisation rate to determine the borrowing costs eligible for capitalisation? (Note: *Capitalisation rate should be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset*)	23.14	
10	Has the entity ensured that the amount of borrowing cost capitalised during the period does not exceed the amount of borrowing cost incurred during that period?	23.14	
11	For consolidated financial statements, has the management exercised judgement in using the group borrowing rate only where it is appropriate to do so, based on the accounting policies adopted by the entity (e.g. subsidiary is largely financed by intra-group borrowings)? (Note: *Entity specific rates should be used in other cases).*	23.15	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
12	a) Has the entity evaluated if the carrying amount or the expected ultimate cost of the qualifying assets exceeds its recoverable amount or net realisable value?	23.16	
	b) If yes, has the entity written down or written off the carrying amount in accordance with the requirements of other Ind AS? (Note: *In certain circumstances, the amount of the write-down or write-off may be written back in accordance with other Ind AS.*)		
	Commencement of capitalisation		
13	a) Has the entity ensured that it has determined the 'commencement date' for capitalisation of borrowing costs as part of the cost of a qualifying asset as the date on which the entity first meets all of the following conditions: i) It incurs expenditures for the asset,	23.17	
	ii) It incurs borrowing costs, and		
	iii) It undertakes activities that are necessary to prepare the asset for its intended use or sale?		
	b) Has the entity ensured that expenditures on qualifying assets capitalised include only those expenditures that have resulted in payments of cash, transfers of other assets or the assumption of interest-bearing liabilities?	23.18	
	c) Also, has the entity reduced such expenditures by any progress payments received and grants received in connection with the asset (see Ind AS 20, *Accounting for Government Grants and Disclosure of Government Assistance*)?	23.18	
	d) Has the entity ensured that the activities necessary to prepare the asset for its intended use or sale include not only the physical construction of the asset but also includes technical and administrative work prior to the commencement of physical construction, such as the activities associated with obtaining permits prior to the commencement of the physical construction? (Note: *However, such activities exclude the holding of an asset when no production or development that changes the asset's condition is taking place.)*	23.19	
	Suspension of capitalisation		
14	a) Has the entity suspended the capitalisation of borrowing costs during extended periods of construction when active development is interrupted?	23.20	
	b) Has the entity excluded the below while deciding if capitalisation of borrowing costs must be suspended:	23.21	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	i) When it carries out substantial technical and administrative work, and		
	ii) When a temporary delay is a necessary part of the process of getting an asset ready for its intended use or sale?		
	Cessation of capitalisation		
15	a) Has the entity ceased the capitalisation of borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete?	23.22	
	b) In situations where the construction of a qualifying asset is completed in parts, has the entity ensured that it ceased capitalisation of borrowing costs when it completed substantially all the activities necessary to prepare that part for its intended use or sale and not waited for the full asset to be ready for its intended use ?	23.24	
	Hyperinflationary economies		
16	If the entity applies Ind AS 29, Financial Reporting in Hyperinflationary Economies, has it recognised as an expense, the part of borrowing costs that compensates for inflation during the same period in accordance with paragraph 21 of Ind AS 29.	23.9	
	Disclosure		
17	a) Has the entity disclosed the amount of borrowing costs capitalised during the period?	23.26	
	b) Has the entity disclosed the capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation?	23.26	

3. Additional considerations

Some of the requirements from the Companies Act, 2013 (2013 Act)

- There are no specific requirements arising out of the 2013 Act in the context of this standard.

Significant carve-outs from IFRS

- IAS 23, *Borrowing Costs*, does not provide guidance as to how the adjustment on account of foreign exchange difference is to be determined.
- However, paragraph 6 (e) of Ind AS 23, provides guidance on treatment of exchange difference as borrowings cost as given below:
  a) The amount of exchange loss, restricted to the extent the exchange loss does not exceed the difference between the cost of borrowing in functional currency and cost of borrowing in a foreign currency is treated as borrowing cost, and
  b) Where there was an unrealised exchange loss which was treated as a borrowing cost in an earlier period as mentioned in point (a) above and subsequently there is a realised or unrealised gain in respect of the settlement or translation of the same borrowing, the gain should also be recognised as an adjustment to the borrowing cost to the extent of loss previously recognised as borrowing cost.

Some of the requirements of the Income Computation and Disclosure Standards (ICDS)

- **Borrowing Costs**: Exchange differences arising from foreign currency borrowings to the extent they are regarded as adjustments to interest cost are considered as borrowing costs under Ind AS 23. However, the same does not qualify as borrowing cost under ICDS and accordingly is not eligible for capitalisation in respect of a qualifying asset.
- **No concept of minimum period of time to determine qualifying assets**: ICDS does not define any minimum period for classification of an asset as a qualifying asset. This treatment as per ICDS may differ from the treatment as per Ind AS 23 which requires borrowing costs to be capitalised only for a qualifying asset.
- **Cost of specific borrowings**: For the purpose of capitalisation of borrowing cost, income from temporary investments of specific borrowings is not reduced from the amount of borrowing costs incurred. Rather, these are treated as income. This treatment differs from the treatment as per Ind AS 23 which requires deduction of such income arising out of temporary investment from the borrowing cost.
- **Capitalisation of borrowing costs**: ICDS has prescribed a new formula for capitalisation of general borrowing cost which involves allocating the total general borrowing cost incurred in the ratio of average cost of qualifying assets on the first day and last day of the previous year and the average cost of total assets on the first and last day of the previous year (other than those assets directly funded out of specific borrowings).
- **Commencement of capitalisation**: In case of specific borrowing, capitalisation of borrowing cost commences from there date of borrowing of funds. In case of general borrowings, capitalisation commences from the date on which funds were utilised. The above treatment differs from Ind AS 23 which requires fulfilment of set of conditions for commencement of capitalisation of borrowing cost.
- **Suspension of capitalisation of borrowing costs**: Under Ind AS 23, capitalisation of borrowing costs shall be suspended during extended periods in which active development is interrupted/ suspended. ICDS does

not prescribe such suspension and the borrowing costs shall continue to be capitalised till the asset is put to use.

- **Cessation of Capitalisation**: Under Ind AS 23, capitalisation of borrowing costs should cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. However under ICDS, capitalisation shall cease when such asset (other than inventories) is first put to use.

Glossary

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing cost includes:

a) Interest expense calculated using the effective interest method as described in Ind AS 109, *Financial Instruments*
b) Finance charges in respect of finance leases recognised in accordance with Ind AS 17, *Leases*, and
c) Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale

Capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

(Source: Ind AS 23, *Borrowing Costs* as issued by the Ministry of Corporate Affairs)

Ind AS-24 Related Party Disclosures

1. Executive summary

- The objective of Indian Accounting Standard (Ind AS) 24, *Related Party Disclosures* is to ensure that the 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.
- Related party relationships include those involving control (direct or indirect), joint control or significant influence.
- Key management personnel and their close family members are also parties related to the entity.
- There are no special recognition or measurement requirements for related party transactions.
- The disclosure of related party relationships between a parent and its subsidiaries is required, even if there have been no transactions between them.
- No disclosure is required in consolidated financial statements of intra-group transactions eliminated in preparing those statements.
- Comprehensive disclosures of related party transactions are required for each category of related party relationship.
- Key management personnel compensation is disclosed in total and is analysed by component.
- In certain instances, government-related entities are allowed to provide less detailed disclosures on related party transactions.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability		
1	If the entity is:	24.3	
	a) A parent company, or		
	b) An investor with joint control of, or significant influence over, an investee in accordance with Ind AS 110, *Consolidated Financial Statements* or Ind AS 27, *Separate Financial Statements*.		
	Has the entity disclosed related party relationships and transactions and outstanding balances, including commitments in its consolidated and separate financial statements?		
2	With respect to intragroup related party transactions, if the entity is an investment entity, then has it disclosed the same?	24.4	
3	Has the entity identified the following as related parties:	24.9	
	a) Members of the same group (each parent, subsidiary and fellow subsidiary).		
	b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member),		
	c) Both entities are joint ventures of the same third party,		
	d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity,		
	e) A person (or close member of that person's family) who:		
	i) Controls or jointly controls the entity,		
	ii) Has significant influence over the entity, or		
	iii) Is a member of the KMP of the entity (or the entity's parent),		
	f) Entity controlled or jointly controlled by the person identified in (e) above,		
	g) Entities over which the above person identified in (e)(i) above has significant influence or is a member of the key management personnel of the entity (or of a parent of the entity),		
	h) The entity which is a post-employment benefit plan for the benefit of employees of the reporting entity or employees of any other reporting entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related parties of that reporting entity, and		
	i) The entity, or a member of the group of which it is a part, that provides key management personnel services to the reporting entity or the parent of the reporting entity?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Exclusions		
4	In identifying related parties, have the following been excluded:	24.11	
	a) Entities with a director or other member of key management personnel in common with the reporting entity (unless there are other indicators or such companies are otherwise related parties),		
	b) Entities where a member of key management personnel of one entity has significant influence over the other entity (unless there are other indicators or such companies are otherwise related parties),		
	c) A joint venturer that shares joint control of a joint venture of the entity (unless there are other indicators or such companies are otherwise related parties),		
	d) i) Providers of finance,		
	ii) Trade unions,		
	iii) Public utilities, and		
	iv) Departments and agencies of a government that do not control, jointly control or significantly influence the entity, simply by virtue of their normal dealings with the entity (even though they may affect the freedom of action of an entity or participate in its decision making process),		
	e) A customer, supplier, franchisor, distributor or general agent with whom the entity transacts a significant volume of business, simply by virtue of the resulting economic dependence?		
	Disclosures		
	All entities		
5	Has the entity disclosed the relationship between its parent and its subsidiaries irrespective of whether there have been transactions between them?	24.13	
6	Has the entity disclosed the name of parent and, if different, the ultimate controlling party?	24.13	
7	If neither of the entities mentioned in Q 5 or 6 produces consolidated financial statements available for public use, has the entity disclosed the next most senior parent?	24.13	
8	Has the entity disclosed relationships when control exists, irrespective of whether there have been transactions between the related parties?	24.14	
9	Has the entity disclosed key management personnel compensation in total for each of following categories:	24.17	
	a) Short-term employee benefits,		
	b) Post-employment benefits,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	c) Other long-term benefits,		
	d) Termination benefits, and		
	e) Share based payment?		
10	If the entity has obtained key management personnel services from a 'management entity', has the entity not applied the requirements in Q 9 to compensation paid or payable by the management entity to its employees or directors?	24.17A	
11	If the entity has related party transactions during the periods covered by the financial statements:	24.18	
	a) Has the entity disclosed information about the transactions and outstanding balances, including commitments, necessary for an understanding of the potential effect of the relationship on the financial statements, including the following (apart from requirements in Q 9 at a minimum:		
	i) Nature of related party relationship,		
	ii) Amount of transactions,		
	iii) Amount of outstanding balances (including commitments), and:		
	• Their terms and conditions, including whether they are secured, and nature of the consideration to be provided in settlement,		
	• Details of any guarantees given or received,		
	iv) Provisions for doubtful debts related to outstanding balances,		
	v) Expense recognised in respect of bad or doubtful debts due from related parties, and		
	vi) Amounts incurred for provision of key management personnel services that are provided by a separate entity?	24.18A	
12	Has the entity disclosed requirements in Q 11 separately for all categories of related parties, including:	24.19	
	a) The parent,		
	b) Entities with joint control or significant influence over the entity,		
	c) Subsidiaries,		
	d) Associates,		
	e) Joint ventures in which entity is a joint venturer,		
	f) Key management personnel of the entity or its parent, and		
	g) Other related parties?		
13	Has the entity disclosed the following transaction with related parties:	24.21	
	a) Purchases or sales of goods (finished or unfinished),		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) Purchases or sales of property and other assets,		
	c) Rendering or receiving of services,		
	d) Leases,		
	e) Transfers of research and development,		
	f) Transfers under license agreements,		
	g) Transfers under finance arrangements (including loans and equity contributions in cash or in kind),		
	h) Provision of guarantees or collateral,		
	i) Commitments to do something if a particular event occurs or does not occur in the future, including executory contracts (recognised and unrecognised),		
	j) Settlement of liabilities on behalf of the entity or by the entity on behalf of that related party, and		
	k) Management contracts including for deputation of employees?		
14	If there is a participation by a parent or subsidiary in a defined benefit plan that shares risks between group entities, has this been disclosed as a related party transaction?	24.22	
15	Is the entity, a government related entity, that has related party transactions and outstanding balances, including commitments, with	24.25	
	a) A government that has control or joint control of, or significant influence over the reporting entity, and		
	b) Another entity that is a related party because the same government has control or joint control of, or significant influence over both the reporting entity and the other entity?		
16	If Q 15 (a) or (b) are 'yes', has the entity availed of the exemption from making related party disclosures in respect of these relationships and disclosed following:	24.26	
	a) The name of the government and the nature of its relationship with the reporting entity (i.e. control, joint control or significant influence),		
	b) The nature and amount of each individually significant transaction, and		
	c) For other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent? (Types of transactions include those listed in Q 13 above)		
17	Has the entity disclosed that related party transactions were made on terms equivalent to those that prevail in an arm's length transactions provided that such terms can be substantiated?	24.23	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
18	Has the entity disclosed in aggregate items of similar nature, except when separate disclosure is necessary for an understanding f the effects of related party transactions on the financial statements of the entity? (Note: *Disclosure of details of particular transactions with individual related parties would frequently be too voluminous to be easily understood. Accordingly, items of a similar nature may be disclosed in aggregate by type of related party. However, this is not done in such a way as to obscure the importance of significant transactions. Hence, purchases or sales of goods are not aggregated with purchases or sales of fixed assets. Nor a material related party transaction with an individual party is clubbed in an aggregated disclosure.)*		

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- The 2013 Act also defines the term ‘related party’ and ‘relative’. However, for the purpose of disclosure in the financial statements, companies are required to follow the definition provided in Ind AS 24 in accordance with Rule 4A under the 2013 Act.

Significant carve-outs from IFRS

- Disclosures which conflict with confidentiality requirements of statute and regulations are not required to be made since accounting standards cannot override legal/regulatory requirements.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- No specific requirement has been prescribed under the ICDS relating to this standard.

Glossary

A *related party* is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

d) A person or a close member of that person's family 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
   iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

e) An entity is related to a reporting entity if any of the following conditions applies:
   i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others),
   ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member),
   iii) Both entities are joint ventures of the same third party,
   iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity,
   vi) The entity is controlled or jointly controlled by a person identified in (a),
   vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity), or
   viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A *related party transaction* is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity including:

a) That person's children, spouse or domestic partner, brother, sister, father and mother,
b) Children of that person's spouse or domestic partner, and
c) Dependents of that person or that person's spouse or domestic partner.

Compensation includes all employee benefits (as defined in Ind AS 19, *Employee Benefits*) including employee benefits to which Ind AS 102, Share based Payments, applies. Employee benefits are all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered to the entity. It also includes such consideration paid on behalf of a parent of the entity in respect of the entity. Compensation includes:

a) Short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees,
b) Post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care,
c) Other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit-sharing, bonuses and deferred compensation,
d) Termination benefits, and
e) Share-based payments.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

*Governmen*t refers to government, government agencies and similar bodies whether local, national or international.

A government-related entity is an entity that is controlled, jointly controlled or significantly influenced by a government.

(Source: Ind AS 24, *Related Party Disclosures* as issued by the Ministry of Corporate Affairs)

Ind AS-27 Separate Financial Statements

1. Executive summary

- Indian Accounting Standard (Ind AS) 27, *Separate Financial Statements* provides guidance on accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when the entity elects, or is required by law, to present separate financial statements.
- Separate financial statements are those presented by:
  - A parent (i.e. an investor with control of a subsidiary), or
  - An investor with joint control of, or significant influence over, an investee in addition to financial statements in which investments in associates or joint ventures are accounted for using the equity method.
- A parent, an investor in an associate or a venturer in a joint venture that is not required to prepare consolidated or individual financial statements is permitted, but not required, to present separate financial statements. Alternatively, separate financial statements may be prepared in addition to consolidated or individual financial statements.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability		
	This standard shall be applied in the preparation and presentation of separate financial statements.		
1	Has the entity prepared separate financial statements in accordance with all applicable Ind AS, except as permitted below:	*27.10*	
	a) In its separate financial statements has the entity consistently accounted for each category of investments in subsidiaries, associates and joint ventures at cost or in accordance with Ind AS 109, *Financial Instruments,*		
	b) If the entity has elected (as permitted in Ind AS 28 *Investments in Associates and Joint Ventures*) to measure its investments in associates or joint ventures at fair value through profit or loss in accordance with Ind AS 109, in its consolidated financial statements, has it accounted for these investments in the same way in its separate financial statements, and	*27.11*	
	c) If a parent is required by Ind AS 110, *Consolidated Financial Statements* to measure its investment in its subsidiary at fair value through profit or loss in accordance with Ind AS 109, has it also accounted for this investment in the same way in its separate financial statements?	*27.11A*	
2	If the entity is a parent that ceases to be an investment entity, or becomes an investment entity, has it accounted for the change from the date when the change in status occurred, as follows:	*27.11B*	
	a) When the entity ceases to be an investment entity, the entity shall, in accordance with Q 1(a), either:		
	i) Account for an investment in a subsidiary at cost. The fair value of the subsidiary at the date of the change of status shall be used as the deemed cost at that date, or		
	ii) Continue to account for an investment in a subsidiary in accordance with Ind AS 109,		
	b) When an entity becomes an investment entity, it shall account for an investment in a subsidiary at fair value through profit or loss in accordance with Ind AS 109?		
	(Note: *The difference between the previous carrying amount of the subsidiary and its fair value at the date of the change of status of the investor shall be recognised as a gain or loss in profit or loss. The cumulative amount of any fair value adjustment previously recognised in other comprehensive income in respect of those subsidiaries shall be treated as if the investment entity had disposed of those subsidiaries at the date of change in status.*)		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
3	If the investee company has declared dividends, has the entity recognised dividends from its subsidiary, associate or joint venture in the separate financial statements only when it's right to receive the dividend is established?	*27.12*	
4	If the parent has reorganised the structure of its group by establishing a new entity as its parent in a manner that satisfies the following criteria:	*27.13*	
	a) The new parent obtains control of the original parent by issuing equity instruments in exchange for existing equity instruments of the original parent,		
	b) The assets and liabilities of the new group and the original group are the same immediately before and after the reorganisation,		
	c) The owners of the original parent before the reorganisation have the same absolute and relative interests in the net assets of the original group and the new group immediately before and after the reorganisation, and		
	d) The new parent accounts for its investment in the original parent in accordance with Q 1(a) above in its separate financial statements.		
	Has the new parent measured cost at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the date of the reorganisation?		
5	Has the entity complied with the following disclosure requirements:	*27.15*	
	a) The entity shall indicate that the financial statements are separate financial statements to enable readers to identify them, and		
	b) In addition, all the other applicable Ind AS disclosures are required in the separate financial statements?		
6	When the entity is a parent, that in accordance with Ind AS 110 elects not to prepare consolidated financial statements and instead prepares separate financial statements, has it disclosed in those separate financial statements:	*27.16*	
	a) The fact that the financial statements are separate financial statements and that the exemption from consolidation has been used,		
	b) The name and principal place of business (and country of incorporation, if different) of the entity whose consolidated financial statements that comply with Ind AS have been produced for public use,		
	c) The address where those consolidated financial statements are obtainable,		
	d) A list of significant investments in subsidiaries, joint ventures and associates, including:		
	i) The name of those investees,		
	ii) The principal place of business (and country of incorporation, if different) of those investees, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	iii) Its proportion of the ownership interest (and its proportion of the voting rights, if different) held in those investees?		
	e) A description of the method used to account for the investments listed under (d) above?		
7	If the entity is an investment entity which is also a parent (other than a parent covered in the above referred exemption) that prepares separate financial statements, in accordance with paragraph 8A of Ind AS 27 as its only financial statements, has it disclosed this fact and also presented the disclosures relating to investment entities required by Ind AS 112, *Disclosure of Interests in Other Entities*?	*27.16A*	
8	If the entity is a parent (other than a parent covered in Q 6 and 7 above) or an investor with joint control of, or significant influence over, an investee and prepares separate financial statements, has the entity:	*27.17*	
	a) Identified the financial statements prepared in accordance with Ind AS 110, Ind AS 111 or Ind AS 28 to which they relate?		
	b) Disclosed in its separate financial statements the following:		
	i) The fact that the statements are separate financial statements,		
	ii) A list of significant investments in subsidiaries, joint ventures and associates, including:		
	• The name of those investees,		
	• The principal place of business (and country of incorporation, if different) of those investees, and		
	• Its proportion of the ownership interest (and its proportion of the voting rights, if different) held in those investees,		
	c) A description of the method used to account for the investments listed under (b)?		

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- The exemption available to companies not to prepare consolidated financial statements in this standard and instead prepare separate financial statements is subject to requirements of the applicable laws. The 2013 Act, mandates consolidation and accordingly a company would not be able to avail of the exemption under the standard.

Significant carve-outs from IFRS

- From the accounting period beginning 1 January 2016, IAS 27, *Separate Financial Statements* permits an entity to apply equity method to account for investment in subsidiaries, joint ventures and associates in their separate financial statements. Such option has not been retained under Ind AS 27 as it is not a basis of measurement such as cost and fair value but is a manner of consolidation and therefore would conceptually lead to inconsistent accounting.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- No specific requirement has been prescribed under the ICDS relating to this standard.

Glossary

Consolidated financial statements are the financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity.

Separate financial statements are those presented by a parent (i.e. an investor with control of a subsidiary) or an investor with joint control of or significant influence over, an investee, in which the investments are accounted for at cost or in accordance with Ind AS 109, *Financial Instruments.*

An *associate* is an entity over which the investor has significant influence.

Control of an investee: An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. decision maker An entity with decision-making rights that is either a principal or an agent for other parties.

Group: A parent and its subsidiaries.

Investment entity: An entity that:

a) Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services,
b) Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and
c) Measures and evaluates the performance of substantially all of its investments on a fair value basis.

Joint control: The contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint venture: A joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Joint venturer: A party to a joint venture that has joint control of that joint venture.

Parent: An entity that controls one or more entities.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

Subsidiary: An entity that is controlled by another entity.

(Source: Ind AS 27, *Separate Financial Statements as* issued by the Ministry of Corporate Affairs)

Ind AS-28 Investments in Associates and Joint Ventures

1. Executive summary

- Indian Accounting Standard (Ind AS) 28 *Investments in Associates and Joint Ventures* is applied by all entities that are investors with joint control of, or significant influence, over an investee.
- The definition of an associate is based on significant influence, which is the power to participate in the financial and operating policy decisions of the entity.
- There is rebuttable presumption of significant influence if the entity holds 20 percent or more of the voting rights of another entity.
- Potential voting rights that are currently exercisable are considered in assessing significant influence.
- Generally, associates and joint ventures are accounted for using the equity method in the consolidated financial statements.
- Venture capital organisations, mutual funds, unit trusts and similar entities may elect to account for investments in associates and joint ventures at fair value through profit or loss.
- Equity accounting is not applied to an investee that is acquired with a view to its subsequent disposal if the criteria are met for classification as held for sale.
- The entity's financial statements shall be prepared using uniform accounting policies for like transactions and events in similar circumstances unless, in case of an associate, it is impracticable to do so.
- The investee's reporting date cannot differ from that of the investor by more than three months, and should be consistent from period to period. Adjustments are made for the effects of significant events and transactions between the two dates.
- If an equity accounted investee incurs losses, then the carrying amount of the investor's interest is reduced but not to below zero. Further losses are recognised as a liability by the investor only to the extent that the investor has an obligation to fund the losses or has made payments on behalf of the investee.
- Unrealised profits and losses on transactions with associates are eliminated to the extent of the investor's interest in the investee.
- On the loss of significant influence or joint control, the fair value of any retained investments is taken into account in calculating the gain or loss on the transaction that is recognised in profit or loss. Amounts recognised in other comprehensive income are reclassified to profit or loss or transferred within equity as required by other Ind ASs.
- A joint arrangement is an arrangement over which two or more parties have joint control. There are two types of joint arrangement: a joint operation and joint venture.
- In joint venture, the parties to the arrangement have rights to the net assets of the arrangement.
- A joint venturer accounts for its interest in a joint venture in the same way as an investment in an associate- i.e. generally using the equity method.
- A party to a joint venture that does not have joint control accounts for its interest as a financial instrument, or under the equity method if significant influence exists.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability		
1	This standard is applicable in accounting for investments in associates and joint ventures, and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. If the entity has significant influence over an investee, has the investee been classified as an associate?	28.3	
	a) In arriving at the above conclusion, have the following been considered:	28.6	
	i) Voting power of the entity (Note*: If the entity holds (directly or indirectly), 20 per cent or more of the voting power of the investee, it is presumed that it has significant influence unless it can be clearly demonstrated that this is not the case),*		
	ii) Representation on the board of directors or equivalent governing body,		
	iii) Participation in policy-making processes, including participation in decisions about dividends or other distributions,		
	iv) Material transactions between the entity and its investee,		
	v) Interchange of managerial personnel, or		
	vi) Provision of essential technical information?		
	b) Are there potential voting rights that are currently exercisable or convertible, e.g., share warrants, share call options, convertible debt or equity instruments, held by the entity or other entities, that have the potential, if exercised or converted, to give the entity additional voting power or reduce voting power? If yes, have these been considered in determining whether the entity has significant influence over an investee?	28.7	
2	If the entity is a party to a joint arrangement, in which the parties that have joint control have rights to the net assets of the arrangement, has this joint arrangement been classified as a joint venture?	28.3	
3	Is the classification of entities into subsidiary, associate and joint venture done appropriately on the basis set out in Q 1 and 2 above?		
4	Is the investment initially recognised at cost?	28.10	
5	Has the carrying amount of investment been increased or decreased to recognise the investor's share of profit/loss after the date of acquisition?	28.10	
6	Has the entity reduced the carrying amount of investment to the extent of the distribution received from the associate or joint venture?	28.10	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
7	If there are any potential voting rights and other derivative instruments that currently give the entity access to returns, is the proportionate share allocated to the entity after considering the potential rights?	28.13	
8	Are the investments or any retained interest in the investments that is not classified as held-for-sale, been classified as a non-current asset?	27.15	
9	Are all investments in an associate or a joint venture accounted using the equity method unless they qualify for the following exemptions:	27.16	
	a) Parent that is exempt from preparing consolidated financial statement as per paragraph 4(a) of Ind AS 110,	27.17	
	b) If all of the following apply:		
	i) The entity is a wholly-owned subsidiary, or is a partially-owned subsidiary of another entity and its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the entity not applying the equity method,		
	ii) The entity’s debt or equity instruments are not traded in a public market,		
	iii) The entity 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 instruments in a public market, and		
	iv) The ultimate or any intermediate parent of the entity produces consolidated financial statements available for public use that comply with Ind AS in which subsidiaries are consolidated or are measured at fair value through profit and loss in accordance with Ind AS 110.		
	c) If investments are held through the entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities?		
10	If the investment or a portion of investment in associate or joint venture is classified as held for sale, are those investments/proportionate investment value measured as per Ind AS 105 *Non-current Assets Held for Sale and Discontinued Operations*?	28.20	
11	If there are any investments or a portion of an investment, in an associate or a joint venture previously classified as held for sale that no longer meets the criteria to be so classified, have these been accounted using equity method retrospectively as from the date of its classification as held for sale?	28.21	
12	If any of the investments have ceased to be associates or joint ventures, has the entity discontinued the use of the equity method from the date when its investment ceases to be an associate or a joint venture as follows:	28.22	
	a) If the investment becomes a subsidiary, has the entity accounted for its investment in accordance with Ind AS 103, *Business Combinations*, and Ind AS 110,		
	b) If the retained interest in the former associate or joint venture is a financial asset:		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	i) Has the retained interest been valued at fair value as per Ind AS 109, and		
	ii) Has the entity recognised in profit or loss the difference between: • The fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture,		
	• The carrying amount of the investment at the date the equity method was discontinued.		
	c) If the entity discontinues the use of the equity method, has it accounted for all the amounts previously recognised in other comprehensive income in relation to that investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities?		
13	Has the entity considered the aggregate of holdings by the entity, its parent and its subsidiary in associates and joint ventures?	28.27	
14	If the associate or joint venture has subsidiaries, associates or joint ventures, when applying the equity method, are the profit or loss, other comprehensive income and net assets taken into account those that are recognised in the associate's or joint venture's financial statements (including the associate's or joint venture's share of the profit or loss, other comprehensive income and net assets of its associates and joint ventures)?	28.27	
15	Has the entity eliminated the gain/loss resulting from upstream/downstream transactions between the entity and its associate or joint venture to the extent of its share in the associate or joint venture?	28.28	
16	Has the entity accounted for goodwill/capital reserve arising out of difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities?	28.32	
17	a) Has the entity included the above goodwill, if any, in the carrying amount of the investment?	28.32	
	b) If the entity's share of the net fair value of the investee's identifiable assets and liabilities is in excess of the cost of the investment, has the same been recognised directly in equity as capital reserve?		
18	Has the entity considered the most recent available financial statements of the associate or joint venture?	28.33	
19	In case where the financial statements of an associate or joint venture are prepared as of a date different from that used by the entity: a) Have the necessary adjustments been made for the effects of significant transactions or events that occur between that date and the date of the entity's financial statements? (The difference in this case should not exceed three months),	28.34	
	b) Is the difference between the end of the reporting period of the associate or joint venture and that of the entity not more than three months, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	c) Is the length of the reporting periods and any difference between the ends of the reporting periods the same from period to period?		
20	a) Have uniform accounting policies been used by the entity and its associate/joint venture for like transactions and events in similar circumstances unless, permitted in Q20 (b) below,	28.36	
	b) Has the entity (not being an investment entity itself) when applying the equity method, retained the fair value measurement applied by its investment equity associate or joint venture to their subsidiaries, and	28.36A	
	c) If an associate or joint venture uses accounting policies other than those of the entity for like transactions and events in similar circumstances, have adjustments been made to make these accounting policies, conform to those of the entity when applying the equity method?	28.36	
21	If an associate or a joint venture has outstanding cumulative preference shares that are held by parties other than the entity and are classified as equity, has the entity computed its share of profit or loss after adjusting for the dividends on such shares, whether or not the dividends have been declared?	28.37	
22	Is there any objective evidence of impairment of investment in the associate and/or joint venture?	28.40	
23	Has the entity limited the loss to be recognised to the extent of its interest in the associate or joint venture unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture?	28.39	

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- The 2013 Act, permits the use of equity method of accounting.

Significant carve-outs from IFRS

- IAS 28, *Investments in Associates and Joint Ventures* requires use of uniform accounting policies in the financial statements of an associate for consolidation purposes. Ind AS requires similar use of uniform accounting policies, unless impracticable. Such an impracticability exemption is not available under IFRS.
- IAS 28 requires any excess of the investor's share of net assets in an associate over the acquisition cost to be recognised as a gain in the profit and loss account. Ind AS requires such gain to be recognised as a capital reserve.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- No specific requirement has been prescribed under the ICDS relating to this standard.

Glossary

An associate is an entity over which the investor has significant influence.

Consolidated financial statements are the financial statements of a group in which assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity.

The *equity method* is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income.

A *joint arrangement* is an arrangement of which two or more parties have joint control.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A *joint venture* is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

A *joint venturer* is a party to a joint venture that has joint control of that joint venture.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

(Source: Ind AS 28, *Investments in Associates and Joint Ventures* as issued by the Ministry of Corporate Affairs)

Ind AS-29 Financial Reporting in Hyperinflationary Economies

1. Executive summary

- Indian Accounting Standard (Ind AS) 29, *Financial Reporting in Hyperinflationary Economies* shall be applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.
- When the entity's functional currency is hyperinflationary, its financial statements are restated to express all items in the measuring unit current at the reporting date.
- The standard prescribes the following steps in restating the financial statements:
  - Step 1: Restate the balance sheet at the beginning of the reporting period by applying the change in the price index during the current period to all items.
  - Step 2: Restate the balance sheet at the end of the reporting period by adjusting non-monetary items to current purchasing power terms.
  - Step 3: Restate the statement of profit and loss (including other comprehensive income).
  - Step 4: Calculate the gain or loss on the net monetary position.
- If the entity's functional currency ceases to be hyperinflationary, then the amounts reported in the latest financial statements restated for hyperinflation are used as the basis for the carrying amounts in subsequent financial statements.
- If the entity presents financial statements restated for hyperinflation, then it is generally not appropriate to present additional supplementary financial information prepared on a historical cost basis.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability		
1	If the functional currency of the entity is the currency of a hyperinflationary economy, has the entity applied the requirements of this standard in its financial statements, including consolidated financial statements?	29.1	
2	Has the entity applied the requirements of this standard if any of the characteristics of the economic environment of a country indicate hyperinflation, which include but are not limited to the following:	29.3	
	a) The general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power,		
	b) The general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency,		
	c) Sales and purchase on credit take place at prices that compensate for expected loss of purchasing power during the credit period, even if the period is short,		
	d) Interest, wages and prices linked to a price index, or		
	e) Cumulative inflation rate over three years approaching or exceeds 100 percent?		
	Financial statements		
3	a) Irrespective of whether the financial statements of the entity are based on a historical cost or current cost approach, have they been stated in terms of the measuring unit current at the end of the reporting period?	29.8	
	b) Have the corresponding figures for the previous period required by Ind AS 1, *Presentation of Financial Statements*, and any information in respect of earlier periods also been stated in terms of the measuring unit current at the end of the reporting period?		
	(Note*: For the purpose of presenting comparative amounts in a different presentation currency, paragraphs 42 (b) and 43 of Ind AS 21, The Effects of Changes in Foreign Exchange Rates, apply.)*		
4	Has the gain or loss on the net monetary position been included in profit and loss and separately disclosed?	29.9	
5	Has the entity applied procedures and judgment in determining whether the restatement of financial statements is necessary?	29.10	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Historical cost financial statements – Balance sheet		
6	Have general price index rates been applied by the entity to restate the balance sheet amounts which were not already expressed in terms of the measuring unit current at the end of the reporting period?	29.11	
7	Whether monetary items (such as money held and items to be received or paid in money) are expressed in terms of the monetary unit current at the end of the reporting period? (Note: *Monetary items are not restated.*)	29.12	
8	Has the entity adjusted assets and liabilities linked by agreements to changes in prices (such as index linked bonds and loans) in accordance with the agreement to ascertain the amount outstanding at the end of the reporting period? (Note*: These items are carried at this adjusted amount in the restated balance sheet.)*	29.13	
9	Have non-monetary items other than those that are carried at amounts current (such as net realisable value or fair value) at the reporting period been restated?	29.14	
10	Where this is the first period of application of the standard, has an independent professional valuation been used as a basis for restatement of items whose historical cost are not available? (Note*: Detailed records of the acquisition dates of items of property, plant and equipment may not be available or capable of estimation in rare circumstances.)*	29.16	
11	Has the entity used any estimate for restating the non-monetary assets at the end of the reporting period on account of non-availability of general price index? (For example, a general price index may not be available for the periods for which the restatement of property, plant and equipment is required by this standard.)	29.17	
12	If the entity has ascertained that there has been a revaluation of property, plant and equipment, have the carrying amounts been restated from the date of the revaluation?	29.18	
13	a) Has the entity identified and ascertained whether restated amount of a non-monetary item exceeds the recoverable amount?		
	b) If yes, has the restated amount of such a non-monetary been reduced in accordance with appropriate Ind AS?	29.19	
14	If the entity is an investee which is accounted for under the equity method and wants to report in the currency of a hyperinflationary economy, has the balance sheet and the statement of profit and loss of such an investee been restated in accordance with this standard?	29.20	
15	If the entity has recognised the impact of inflation in borrowing cost, has the entity recognised this part of the borrowing cost as an expense in the period in which the costs are incurred?	29.21	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note*: It is not appropriate both to restate the capital expenditure financed by borrowing and to capitalise that part of the borrowing costs that compensates for the inflation during the same period.)*		
16	If the entity has acquired any assets under an arrangement that permits it to defer payment without incurring an explicit interest charge, has it restated it from the date of payment where it is impracticable to impute the amount of interest?	29.22	
	First time application		
17	If the standard is adopted for the first time, has the entity complied with the following:	29.24	
	a) At the beginning of the first period of application of this standard, are the components of owners' equity (except retained earnings) and any revaluation surplus restated by applying a general price index from the dates the components were contributed or otherwise arose,		
	b) Has elimination of revaluation surplus arising from the previous periods been carried out,		
	c) Have restated retained earnings been derived from all other amounts in the restated balance sheet,		
	d) At the end of the first period and in subsequent periods, have all components of owners' equity been restated by applying a general price index from the beginning of the period or the date of contribution, and	29.25	
	e) Have the movements for the period in owners' equity been disclosed in accordance with Ind AS 1?	29.25	
	Historical cost financial statements – statement of profit and loss		
18	Have all items in the statement of profit and loss been expressed in terms of measuring unit current at the end of the reporting period?	29.26	
	(Note*: All amounts need to be restated by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements.)*		
19	Has the gain or loss on the net monetary position been included in the statement of profit and loss?	29.27 29.28	
	(Note: *Other income and expense items, such as interest income and expense, and foreign exchange differences related to invested or borrowed funds, are also associated with the net monetary position. Although such items are separately disclosed, it may be helpful if they are presented together with the gain or loss on net monetary position in the statement of profit and loss.)*		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Current cost financial statements		
20	Has the entity restated other items in the balance sheet in accordance with Q 6 to 17?	29.29	
	(Note: *Items stated at current cost are not restated because they are already expressed in terms of the measuring unit current at the end of the reporting period.)*		
21	Has the entity restated all amounts into the measuring unit current at the end of the reporting period by applying the general price index?	29.30	
	(Note: *For example: Cost of sales and depreciation are recorded at current costs at the time of consumption, sales and other expenses are recorded at their money amounts when they occurred.)*		
22	Has the entity accounted for the gains or loss on the net monetary position as per Q 19?	29.31	
23	If there are differences due to restatement of financial statements as per this standard and the carrying amount of individual assets and liabilities in the balance sheet and their tax base, has the entity accounted for the differences as per Ind AS 12, *Income Taxes*?	29.32	
24	Have all items in the statement of cash flows been expressed in terms of the measuring unit current at the end of the reporting period by the entity?	29.33	
25	Are the corresponding figures including information that are disclosed for the previous reporting period presented in terms of the measuring unit current at the end of the reporting period?	29.34	
26	Have paragraph 42 (b) and 43 of Ind AS 21 been applied if comparative amounts are presented in a currency other than presentation currency?	29.34	
	Components to be restated		
27	Has the entity ascertained the components that are required to be restated based on its accuracy in reflecting the current purchasing power?	29.35	
28	If the parent company has a subsidiary that does not operate in a hyperinflationary economy, has Ind AS 21 been applied for restatement of the subsidiaries financial statements?	29.35	
29	Where the financial statements with different ends of the reporting periods are consolidated, have all items, whether non-monetary or monetary, been restated into the measuring unit current at the date of the consolidated financial statements?	29.36	
30	Have all entities that report in the currency of the same economy used the same general price index which reflects changes in general purchasing power?	29.37	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Economy ceasing to be hyperinflationary		
31	a) Has the entity discontinued the preparation and presentation of the financial statements as per this standard subsequent to the economy in which entity operates ceasing to be hyperinflationary?	29.38	
	b) If yes, whether the entity has treated the amounts expressed in the measuring unit current at the end of the previous reporting period as the basis for the carrying amounts in its subsequent financial statements?	29.38	
	Disclosures		
32	Has the entity disclosed the following:	29.39	
	a) The fact that the financial statements and the corresponding figures for previous periods have been restated for the changes in the general purchasing power of the functional currency and, as a result, are stated in terms of the measuring unit current at the end of the reporting period,	29.39 (a)	
	b) Whether the financial statements are based on a historical cost approach or a current cost approach,	29.39 (b)	
	c) The identity and level of the price index at the end of the reporting period and the movement in the index during the current and the previous reporting period, and	29.39 (c)	
	d) Duration of the hyperinflationary situation existing in the economy?	29.39 (d)	
	(Note: *Disclosures required by this standard are needed to make clear the basis of dealing with the effects of inflation in the financial statements and providing other information necessary to understand the basis of the resulting amounts in the financial statements*.)	29.40	

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- There are no specific requirements arising out of the 2013 Act in the context of this standard.

Significant carve-outs from IFRS

- Ind AS 29 requires additional disclosure in the financial statements regarding the duration of the hyper inflationary situation existing in the economy as compared to IAS 29, *Financial Reporting in Hyperinflationary Economies.*
- There are no other differences between Ind AS 29 and IAS 29.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- There is no specific requirement on this topic either in the Income - tax Act, 1961 or the ICDS. Accordingly the impact of such changes may require unwinding.

(Source: Ind AS 29, *Financial Reporting in Hyperinflationary Economies* as issued by the Ministry of Corporate Affairs)

Ind AS-32
Financial Instruments Presentation

1. Executive summary

- Indian Accounting Standard (Ind AS) 32*, Financial Instruments*: *Presentation*, establishes the principles for the presentation of financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities.
- It applies to the classification of financial instruments from the perspective of the issuer, into financial assets, financial liabilities and equity instruments, the classification of related interest, dividend, losses and gains and the circumstances in which financial assets and financial liabilities should be offset.
- The principles in this Standard complement the principles for recognising and measuring financial assets and financial liabilities in Ind AS 109, *Financial Instruments*, and for disclosing information about them in Ind AS 107, *Financial Instruments: Disclosures*.
- Financial instruments are classified on initial recognition as a financial liability or equity instrument in accordance with the substance of the contractual arrangement, (and not its legal form), and the definitions of financial liabilities and an equity instrument. If a financial instrument has both equity and liability components (compound financial instrument), then they are classified separately based on the contractual terms at issuance.
- Puttable instruments and instruments that impose an obligation on the entity to deliver a pro rata share of net assets only on liquidation, are classified as equity instruments only if they are subordinate to all other classes of instruments, and meet all additional criteria specified in the standard.
- Rights, options or warrants issued by the entity to acquire a fixed number of its own equity instruments for a fixed amount of cash are classified as equity, if the entity offers such rights, options, or warrants on a pro rata basis to all existing holders of the same class of its equity instruments.
- An equity conversion option embedded in a convertible bond denominated in foreign currency to acquire a fixed number of the entity's own equity instruments is an equity instrument if the exercise price is fixed in any currency.
- Dividends on financial instruments classified as financial liabilities are recognised as an interest expense in the statement of profit or loss. Hence if preference shares meet the definition of a financial liability, the dividend is treated as an interest expense. Dividends and other distributions to the holders of equity instruments are recognised directly in equity.
- Gains and losses on transactions in an entity's own equity instruments are recognised directly in equity. Incremental costs that are directly attributable to equity transactions such as issuing or buying back own equity instruments or distributing dividends are recognised directly in equity.
- A financial asset and financial liability can only be offset if the entity currently has a legally enforeceable right to set off the recognised amounts and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability		
1	Has the entity included all financial instruments (i.e. contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity) within the scope of this Standard, except where a financial instrument is required to be excluded from the scope of Ind AS 32 and the relevant Ind AS applied instead if it is in the nature of the following:	*32.4*	
	a) Interests in subsidiaries, joint ventures or associates that are accounted for in accordance with Ind AS 110, *Consolidated Financial Statements*, Ind AS 27, *Separate Financial Statements*, or Ind AS 28, *Investments in Associates and joint ventures*,		
	(Note*: However, in some cases, Ind AS 110, Ind AS 27 or Ind AS 28 require or permit an entity to account for an interest in a subsidiary, associate or joint venture using Ind AS 109, Financial Instruments. In those cases, entities shall apply the requirements of this Standard. Entities shall also apply this Standard to all derivatives linked to interests in subsidiaries, associates or joint ventures.)*		
	b) Employer's rights and obligations under employee benefit plans, to which Ind AS 19, *Employee Benefits*, applies,		
	c) Insurance contracts as defined in Ind AS 104, *Insurance Contracts*,		
	d) Financial instruments that are within the scope of Ind AS 104 because they contain a discretionary participation feature,		
	e) Financial instruments, contracts and obligations under share-based payment transactions to which Ind AS 102, *Share-based Payment*, applies, except for:		
	i) Contracts to buy or sell non-financial items, within the scope of Q 2 and 3, and		
	ii) Q 20 and 21, which shall be applied to treasury shares purchased, sold, issued or cancelled in connection with employee share option plans, employee share purchase plans, and all other share-based payment arrangements?		
2	If the entity has contracts to buy or sell a non-financial item that can be settled net in cash or any other financial instrument, or by exchanging financial instruments, with the exception of contracts entered into and continued to be held for the purpose of receipt or delivery of non-financial items in accordance with the entity's purchase, sale or usage requirements, have such contracts been included within the scope of Ind AS 32 and Ind AS 109? These include:	*32.8*	
	a) A contract which permits either party to settle net in cash or another financial instrument or by exchanging financial instruments,	*32.9*	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) A contract in which the ability to settle net in cash or cash equivalents or by exchanging financial instruments is not explicit in the terms of the contract, but the entity has a practice of settling similar contracts net in cash or another financial instrument,		
	c) The entity has a practice of taking delivery of the underlying and selling it within a short period for the purpose of generating profit from short term fluctuations in price or dealer's margin, or		
	d) The non-financial item which is the subject of the contract, readily convertible into cash.		
	(Note: *Other contracts to which Q 2 applies are evaluated to determine whether they were entered into and continue to be held for the purpose of the receipt or delivery of the non-financial item in accordance with the entity's expected purchase, sale or usage requirement, and accordingly, whether they are within the scope of this Standard. A contract to which (b) or (c) applies is not entered into for the purpose of the receipt or delivery of the non-financial item in accordance with the entity's expected purchase, sale or usage requirements.)*		
3	Has the entity included the following contracts within the scope of Ind AS 32:		
	a) A written option to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, and		
	b) Contracts to buy or sell a non-financial item that an entity designates as measured at fair value through profit or loss in accordance with para 2.5 of Ind AS 109?		
	Presentation		
4	If the entity has issued financial instruments, has the entity classified the financial instrument, or its component parts, on initial recognitition as a financial liability, a financial asset or an equity instrument based on the substance of the contractual agreement and the definitions of a financial liability, a financial asset or an equity instrument? The considerations in Q 5 to 17 apply in determining classification.	*32.15*	
	Equity instruments		
5	Has the financial instrument been classified as an equity instrument of the entity and not a financial liability only if the criteria in Q 5 (a) and (b) are met, as follows:	*32.16*	
	a) The instrument issued includes no contractual obligation:		
	i) To deliver cash or another financial asset to another entity, or		
	ii) To exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuing entity.		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note*: For example, an irredeemable bond/instrument issued by the entity, with discretionary dividends is an equity instrument.)*		
	b) If the instrument will or may be settled in the entity's own equity instruments:		
	i) It is a non-derivative that includes no contractual obligation for the entity to deliver a variable number of its own equity instruments, or		
	ii) It is a derivative that will be settled only by the entity exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments?		
	(Note: For example, an issued share option or a share warrant convertible into a fixed number of shares is an equity instrument of the issuer.)		
	Only instruments where the entity has an unconditional right to avoid delivering cash or another financial asset to another entity under potentially unfavourable conditions (subject to Q 6 to 8 below), are classified as equity instruments.)	*32.19*	
	Puttable instruments		
6	If the entity has issued a puttable financial instrument (for example, units issued by mutual funds, private equity funds or venture capital funds) which includes a contractual obligation for the issuer to repurchase or redeem that instrument for cash or another financial asset on exercise of the put, has the puttable instrument been classified as an equity instrument only if it meets all of the following criteria in Q 6 and 7:	*32.16A*	
	a) The instrument entitles the holder to a pro rata share of the entity's net assets in the event of the entity's liquidation,		
	b) The instrument has no priority over other claims to the assets of the entity on liquidation; and does not need to be converted into another instrument before it is in the class of instruments that is subordinate to all other classes of instruments,		
	c) All financial instruments in the class of instruments that are subordinate to all other classes of instruments have identical features,		
	d) The instrument does not include any other contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity, and		
	e) The total cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, change in recognised net assets or change in fair value of the recognised and unrecognised assets of the entity?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
7	The entity has no other financial instrument or contract that has:	32.16B	
	a) Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised assets of the entity, and		
	b) The effect of substantially restricting or fixing the residual return to the puttable instrument holders?		
	Instruments that impose an obligation to deliver a pro rata share of the net assets only on liquidation		
8	If the entity has a financial instrument (or a component of an instrument) that includes a contractual obligation for the issuing entity to deliver to another entity a pro rata share of its net assets only on liquidation (for example, units issued by a fixed-life fund), has such an instrument been classified as an equity instrument only if it meets the following criteria in Q 8 and 9:	32.16C	
	a) The instrument entitles the holder to a pro rata share of the entity's net assets in the event of liquidation, *(Note: The entity's net assets are those assets that remain after deducting all other claims on its assets. A pro rata share is determined by:* *i) Dividing the net assets of the entity on liquidation into units of equal amount; and* *ii) Multiplying that amount by the number of the units held by the financial instrument holder.)*		
	b) The instrument is in the class of instruments that are subordinate to all other classes of instruments, and *(Note: To be in such a class the instrument:* *i) Has no priority over other claims to the assets of the entity on liquidation, and* *ii) Does not need to be converted into another instrument before it is in the class of instruments that is subordinate to all other classes of instruments.)*	32.16C(b)	
	c) All the financial instruments in the class of instruments that are subordinate to all other classes of instruments have an identical contractual obligation for the issuing entity to deliver a pro rata share of its assets on liquidation?	32.16C(c)	
9	The entity has no other instrument that has:	32.16D	
	a) Total cash flows that are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the entity, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) The effect of substantially restricting or fixing the residual return to the instrumental holders?		
10	If a puttable instrument or an instrument that imposes an obligation to deliver a pro rata share of net assets only on liquidation ceases to have all the features described in Q 6 to 9 on a certain date, or meets these conditions on a certain date, has it been reclassified from equity to financial liability or financial liability to equity, respectively, as applicable? Has the entity accounted for the reclassification as follows:	*32.16E*	
	a) Has the entity measured the financial liability at the instrument's fair value at the date of the reclasssfication from equity to financial liability and recognised in equity any difference betweent the carrying value of the equity instrument and the fair value of the financial liability at the date of the reclassification, and	*32.16F*	
	b) Has the entity recognised an equity instrument at the carrying value of the financial liability at the date of the reclassification from financial liability to equity instrument?		
	Financial liabilities		
11	If the entity has issued financial instruments that meet any of the following criteria, have these been classified as financial liabilities:	*32.17*	
	a) Instruments that impose a contractual obligation to make distributions to the holder in which the entity has to deliver cash or another financial asset to another party,		
	(Note*: For example, a loan from a bank or redeemable preference shares with a mandatory distribution feature)*		
	b) Financial instruments that take the legal form of equity but are liabilities in substance and others that may combine features associated with equity instruments and features associated with financial liabilities,	*32.18*	
	(Note*: For example:* *i) Preference shares that provide for mandatory redemption by the entity for a fixed or determinable amount at a fixed or determinable date; or give the holder the right to require redemption at or after a particular date for a fixed or determinable amount, or* *ii) Puttable financial instruments such as those issued by open ended mutual funds, unit trusts, partnerships and some co-operative entities, except for those classified as equity based on Q 6 to 9.)*		
	c) Financial instruments that do not explicitly establish a contractual obligation to deliver cash or another financial asset but may establish an obligation indirectly through its terms and conditions, or	*32.20*	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note*: For example, a preference share where the entity is required to pay dividends if it makes a distribution on another instrument that has mandatory payments and hence the preference share is also classified as a liability.)*		
	d) (i) Financial instruments that give rise to a contractual right or obligation to receive or deliver a number of the entity's own shares or other equity instruments that varies so that the fair value of the entity's own equity instruments to be received or delivered equals the amount of the contractual right or obligation, or	*32.21*	
	(ii) A contractual right or obligation for a fixed amount or an amount that fluctuates in part or in full in response to changes in a variable other than the market price of the entity's own equity instruments?		
	(Note*: For example, a preference share issued by the entity that is convertible by the holder into a variable number of the entity's ordinary shares based on their valuation at the time of conversion.)*		
12	Has the entity recognised a financial liability for the present value of the redemption amount for a contract that contains an obligation for an entity to purchase its own equity instruments for cash or any other financial instrument?	*32.23*	
	(Note*: For example, a put option issued by the entity that contains an obligation for the entity to repurchase its own shares at a fixed price, when exercised by the holder)*		
13	If the entity has a contract that will be settled by the entity delivering or receiving a fixed number of its own equity instruments in exchange for a variable amount of cash or another financial asset, has the same been recorded as a financial asset or liability as applicable?	*32.24*	
	Contingent Settlement Provisions		
14	If the entity is required to deliver cash or another financial asset, or otherwise settle a financial instrument in such a way that it would be a financial liability, in the event of the occurrence or non-occurrence of uncertain future events that are beyond the control of both the issuer and holder of the instrument, has the entity classified such a financial instrument as a financial liability, unless:	*32.25*	
	a) The part of the contingent settlement provision that could require settlement in cash or another financial asset (or otherwise in such a way that it would be a financial liability) is not genuine,		
	b) The entity is required to settle the obligation in cash or another financial asset (or otherwise to settle it in such a way that it would be a financial liability) only in the event of its liquidation, or		
	c) The instrument has all the features and meets the conditions as mentioned in Q 6 and 7?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note*: An example of a contingent settlement provision is when the entity may be required to redeem a convertible preference share at a fixed return on the non-occurrence of an Initial Public Offer (IPO) by a specified date. The occurrence of an IPO requires legal and regulatory approvals that are not within the control of the entity or the holder.)*		
	Settlement options		
15	If the entity has issued a derivative financial instrument that gives one party a choice over how the same is settled (e.g. net in cash or by exchanging shares for cash), has the same been recognised as a financial asset or a financial liability unless all of the settlement alternatives would result in it being an equity instrument?	*32.26*	
16	If the entity has a contract to buy or sell a non-financial item in exchange for the entity's own equity instruments (refer Q 2), have such contracts been considered as financial assets or financial liability and not equity instruments?	*32.27*	
	Compound financial statements		
17	If the entity has issued a non-derivative financial instrument that has both a liability and an equity component:	*32.28*	
	a) Has the entity classified these components separately as financial liabilities, financial assets or equity instruments in accordance with Q 4, and		
	(Note*: For example, has the entity recognised separately the components of a financial instrument (for e.g., a redeemable preference share with an option for the holder to convert it into a fixed number of ordinary shares of the entity) that (a) create a financial liability of the entity and (b) grant an option to the holder of the instrument to convert it into a fixed number of equity instruments of the entity.)*	*32.29*	
	b) Has the entity presented the liability and equity components of the instrument separately in the balance sheet?		
18	Has the entity determined the carrying amount of the liability component by measuring the fair value of a similar liability (including any embedded non-equity derivative features) that does not have an associated equity component?	*32.32*	
	(Note*: The fair value of the liability component is generally the present value of the contractually determined stream of future cash flows discounted at the market rate of interest applicable at that time to instruments of comparable credit status and substantially same cash flows, but without the conversion option)*		
19	Has the entity assigned the residual amount to the equity component, after deducting from the fair value of the instrument as a whole the amount separately determined for the liability?	*32.31*	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
20	On conversion of a compound convertible instrument (into equity instruments) at maturity, has the entity:	*32.AG32*	
	a) Derecognised the liability component and recognised it as equity,		
	b) Retained the original equity component as equity (although it may be transferred from one line item within equity to another), and		
	c) Ensured that no gain or loss is recognised on conversion at maturity?		
	(Note: *The accounting treatment in Q 20 above relates to a situation where an instrument converts from a financial liability to an equity instrument based on its contractual terms. The accounting treatment for extinguishment of a liability fully or partially by issuing equity instruments to the creditor, based on a renegotiation of the terms of the liability, also known as a 'debt for equity swap' is provided in Appendix D of Ind AS 109.)*		
21	When the entity has extinguished a compound convertible instrument before maturity through an early redemption or repurchase in which the original conversion privileges are unchanged, has the entity:	*32.AG33*	
	a) Allocated the consideration paid and any transaction costs for the repurchase or redemption to the liability and equity components of the instrument at the date of the transaction based on a method consistent with that used in the original allocation of the proceeds received on issuance of the instrument to the separate components,		
	b) Recognised any resulting gain or loss on the liability component in profit or loss, and		
	c) Recognised any resulting gain or loss on the equity component in equity?		
	Treasury shares		
22	If the entity has reacquired, sold, issued or cancelled its own equity instruments, has any consideration paid or received been recognised as a deduction from/addition to equity?	*32.33*	
	Interest, dividends, losses and gains		
23	a) Has the entity recognised interests, dividends, losses or gains relating to a financial instrument or a component that is a financial liability as income or expense in the profit or loss?	*32.34*	
	b) Has the entity recognised distribution to holders of an equity instrument directly as equity?		
24	a) Has the entity allocated transaction costs relating to the issue of a compound financial instrument to the liability and equity components of the instrument in proportion to the allocation of proceeds?	*32.38*	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) Has the entity accounted for transaction costs as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided?	*32.37*	
	c) Has the entity disclosed separately in accordance with Ind AS 1, *Presentation of Financial Statements* the amount of transaction costs accounted for as a deduction from equity in the period?	*32.39*	
25	Have the income taxes relating to distribution to holders of an equity instrument and to transaction costs of an equity transaction been accounted in accordance with Ind AS 12, *Income Taxes*?	*32.35A*	
26	Have the gains and losses associated with redemptions or refinancing of financial liabilities been recognised in profit or loss and the redemptions and refinancing of equity instruments recognised as changes in equity?	*32.36*	
27	Has the entity presented dividends classified as an expense in the profit or loss either with interest on liabilities or as a separate item?	*32.40*	
28	Have the gains or losses relating to changes in the carrying amount of the financial liability been separately presented as income or expense in profit or loss even when they relate to an instrument that includes a right to the residual interest in the assets of the entity in exchange for cash or another financial asset?	*32.41*	
	Offsetting a financial asset and a financial liability		
29	Has the entity offset any recognised financial assets and financial liabilities and presented a net amount in the balance sheet only when:	*32.42*	
	a) The entity currently has a legally enforceable right to set off the recognised amounts, and		
	b) Intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously?		
	For example:		
	i) The entity has the right to receive or pay a single amount and intends to do the same for the financial assets and liabilities together.	*32.43*	
	ii) The entity has a special legal right to apply an amount due from a debtor or a third party against the amount due to a creditor provided that there is an agreement between all the parties involved that clearly establishes the debtor's right to set off.?	*32.45*	
	(Note*: In these examples the entity can offset a financial asset and a financial liability and the presentation of the asset and liability on a net basis reflects more appropriately the amounts and timing of the expected future cash flows as well as the risks to which the cash flows are exposed.*)		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
30	When accounting for a transfer of a financial asset that does not qualify for derecognition, has the entity ensured that the transferred asset and the associated liability are not offset and are presented separately in the financial statements?	*32.44*	
31	If the entity has a right to set-off, but does not intend to settle net or to realise the asset and settle the liability simultaneously, has the effect of the right on the entity's credit risk exposure been disclosed in accordance with paragraph 36 of Ind AS 107?	*32.47*	
32	Has the entity ensured that a financial asset and a financial liability are not offset in the following circumstances:	*32.49*	
	a) Several different financial instruments have been used to emulate the features of a single financial instrument,		
	b) The financial assets and financial liabilities arise from financial instruments having the same primary risk exposure but involve different counterparties,		
	c) Financial or other assets are pledged as collateral for non-recourse financial liabilities,		
	d) Financial assets have been set aside in trust by a debtor for the purpose of discharging an obligation without those assets having been accepted by the creditor in settlement of the obligation, or		
	e) Obligations incurred as a result of events giving rise to losses are expected to be recovered from a third party by virtue of a claim mode made under an insurance contract?		
	(Note: *If any of the above situations arise, it would be inappropriate to offset a financial liability with a financial asset.)*		
33	If the entity has entered into a 'master netting arrangement' with another counterparty, and the related financial assets and financial liabilities are not offset, has the effect of this arrangement on the entity's exposure to credit risk been disclosed in accordance with Ind AS 107?	*32.50*	

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- Schedule III of the 2013 Act, in its 'General Instructions for preparation of balance sheet', provides the following guidance which is consistent with the requirements of the standard:
  - Share application money pending allotment shall be classified into equity and liability in accordance with relevant Ind AS. Share application money to the extent not refundable shall be shown under the head 'Equity' and share application money to the extent refundable shall be separately shown under 'Other financial liabilities',
  - Preference shares including premium received on issue, shall be classified and presented as 'Equity' or 'Liability' in accordance with the requirements of the relevant Ind AS, and
  - Compound financial instruments such as convertible debentures, where split into equity and liability components, as per the requirements of the relevant Ind AS, shall be classified and presented under the relevant heads in 'Equity' and 'Liabilities'.

Significant carve-outs from IFRS

- With regard to an equity conversion option that is embedded in a foreign currency convertible bond, IFRS requires the same to be recognized as a financial liability at inception as the conversion price is fixed in foreign currency and not the entity's functional currency. Hence, it does not involve the exchange of a fixed amount of cash as it is subject to exchange fluctuations, and therefore, IFRS does not permit classification as equity. However, under Ind AS, there is a specific exception in the definition of a financial liability based on which exchange of a fixed number of shares in any currency will enable the financial instrument to be classified as equity.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- No specific requirements has been prescribed under the ICDS relating to this standard.

Glossary

- A *financial instrument* is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
- A *financial asset* is any asset that is:
  a) Cash,
  b) An equity instrument of another entity,
  c) A contractual right:
     i) To receive cash or another financial asset from another entity, or
     ii) To exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity, or
  d) A contract that will or may be settled in the entity's own equity instruments and is:
     i) A non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments, or
     ii) A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include puttable financial instruments classified as equity instruments in accordance with paragraphs 16A and 16B, instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and are classified as equity instruments in accordance with paragraphs 16C and 16D, or instruments that are contracts for the future receipt or delivery of the entity's own equity instruments.
- A *financial liability* is any liability that is:
  a) A contractual obligation :
     i) To deliver cash or another financial asset to another entity, or
     ii) To exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity, or
  b) A contract that will or may be settled in the entity's own equity instruments and is:
     i) A non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments, or
     ii) A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. Apart from the aforesaid, the equity conversion option embedded in a convertible bond denominated in foreign currency to acquire a fixed number of the entity's own equity instruments is an equity instrument if the exercise price is fixed in any currency. Also, for these purposes the entity's own equity instruments do not include puttable financial instruments that are classified as equity instruments in accordance with paragraphs 16A and 16B, instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and are classified as equity instruments in accordance with paragraphs 16C and 16D, or instruments that are contracts for the future receipt or delivery of the entity's own equity instruments. As an exception, an instrument that meets the definition of a financial liability is classified as an equity instrument if it has all the features and meets the conditions in paragraphs 16A and 16B or paragraphs 16C and 16D.
- An *equity instrument* is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.
- *Fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- A *puttable instrument* is a financial instrument that gives the holder the right to put the instrument back to the issuer for cash or another financial asset or is automatically put back to the issuer on the occurrence of an uncertain future event or the death or retirement of the instrument holder.

(Source: Ind AS 32, *Financial Instruments Presentation* as issued by Ministry of Corporate affairs)

Ind AS-33
Earnings Per Share

1. Executive summary

- Indian Accounting Standard (Ind AS) 33, *Earnings per Share* is applicable to companies that have issued ordinary shares.
- When the entity presents both consolidated financial statements and separate financial statements prepared in accordance with Ind AS 27, *Consolidated and Separate Financial Statements* the disclosures required by this standard shall be presented both in the consolidated financial statements and separate financial statements. In consolidated financial statements such disclosures shall be based on consolidated information and in separate financial statements such disclosures shall be based on information given in separate financial statements.
- When any item of income or expense which is otherwise required to be recognised in profit and loss in accordance with Ind AS is debited or credited to securities premium account/other reserves, the amount in respect thereof shall be deducted from profit or loss from continuing operations for the purpose of calculating basic Earnings Per Share (EPS).
- Basic EPS is calculated by dividing the earnings attributable to holders of ordinary equity of the parent by the weighted average number of ordinary shares outstanding during the period.
- Diluted EPS is calculated by adjusting profit or loss attributable to ordinary equity holders and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares.
- Potential ordinary shares are considered dilutive only if they decrease EPS or increase loss per share from continuing operations. In determining whether potential ordinary shares are dilutive, each issue or series of potential ordinary shares is considered separately.
- Contingently issuable ordinary shares are included in basic EPS only from the date when all the necessary conditions are satisfied (i.e. the events have occurred). If the conditions are not satisfied, the number of contingently issuable shares included in the diluted EPS is based on the number of shares that would be issuable if the end of the reporting period were the end of the contingency period. Restatement is not permitted if the conditions are not met when the contingency period expires.
- Outstanding ordinary shares that are subject to recall are not treated as outstanding and are excluded from the calculation of basic EPS until the date the shares are no longer subject to recall.
- If a contract may be settled in either cash or shares at the entity's option, then it is presumed that it will be settled in ordinary shares and the resulting potential ordinary shares are used to calculate diluted EPS.
- If a contract may be settled in either cash or shares at the holder's option then the more dilutive of cash and share settlement is used to calculate diluted EPS.
- For diluted EPS, diluted potential ordinary shares are determined independently for each period presented.
- If the number of ordinary shares outstanding changes without a corresponding change in resources, then the weighted average number of ordinary shares outstanding during all period presented is adjusted retrospectively for both basic and diluted EPS.
- Basic and diluted EPS for profit or loss from continuing operations and profit or loss for the period for each class of ordinary shares that has a different right to share in profit for the period, should be are presented in the statement of profit and loss with equal prominence for all the periods presented.
- Information on basic and diluted EPS is required to be disclosed for discontinued operations either in the statement of profit and loss or in the notes for entities that report a discontinued operations.

- Adjusted basic and diluted EPS based on alternative earnings measures may be disclosed and explained in the notes to the financial statements.
- If an entity discloses, in addition to basic and diluted earnings per share, amounts per share using a reported component of the statement of profit and loss other than one required by this standard, such amounts shall be calculated using the weighted average number of ordinary shares determined in accordance with this standard.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Basic Earnings Per Share (BEPS)		
1	Has the entity:	33.9	
	a) Calculated basic earnings per share (BEPS) for profit or loss attributable to ordinary equity holders of the parent entity, and		
	b) If presented, profit or loss from continuing operations attributable to those equity holders?		
	(Note:		
	i) *BEPS should be calculated as follows:*		
	BEPS = $\dfrac{\text{Profit or loss attributable to ordinary equity holders of the parent entity}}{\text{Weighted average number of ordinary shares outstanding during the period}}$	33.10	
	The numerator in the above formula is: • *profit or loss from continuing operations attributable to the parent entity, and* • *profit or loss attributable to the parent entity* *adjusted for the after-tax amounts of preference dividends, differences arising on the settlement of preference shares, and other similar effects of preference shares classified as equity.*	33.12	
	ii) *In practice, the basic EPS calculation may be more complex and adjustments may be required to earnings and/or the weighted-average number of shares outstanding during the period. Following are some examples of instruments that may require adjustments to the basic EPS calculation:* • *participating instruments* • *partly paid ordinary shares* • *unvested shares and shares subject to recall* • *mandatorily convertible instruments* • *share options exercisable for little or no consideration.*)	33.AG13 33.AG14	
2	If any item of income or expense, which is otherwise required to be recognised in profit or loss in accordance with Ind AS, has been debited or credited to securities premium account/other reserves, has such amount been deducted from profit or loss from continuing operations for the purpose of calculating BEPS?	33.12	
3	Are the after-tax amount of preference dividends that are deducted from profit or loss equal to:	33.14	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) The after-tax amount of any preference dividends on non-cumulative preference shares declared in respect of the period, and		
	b) The after-tax amount of the preference dividends for cumulative preference shares required for the period, whether or not the dividends have been declared (the amount of preference dividends for the period does not include the amount of any preference dividends for cumulative preference shares paid or declared during the current period in respect of previous periods)?		
4	Has the original issue discount or premium on increasing rate preference shares, that is amortised to retained earnings using the effective interest method, been treated as a preference dividend for the purposes of calculating earnings per share(irrespective of whether such discount or premium is debited or credited to securities premium account)?	33.15	
5	Where preference shares are re-purchased under an entity's tender offer, has the excess of the fair value of the consideration paid to the preference shareholders, over the carrying amount of the preference shares, been deducted in calculating profit or loss attributable to ordinary equity holders of the parent entity?	33.16	
6	Where early conversion of preference shares has been induced by the entity, whether the excess of the fair value of the ordinary shares or other consideration paid over the fair value of the ordinary shares issuable under the original conversion terms is a return to the preference shareholders and is deducted in calculating profit or loss attributable to ordinary equity holders of the parent entity?	33.17	
7	Has any excess of the carrying amount of preference shares over the fair value of the consideration paid to settle them been added in calculating profit or loss attributable to ordinary equity holders of the parent entity?	33.18	
8	Has the weighted average number of ordinary shares outstanding during the period, as determined below, been used to calculate the BEPS:	33.20	
	a) 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,		
	(X)		
	b) The number of days that the shares are outstanding as a proportion of the total number of days in the period?		
9	Are shares included in the weighted average number of shares from the date consideration is receivable (which is generally the date of their issue)?	33.21	
	(For example, ordinary shares issued in exchange for cash are included when cash is receivable, ordinary shares issued on the voluntary reinvestment of dividends on ordinary or preference shares are included when dividends are reinvested, ordinary shares issued in exchange for the settlement of a liability of the entity are included from the settlement date, etc.)		
10	Are ordinary shares issued as part of the consideration transferred in a business combination included in the weighted average number of shares from the acquisition date?	33.22	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
11	Are ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument included in the calculation of BEPS from the date the contract is entered into?	33.23	
12	Are contingently issuable shares treated as outstanding and included in the calculation of basic earnings per share only from the date when all necessary conditions are satisfied?	33.24	
13	Have the weighted average number of ordinary shares outstanding during the period and for all periods presented been adjusted for events, other than the conversion of potential ordinary shares, that have changed the number of ordinary shares outstanding without a corresponding change in resources?	33.26	
	(For example, capitalisation or bonus issue or a share split.)		
	Diluted Earnings Per Share (DEPS)		
14	Has the entity calculated DEPS amount for the profit or loss attributable to ordinary equity holders of the parent entity and, if presented, profit or loss from continuing operations attributable to those equity holders?	33.30	
15	For the purpose of calculating DEPS, has the entity adjusted profit or loss attributable to ordinary equity holders of the parent entity, and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares?	33.31	
16	For the purpose of calculating DEPS, has the entity adjusted profit or loss attributable to ordinary equity holders of the parent entity by the after tax effect of:	33.33	
	a) Any dividends or other items related to dilutive potential ordinary shares,		
	b) Any interest recognised in the period related to dilutive potential ordinary shares, and		
	c) Any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares?		
17	For the purpose of calculating DEPS, has the entity determined the number of ordinary shares as:	33.36	
	a) The number of ordinary shares shall be the weighted average number of ordinary shares +		
	b) The weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares?		
18	Have the dilutive potential ordinary shares been deemed to be converted into ordinary shares at the beginning of the period or, if later, the date of the issue of the potential ordinary shares, for the purpose of calculating DEPS?	33.36	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
19	Has the entity determined the number of ordinary shares that would be issued on conversion of dilutive potential ordinary shares from the terms of the potential ordinary shares? (Note: *When more than one basis of conversion exists, the calculation assumes the most advantageous conversion rate or exercise price from the standpoint of the holder of the potential ordinary shares.)*	33.39	
20	a) Does the entity have a subsidiary, joint venture or associate which has issued to parties (other than the parent or investors with joint control of, or significant influence over the investee), potential ordinary shares that are convertible into: i) Either ordinary shares of such a subsidiary, joint venture or associate, or	33.40	
	ii) Ordinary shares of the parent or investors with joint control of, or significant influence over the investee (in other words, the ordinary shares of the reporting entity)?		
	b) Do such potential ordinary shares of the subsidiary, joint venture or associate have a dilutive effect on the BEPS of the reporting entity?		
	c) If Q 20 (b) is yes, has the entity included such potential ordinary shares in the calculation of diluted earnings per share?		
21	Have potential ordinary shares been treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations?	33.41	
	Additional considerations - options, warrants and their equivalents		
22	For the purpose of calculating diluted earnings per share, has the entity assumed the exercise of dilutive options and warrants of the entity?	33.45	
23	Have the assumed proceeds from options and warrants been determined as: Number of ordinary shares (X) average market price of ordinary shares during the period?		
	(Note: *The difference between (a) the number of ordinary shares issued and (b) the number of ordinary shares that would have been issued at the average market price of ordinary shares during the period is treated as an issue of ordinary shares for no consideration.*)		
24	Have options and warrants been considered as dilutive only when they would result in the issue of ordinary shares for less than the average market price of ordinary shares during the period? (Note: *Dilution amount = average market price of ordinary shares during the period (-) issue price.)*	33.46	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
25	Have employee share options with fixed or determinable terms and non-vested ordinary shares been treated as options in the calculation of DEPS even though contingent on vesting?	33.48	
	(Note: *Performance-based employee share options are treated as contingently issuable shares because their issue is contingent upon satisfying specified conditions in addition to the passage of time.)*		
	Additional considerations - convertible instruments		
26	Whether the dilutive effect of convertible instruments has been considered in DEPS?	33.49	
27	Have contingently issuable ordinary shares been treated as outstanding and included in the calculation of diluted earnings per share if the conditions are satisfied (i.e. the events have occurred, for example, performance-based employee share options) as follows:	33.52	
	a) Has the entity included contingently issuable shares from the beginning of the period (or from the date of the contingent share agreement, if later), and		
	b) If the conditions are not satisfied, has the entity included the number of contingently issuable shares in the diluted earnings per share calculation, based on the number of shares that would be issuable if the end of the period were the end of the contingency period?		
	(Note: *Restatement is not permitted if the conditions are not met when the contingency period expires.)*		
28	When the entity has issued a contract that may be settled in ordinary shares or cash at the entity's option, has the entity presumed that the contract will be settled in ordinary shares, and the resulting potential ordinary shares included in diluted earnings per share if the effect is dilutive?	33.58	
29	For contracts that may be settled in ordinary shares or cash at the holder's option, has the more dilutive of cash settlement and share settlement been used in calculating DEPS?	33.60	
30	Have contracts such as purchased put options and purchased call options (i.e. options held by the entity on its own ordinary shares) been excluded in the calculation of DEPS?	33.62	
31	Have contracts that require the entity to repurchase its own shares, such as written put options and forward purchase contracts, been considered in the calculation of diluted earnings per share if the effect is dilutive?	33.63	
	Retrospective adjustments		
32	a) If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalisation, bonus issue or share split, or decreases as a result of a reverse share split, has the calculation of BEPS and DEPS for all periods presented, been adjusted retrospectively?	33.64	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) If such changes occur after the reporting period but before the financial statements are approved for issue, has the per share calculation for those and any prior period financial statements presented, been based on the new number of shares?		
	c) Has the fact that per share calculations reflect such changes in the number of shares been disclosed?		
	d) Have BEPS and DEPS of all periods presented been adjusted for the effects of errors and adjustments resulting from changes in accounting policies accounted for retrospectively?		
	Presentation		
33	Has the entity presented in its statement of profit and loss, basic and diluted earnings per share:	33.66	
	a) For profit or loss from continuing operations attributable to the ordinary equity holders of the parent entity, and		
	b) For profit or loss attributable to the ordinary equity holders of the parent entity for the period for each class of ordinary shares that has a different right to share in profit for the period?		
34	Is earnings per share presented for every period for which statement of profit and loss is presented?	33.67	
35	If the entity reports a discontinued operation, has it disclosed the basic and diluted amounts per share for the discontinued operation either in the statement of profit and loss or in the notes?	33.68	
36	Has the entity presented basic and diluted earnings per share, even if the amounts are negative i.e. loss per share?	33.69	
	Disclosure		
37	Are the following disclosures made by the entity:	33.70	
	a) The amounts used as the numerators in calculating basic and diluted earnings per share, and a reconciliation of those amounts to profit or loss attributable to the parent entity for the period. The reconciliation shall include the individual effect of each class of instruments that affects earnings per share,		
	b) The weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share, and a reconciliation of these denominators to each other. The reconciliation shall include the individual effect of each class of instruments that affects earnings per share,		
	c) Instruments (including contingently issuable shares) that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are antidilutive for the period(s) presented, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	d) A description of ordinary share transactions or potential ordinary share transactions, other than those accounted for, that occur after the reporting period and that would have changed significantly the number of ordinary shares or potential ordinary shares outstanding at the end of the period if those transactions had occurred before the end of the reporting period?		
38	Has the entity disclosed, in addition to basic and diluted earnings per share, amounts per share using a reported component of the statement of profit and loss other than one required by this standard?	33.73	
	(Note: *Such amounts shall be calculated using the weighted average number of ordinary shares determined in accordance with this standard. Basic and diluted amounts per share relating to such a component shall be disclosed with equal prominence and presented in the notes. The entity shall indicate the basis on which the numerator(s) is (are) determined, including whether amounts per share are before tax or after tax. If a component of the statement of profit and loss is used that is not reported as a line item in the statement of profit and loss, a reconciliation shall be provided between the component used and a line item that is reported in the statement of profit and loss.*)		

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- There are no specific requirements arising out of the 2013 Act in the context of this standard.

Significant carve-outs from IFRS

Ind AS 33, *Earnings Per Share* does not provide any carve-outs from the requirements of IAS 33. However, there are some instances where additional disclosure is required or additional guidance has been provided in Ind AS 33, as described below:

- IAS 33 provides that when the entity presents both consolidated financial statements and separate financial statements, it may give EPS related information in consolidated financial statements only , whereas Ind AS 33 requires EPS related information to be disclosed both in consolidated and separate financial statements.
- Where any item of income or expense, which is otherwise required to be recognised in profit or loss in accordance with Ind AS, is debited or credited to securities premium account/other reserves, the amount in respect thereof should be deducted from profit or loss from continuing operations for the purpose of calculating basic earnings per share.
- The discount or premium on issue of preference shares is amortised to retained earnings using the effective interest method and treated as a preference dividend for the purposes of calculating earnings per share (irrespective of whether such discount or premium is debited or credited to securities premium account in view of requirements of any law).
- Paragraph 15 of Ind AS 33 states in case any discount or premium which would ordinarily go through profit and loss account as per Ind AS requirements but pursuant to Companies Act, 2013, it is adjusted through securities premium, such amount would be adjusted in the profit/loss for computing earnings per share. There is no corresponding requirement in IAS 33.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- No specific requirements has been prescribed under the ICDS relating to this standard.

Glossary

Antidilution is an increase in earnings per share or a reduction in loss per share resulting from the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions.

A *contingent share agreement* is an agreement to issue shares that is dependent on the satisfaction of specified conditions.

Contingently issuable ordinary shares are ordinary shares issuable for little or no cash or other consideration upon the satisfaction of specified conditions in a contingent share agreement.

Dilution is a reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions.

Options, warrants and their equivalents are financial instruments that give the holder the right to purchase ordinary shares.

An *ordinary share* is an equity instrument that is subordinate to all other classes of equity instruments.

A *potential ordinary share* is a financial instrument or other contract that may entitle its holder to ordinary shares.

Put options on ordinary shares are contracts that give the holder the right to sell ordinary shares at a specified price for a given period.

(Source: Ind AS 33, *Earnings per Share* as issued by the Ministry of Corporate Affairs)

Ind AS-34 Interim Financial Reporting

1. Executive summary

- Indian Accounting Standard (Ind AS) 34 *Interim Financial Reporting* is applicable if the entity is required to or elects to publish an interim financial report in accordance with Indian Accounting Standards (Ind ASs). The standard does not mandate which entities would be required to publish interim financial reports, how frequently, or how soon after the end of an interim period.
- While unaudited financial results prepared and presented under Regulation 33 of the Securities Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) with stock exchanges are not an 'Interim Financial Report' as defined in this standard, the recognition and measurement guidance in this standard should be complied with while following the disclosure requirements prescribed by SEBI.
- Interim financial statements contain either a complete or a condensed set of financial statements for a period shorter than an annual reporting period.
- The following, as a minimum, are presented in condensed interim financial statements:
  - A condensed balance sheet,
  - A condensed statement of profit and loss,
  - A condensed statement of changes in equity,
  - A condensed statement of cash flows, and
  - Select explanatory notes
- If the entity publishes a set of condensed financial statements in its interim financial report, those condensed statements shall include, at a minimum, each of the headings and subtotals that were included in its most recent annual financial statements and the selected explanatory notes as required by this standard. Additional line items or notes shall be included if their omission would make the condensed interim financial statements misleading.
- Items are generally recognised and measured as if the interim period were a discrete period. As an exception, income tax expense for an interim period is based on an estimated average annual effective income tax rate.
- In the statement that presents the components of profit or loss for an interim period, the entity shall present basic and diluted earnings per share for that period when the entity is within the scope of Ind AS 33, *Earnings per Share.*
- Generally, the accounting policies applied in the interim financial statements are those that will be applied in the next annual financial statements.
- The interim financial report should provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period by disclosing the update on the relevant information presented in the most recent annual financial report in relation to such events and transactions. Since a user of the entity's interim financial report will have access to the most recent annual financial report of that entity, the notes to the interim financial report need not provide relatively insignificant updates to the information that was reported in the notes in the most recent annual financial report. Examples of significant events include:
  - The write-down of inventories to net realisable value and the reversal of such a write-down, or
  - The reversal of any provisions for the costs of restructuring.
- The recognition and measurement guidance in this standard applies also to complete financial statements for an interim period, and such statements would include all of the disclosures required by this standard.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Compliance under other regulations		
1	If the entity elected, without a statutory or regulatory requirement, to prepare and present interim financial reports, then this standard will be applicable to the entity.	34.1	
2	Is the entity required to prepare and present interim financial reports by regulatory authorities, e.g. under Regulation 33 and Regulation 52 of the Listing Regulations and such requirement does not specifically mandate full compliance with Ind AS 34?		
	(If yes, only Q14, 15 and 16 which relate to recognition and measurement would be applicable as far as compliance of Ind AS 34 is concerned. In addition the specific requirements of the statute/regulation will have to be followed.)		
	Form and content of the interim financial statements		
3	If the entity publishes a complete set of financial statements in its interim financial report, does the form and content of those statements conform to the requirements of Ind AS 1, *Presentation of Financial Statements* for a complete set of financial statements?	34.9	
4	If the entity publishes a set of condensed financial statements in its interim financial report, do the condensed statements include, at a minimum, each of the headings and subtotals that were included in its most recent annual financial statements and the selected explanatory notes as required by the standard?	34.10	
	(Note: *Additional line items or notes shall be included if their omission would make the condensed interim financial statements misleading*.)		
5	If the entity is within the scope of Ind AS 33 has it presented basic and diluted Earnings Per Share (EPS) for the reporting period in its statement of profit and loss?	34.11	
6	If the entity's most recent annual financial statements are consolidated statements, does the entity prepare its interim financial report on a consolidated basis?	34.14	
	(Note: *If the entity's annual financial report included the parent's separate financial statements in addition to consolidated financial statements, then the standard neither requires nor prohibits the inclusion of the parent's separate statements in the entity's interim financial report.*)		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Significant events and transactions		
7	The entity should include in its interim financial report an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity, since the end of the last annual reporting period. Information disclosed in relation to those events and transactions should update the relevant information presented in the most recent annual financial report.	34.15	
	If the entity considers any event as significant, has it disclosed such significant event(s)?	34.15B	
	Examples of significant events include: a) The write-down of inventories to net realisable value and the reversal of such a write-down, b) Recognition of a loss from the impairment of financial assets, property, plant and equipment, intangible assets, or other assets, and the reversal of such an impairment loss, c) The reversal of any provisions for the costs of restructuring, d) Acquisitions and disposals of items 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 that affect the fair value of the entity's financial assets and financial liabilities, whether those assets or liabilities are recognised at fair value or amortised cost, i) Any loan default or breach of a loan agreement that has not been remedied on or before the end of the reporting period, j) Related party transactions, k) Transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments, l) Changes in the classification of financial assets as a result of a change in the purpose or use of those assets, and m) Changes in contingent liabilities or contingent assets. (Note*:* *i) The below list of events and transactions are not exhaustive.* ii) *Individual Ind ASs provide guidance regarding disclosure requirements for many of the items listed above. When an event or transaction is significant to an understanding of the changes in an entity's financial position or performance since the last annual reporting period, its interim financial report should provide an*		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	explanation of and an update to the relevant information included in the financial statements of the last annual reporting period.)		
	Other disclosures		
8	Has the entity made the following disclosures either in its interim financial statements or incorporated them by cross-reference from the interim financial statements to some other statement:	34.16A	
	a) A statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change,		
	b) Explanatory comments about the seasonality or cyclicality of interim operations,		
	c) The nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence,		
	d) The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years,		
	e) Issues, repurchases and repayments of debt and equity securities?		
	f) Dividends paid (aggregate or per share) separately for ordinary shares and other shares,		
	g) The following segment information (disclosure of segment information is required in an entity's interim financial report only if Ind AS 108, *Operating Segments*, requires that entity to disclose segment information in its annual financial statements):		
	i) Revenues from external customers, if included in the measure of segment profit or loss reviewed by the chief operating decision maker or otherwise regularly provided to the chief operating decision maker,		
	ii) Intersegment revenues, if included in the measure of segment profit or loss reviewed by the chief operating decision maker or otherwise regularly provided to the chief operating decision maker,		
	iii) A measure of segment profit or loss,		
	iv) A measure of total assets and liabilities for a particular reportable segment if such amounts are regularly provided to the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	v) A description of differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss,		
	vi) A reconciliation of the total of the reportable segments' measures of profit or loss to the entity's profit or loss before tax expense (tax income) and discontinued operations,		
	h) Events after the interim period that have not been reflected in the financial statements for the interim period,		
	i) The effect of changes in the composition of the entity during the interim period, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings, and discontinued operations. In the case of business combinations, the entity shall disclose the information required by Ind AS 103, *Business Combinations,*		
	j) For financial instruments, the disclosures about fair value as per Ind AS 107 and Ind AS 113, *Fair Value Measurement,* and		
	k) For entities becoming, or ceasing to be, investment entities, as defined in Ind AS 110, *Consolidated Financial Statements*, the disclosures in Ind AS 112, *Disclosure of Interests in Other Entities*?		
	(Note: *If users of the financial statements do not have access to the information incorporated by cross-reference on the same terms and at the same time, the interim financial report is considered to be incomplete. Further, the information shall normally be reported on a financial year-to-date basis.)*		
	Disclosure on compliances with Ind ASs		
9	Is the entity's interim financial report in compliance with this standard and has the entity disclosed such fact in its interim financial report?	34.19	
	Periods for which interim financial statements are required to be presented		
10	Has the entity provided the following as part of its interim report:	34.20	
	a) Balance sheet as of the end of the current interim period and a comparative balance sheet as of the end of the immediately preceding financial year,		
	b) Statements of profit and loss for the current interim period and cumulatively for the current financial year to date, with comparative statements of profit and loss for the comparable interim periods (current and year-to-date) of the immediately preceding financial year,		
	c) Statement of changes in equity cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	d) Statement of cash flows cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year?		
11	If the entity has a highly seasonal business, then has the entity disclosed financial information for the 12 months up to the end of the interim period and comparative information for the prior 12 month period?	34.21	
	(Note: *The above mentioned information should be disclosed in addition to the information required in Q 8.*)		
	Materiality		
12	If the entity assesses materiality in relation to the interim period financial data, does the entity recognise, measure, classify, or disclose an item for interim financial reporting purposes based on such materiality?	34.23	
	Disclosure in annual financial statements		
13	a) If any amount reported in an interim period has changed significantly during the final interim period of the financial year, has the entity published a separate financial report for that final interim period?	34.26	
	b) If no, does the entity disclose the nature and amount of that change in estimate as a note to the annual financial statements for that financial year?		
	Recognition and measurement		
14	Has the entity applied the same accounting policies in its interim financial statements as are applied in its annual financial statements, except for accounting policy changes made after the date of the most recent annual financial statements that are to be reflected in the next annual financial statements?	34.28	
	(Note: *For example:* *a) The principles for recognising and measuring losses from inventory write-downs, restructurings, or impairments in an interim period are the same as those that an entity would follow if it prepared only annual financial statements. However, if such items are recognised and measured in one interim period and the estimate changes in a subsequent interim period of that financial year, the original estimate is changed in the subsequent interim period either by accrual of an additional amount of loss or by reversal of the previously recognised amount,* *b) A cost that does not meet the definition of an asset at the end of an interim period is not deferred in the balance sheet either to await future information as to whether it has met the definition of an asset or to smooth earnings over interim periods within a financial year, and*	34.30	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	c) *Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.)*		
15	Has the entity ensured that revenues that are received seasonally, cyclically, or occasionally within a financial year are not anticipated or deferred as of an interim date if anticipation or deferral would not be appropriate at the end of the entity's financial year?	34.37	
16	Have costs that are incurred unevenly during an entity's financial year been anticipated or deferred for interim reporting purposes if, and only if, it is also appropriate to anticipate or defer that type of cost at the end of the financial year?	34.39	
	Use of estimates		
17	Have the measurement procedures (to be) followed in an interim financial report been designed to ensure that the resulting information is reliable and that all material financial information that is relevant to an understanding of the financial position or performance of the entity is appropriately disclosed?	34.41	
	Restatement of previously reported interim periods		
18	In case the entity has changed its accounting policy (other than one for which the transition is specified by a new Ind AS), has the entity reflected the change by:	34.43	
	a) Restating the financial statements of prior interim periods of the current financial year and the comparable interim periods of any prior financial years that will be restated in the annual financial statements in accordance with Ind AS 8*, Accounting Policies*, *Changes in Accounting Estimates and Errors,* or		
	b) When it is impracticable to determine the cumulative effect at the beginning of the financial year of applying a new accounting policy to all prior periods, adjusting the financial statements of prior interim periods of the current financial year, and comparable interim periods of prior financial years to apply the new accounting policy prospectively from the earliest date practicable?		

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- There are no specific requirements arising out of the 2013 Act in the context of this standard.

Significant carve-outs from IFRS

- IAS 34, *Interim Financial Reporting* gives an option either to follow single statement approach or to follow two statement approaches. However, Ind AS 34 allows only a single statement approach on the lines of Ind AS 1 which also allows only single statement approach.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- No specific requirement has been prescribed under ICDS relating to this standard.

Key requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)

- Regulations 33 and 52 of the Listing Regulations require listed entities to prepare and present interim financial reports i.e. quarterly, half yearly or annually, audited or unaudited, as the case may be, to the stock exchanges.
- If the entity is required to prepare and present financial reports under the Listing Regulations, such requirements do not specifically mandate full compliance with Ind AS 34. The provisions relating to recognition and measurement as per this standard would be applicable as far as compliance with Ind AS 34 is concerned. In addition, the specific requirements of the statute/regulation will have to be followed.

Glossary

Interim period is a financial reporting period shorter than a full financial year.

Interim financial report means a financial report containing either a complete set of financial statements (as described in Ind AS 1 or a set of condensed financial statements (as described in this Standard) for an interim period.

Material or Materiality

Ind AS 1 and Ind AS 8 define an item as material if its omission or misstatement could influence the economic decisions of users of the financial statements. Ind AS 1 requires separate disclosure of material items, including (for example) discontinued operations, and Ind AS 8 requires disclosure of changes in accounting estimates, errors, and changes in accounting policies. The two Standards do not contain quantified guidance as to materiality.

Materiality is relevant to the presentation and disclosure of items in the interim financial statements and should be assessed based on information related to the interim period and not to the full annual reporting period. The overriding goal is to ensure that an interim financial report includes all information that is relevant to understanding an entity's financial position and performance during the interim period.

(Source: Ind AS 34, *Interim Financial Reporting* as issued by the Ministry of Corporate Affairs)

Ind AS-36 Impairment of Assets

1. Executive summary

- Indian Accounting Standard (Ind AS) 36, *Impairment of Assets* prescribes the procedures that the entity should apply to ensure that its non-financial assets are carried at no more than their recoverable amount. A non-financial 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. If this is the case, the asset is described as impaired and Ind AS 36 requires the entity to recognise an impairment loss.
- The impairment standard covers a variety of non-financial assets, including:
  - Property, plant and equipment,
  - Intangible assets and goodwill, and
  - Investments in subsidiaries, associates and joint ventures.
- Whenever possible, an impairment test is performed for an individual asset, unless the asset does not generate cash flows that are largely independent. Otherwise, assets are tested for impairment in Cash-Generating Units (CGUs). Goodwill is always tested for impairment at the level of a CGU or a group of CGUs.
- A CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups thereof.
- Goodwill is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the business combination from which it arose. The allocation is based on the level at which goodwill is monitored internally, restricted by the size of the entity's operating segments before aggregation.
- Impairment testing is required when there is an indication of impairment.
- Annual impairment testing is required for goodwill and intangible assets that either are not yet available for use or have an indefinite useful life. This impairment test may be performed at any time during the year, provided that it is performed at the same time each year.
- An impairment loss is recognised if an asset's or CGU's carrying amount exceeds the greater of its fair value less costs to sell and value in use.
- Estimates of future cash flows used in the value in use calculation are specific to the entity, and need not be the same as those of market participants. The discount rate used in the value in use calculation reflects the market's assessment of the risks specific to the asset or CGU, as well as the time value of money.
- An impairment loss for a CGU is allocated first to any goodwill and then pro rata to other assets in the CGU that are in the scope of the standard.
- An impairment loss is generally recognised in the statement of profit and loss, except where required to be recognised in reserves by this standard.
- Reversals of impairment are recognised, other than for impairments of goodwill.
- A reversal of an impairment loss is generally recognised in the statement of profit and loss, except to the extent it is a reversal of an impairment loss previously recognised in reserves.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability		
1	Has the entity excluded the following items from the scope of this standard and applied the relevant Ind AS instead:	36.2	
	a) Inventories (Ind AS 2, *Inventories*),		
	b) Assets arising from construction contracts (Ind AS 11, *Construction Contracts*),		
	c) Deferred tax assets (Ind AS 12, *Income Taxes*),		
	d) Assets arising from employee benefits (Ind AS 19, *Employee Benefits*),		
	e) Financial assets within the scope of Ind AS 109, *Financial Instruments,*		
	f) Biological Assets related to agricultural activity that are measured at fair value less costs to sell (Ind AS 41, *Agriculture*),		
	g) Deferred acquisition costs, and intangible assets, arising from an insurer's contractual rights under insurance contracts (Ind AS 104, *Insurance Contracts*), and		
	h) Non-current assets classified as held for sale in accordance with Ind AS 105, *Non-current Assets Held for Sale and Discontinued Operations*?		
2	Has the entity included the following items within the scope of this standard:	36.4	
	a) Investment in subsidiaries, as defined in Ind AS 110, *Consolidated Financial Statements*,		
	b) Investment in associates, as defined in Ind AS 28, *Investments in Associates and Joint Ventures*, and		
	c) Investment in joint ventures, as defined in Ind AS 111, *Joint Arrangements*?		
	Identifying an asset that may be impaired		
	(Note: *References to 'an asset' in Ind AS 36 apply equally to an individual asset or a cash-generating unit (CGU), except where a specific reference is made to CGUs.)*		
3	Has the entity assessed at the end of each reporting period, whether there is any indication that an asset may be impaired, and if such an indication exists, estimated the recoverable amount of such asset?	36.9	
4	Irrespective of whether there is any indication of impairment, has the entity tested the assets falling under any of the following categories for impairment on an annual basis:	36.10	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) Intangible asset with an indefinite useful life, by comparing its carrying amount with its recoverable amount (refer Q 14),		
	b) Intangible asset not yet available for use by comparing its carrying amount with its recoverable amount (refer Q 8 to 13), and		
	c) Goodwill acquired in a business combination (refer Q 50 to 61)?		
5	In case the asset falls under category (a) and (b) of Q 4 above, has the entity ensured that it has:	36.10	
	a) Performed the impairment test for such asset at same time every year, although different intangible assets may be tested for impairment at different times, and		
	b) Tested the intangible asset for impairment before the end of the current annual period if such intangible asset was initially recognised during the current period?		
	Indicators of impairment		
6	Has the entity considered, as a minimum, the following indications, to determine whether there is any indication that an asset may be impaired: *(Note: This is not exhaustive in nature and an entity may also identify other indicators that may require it to determine asset's recoverable amount.)*	36.12	
	External sources of information		
	a) The asset’s value has declined significantly during the period, more than would be expected due to passage of time or normal use,		
	b) Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated,		
	c) Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset’s recoverable amount materially,		
	d) The carrying amount of the net assets of the entity is more than its market capitalization,		
	Internal sources of information		
	e) Evidence is available of obsolescence or physical damage of an asset,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	f) Significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used including assets becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, reassessing the useful life of an asset as finite rather than indefinite,		
	g) Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected,		
	Dividend from a subsidiary, joint venture or associate		
	h) For an investment in a subsidiary, joint venture or associate, the entity recognises a dividend from the investment and evidence is available that:		
	i) The carrying amount of the investment in the separate financial statements of the entity exceeds the carrying amounts of the investee's net assets, including associated goodwill in the consolidated financial statements, or		
	ii) The dividend exceeds the total comprehensive income of the subsidiary, associate or joint venture in the period the dividend is declared?		
7	Has the entity reviewed and adjusted the remaining useful life, the depreciation method or the residual value of the asset, if there is an indication that an asset may be impaired, even if no impairment loss is recognised for the asset?	36.17	
	Measuring recoverable amount		
8	When required in accordance with Q 4 and 5, has the entity measured the recoverable amount of assets as the higher of an asset's fair value less costs of disposal and its value in use?	36.18	
9	If it is not possible to determine the fair value less costs of disposal of an asset because there is no basis for making a reliable estimate of the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions, has the entity used the asset's value in use as its recoverable amount? (Note: *a) It may be possible to measure fair value less costs of disposal, even if there is not a quoted price in an active market for an identical asset, and* *b) It is not always necessary to determine both an asset's fair value less costs of disposal and its value in use. If either of these amounts exceeds the asset's carrying amount, the asset is not impaired and it is not necessary to estimate the other amount.)*	36.20	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
10	If there is no reason to believe that an asset's value in use materially exceeds its fair value less costs of disposal, has the entity opted to use the asset's fair value less costs of disposal as its recoverable amount?	36.21	
11	Has the entity assessed the asset for impairment, if the recoverable amount of the asset does not exceed the carrying amount of the asset?	36.19	
12	Has the recoverable amount been determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets?	36.22	
13	If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, has the recoverable amount been determined for the CGU to which the asset belongs, unless the asset's fair value less costs of disposal is higher than its carrying amount, or the asset's value in use can be estimated to be close to its fair value less costs of disposal?	36.22	
	Measuring recoverable amount of an intangible asset with indefinite useful life		
14	In computing the recoverable amount referred to in Q 4 (a), has the entity used the most recent detailed calculation of such an asset's recoverable amount made in a preceding period, for impairment testing for that asset in the current period provided all of the following criteria are met:	36.24	
	a) If the intangible asset does not generate cash inflows from continuing use independently and is therefore tested for impairment as part of the CGU to which it belongs, the assets and liabilities making up that unit have not changed significantly since the most recent recoverable amount calculation,		
	b) The most recent recoverable amount calculation resulted in an amount that exceeded the asset's carrying amount by a substantial margin, and		
	c) Based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation, the likelihood that a current recoverable amount determination would be less than the asset's carrying amount is remote?		
	(Note*: If any of the criteria stated (a) to (c) above are not met, the entity cannot use the most recent detailed calculation for estimating the recoverable amount for the asset.)*		
	Fair value less cost of disposal		
15	Have costs of disposal, other than those that have been recognised as liabilities, been deducted in measuring fair value less costs of disposal?	36.28	
16	In determining the costs of disposal for Q 15 above, has the entity:	36.28	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) Included legal costs, stamp duty and similar transaction taxes, costs of removing the asset, and direct incremental costs to bring an asset into condition for its sale,		
	b) Excluded termination benefits covered within the scope of Ind AS 19, and		
	c) Excluded costs associated with reducing or reorganising a business following disposal of an asset?		
	(Note*: Also refer to Q 48 if disposal of an asset would require the buyer to assume a liability and only a single fair value less costs of disposal is available for both the asset and the liability.)*		
	Value in use		
17	While computing the value in use of an asset, has the entity reflected the following elements:	36.30	
	a) An estimate of the future cash flows the entity expects to derive from the asset,		
	b) Expectations about possible variations in the amount or timing of those future cash flows,		
	c) The time value of money, represented by the current market risk-free rate of interest,		
	d) The price for bearing the uncertainty inherent in the asset, and		
	e) Other factors, such as illiquidity, that market participants would reflect in pricing the future cash flows the entity expects to derive from the asset?		
	(Note*: Estimating the value in use involves estimating the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal; and applying the appropriate discount rate to those cash flows. The entity should refer to Appendix A of Ind AS 36 which provides guidance on the use of present value techniques in measuring value in use of an asset or a group of assets forming a CGU The elements identified in Q 17 (b), (d) and (e) above can be reflected either as adjustments to the future cash flows or as adjustments to the discount rate. Whichever approach the entity adopts to reflect expectations about possible variations in the amount or timing of future cash flows, the result shall be to reflect the expected present value of the future cash flows, i.e. the weighted average of all possible outcomes.)*	36.31	
18	While estimating the future cash flows, to measure the value in use, has the entity:	36.33	
	a) Based its cash flow projections under reasonable and supportable assumptions that represent management's best estimate of range of economic conditions that would prevail over the remaining useful life of the asset,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) Based cash flow projections on the most recent financial budgets/ forecasts approved by management excluding any estimated future cash inflows or outflows expected to arise from future restructurings or improving or enhancing the asset's performance, and		
	(Note*: Projections used in Q 18 (b) above can be based on budgets or forecasts covering a maximum period of five years, unless a longer period can be justified.)*		
	c) Estimated cash flow projections beyond the period covered by recent budgets/ forecasts by extrapolating the projections using a steady or declining growth rate for future years unless an increasing rate can be justified?		
	(Note*: The growth rate considered shall not exceed the long-term average growth rate for the products, industries or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.)*		
19	Has the entity assessed the reasonableness of the assumptions on which its current cash flow projections are based by examining the causes of differences between the past cash flow projections and actual cash flows?	36.34	
20	Are the assumptions on which its current cash flow projections are based consistent with past actual outcomes, provided the effects of subsequent events or circumstances that did not exist when those actual cash flows were generated make this appropriate?	36.34	
21	Are management's estimates of future cash flows based on the most recent budgets/forecasts for a maximum of five years, unless management is confident that projections based on a longer period are reliable and it can demonstrate its ability to forecast cash flows accurately over that longer period?	36.35	
22	Has the entity included the following while estimating future cash flows:	36.39	
	a) Projections of cash inflows from the continuing use of the asset,		
	b) Projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset, and		
	c) Net Cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life (refer Q 27(a) for determination of net cash flows in this case)?		
	(Note:		
	i) Estimates of future cash flows and the discount rate reflect consistent assumptions about price increases attributable to general inflation. Therefore, if the discount rate includes the effect of price increases attributable to general inflation, future cash flows are estimated in nominal terms. If the discount rate excludes the effect of price increases attributable to general	36.40	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	inflation, future cash flows are estimated in real terms (but include future specific price increases or decreases),		
	ii) Projections of Cash outflows include those for the day-to-day servicing of the asset as well as future overheads that can be attributed directly, or allocated on a reasonable and consistent basis, to the use of the asset,	36.41	
	iii) When the carrying amount of an asset does not yet include all cash outflows to be incurred before it is ready for use or sale, an estimate of any further cash outflows that are expected to be incurred before the asset is ready for use or sale are required to be made, and	36.42	
	iv) To avoid double-counting, estimates of future cash flows do not include:	36.43	
	• *Cash inflows from assets that generate cash inflows that are largely independent of the cash inflows from the asset under review (for example, financial assets such as receivables), and*		
	• *Cash outflows that relate to obligations that have been recognised as liabilities (for example, payables, pensions or provisions.))*		
23	Have the future cash flows been estimated for the asset in its current condition and exclude any cash flows from a future restructuring (unless the entity is committed to the restructuring) or cash flows from improving or enhancing the asset's performance?	36.44	
24	Has the entity ensured that the estimates of future cash flows do not include the estimated future cash inflows that are expected to arise from the increase in economic benefits associated with the cash outflow until an entity incurs cash outflows that improve or enhance the asset's performance?	36.48	
25	a) While estimating future cash flows, has the entity ensured that cash flows include future cash outflows necessary to maintain the level of economic benefits expected to arise from the asset in its current condition?	36.49	
	b) Has the entity ensured that the replacement of assets with shorter lives is considered to be part of the day-to-day servicing of the unit when estimating the future cash flows associated with the unit, if the cash generating unit for which future cash flows are being estimated consists of assets with different estimated useful lives, all of which are essential to the ongoing operation of the unit?		
	c) Where impairment testing is being done for a single asset comprising of components with different estimated useful lives, has the entity ensured that replacement of components with shorter lives is considered to be part of the day-to-day servicing of the asset when estimating the future cash flows to be generated by the asset?		
26	Has the entity appropriately excluded cash inflows or outflows from financing activities and income tax receipts and payments at the time of estimation of future cash flows?	36.50	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
27	a) Has the entity estimated the net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life as the amount that it expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal?	36.52	
	b) While determining the estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life, has the entity ensured the following:	36.53	
	i) The prices used are the prices prevailing at the date of the estimate for similar assets that have reached the end of their useful life and have operated under conditions similar to those in which the asset will be used, and		
	ii) Adjustments have been made to those prices for the effect of future price increases or decreases due to inflation or other specific reasons. However, if estimates of future cash flows from continuing use and the discount rate exclude the effect of general inflation, has the entity ensured that the effect of inflation has been excluded from the estimate of net cash flows on disposal?		
28	a) Has the entity ensured that the future cash flows are estimated in the currency in which they will be generated and then discounted using a discount rate that is applicable for that currency?	36.54	
	b) Has the entity ensured that the present value has been translated using the spot exchange rate prevailing at the date of the value in use calculation?		
	Discount rate		
29	Is the discount rate a pre-tax rate that reflects current market assessments of:	36.55	
	a) The time value of money, and		
	b) The risks specific to the asset for which the future cash flow estimates have not been adjusted?		
30	a) When an asset specific rate is not available in the market has the entity used surrogates such as its weighted average cost of capital determined using the capital asset pricing model, the entity's incremental borrowing rate or other market borrowing rate?	36.57	
	b) In these circumstances, has this rate been adjusted:	36.A18	
	i) To reflect the way that the market would assess the specific risks associated with the asset's estimated cash flows, and		
	ii) To exclude risks that are not relevant to the asset's estimated cash flows or for which the estimated cash flows have been adjusted?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	c) Have risks such as country risk, currency risk and price risk been appropriately considered?	36.A18	
	d) Where the value in use is sensitive to a difference in risks for different periods or to the term structure of interest rates, whether separate discount rates for different future periods have been considered?	36.A21	
31	Do the estimate of future cash flows and the discount rate reflect consistent assumptions about price increases attributable to general inflation?	36.40	
	(Note*: Therefore, if the discount rate includes the effect of price increases attributable to general inflation, future cash flows are estimated in nominal terms. If the discount rate excludes the effect of price increases attributable to general inflation, future cash flows are estimated in real terms (but include future specific price increases or decreases.)*		
32	Do the estimated future cash flows reflect assumptions that are consistent with the way the discount rate is determined?	36.51	
	(For example, since the discount rate is determined on a pre-tax basis, future cash flows are also estimated on a pre-tax basis.)		
	Recognition and measurement of impairment of loss for individual assets		
33	Has the entity recognised immediately, an impairment loss in the statement of profit or loss unless the asset is carried at revalued amount in accordance with another Ind AS, if the recoverable amount of the asset is lesser than its carrying amount?	36.59	
34	Has the entity adjusted the impairment loss on a revalued asset in other comprehensive income to the extent that the impairment loss does not exceed the revaluation surplus for that same asset?	36.61	
35	Where the amount estimated for an impairment loss is greater than the carrying amount of the asset to which it relates, has the entity recognised a liability, if, and only if, that is required by another accounting standard?	36.62	
36	Has the depreciation charge for future periods after recognition of impairment loss been adjusted to allocate the asset's revised carrying amount, less residual value (if any) on a systematic basis over its remaining useful life?	36.63	
37	On recognition of an impairment loss, have the deferred tax assets or liabilities been determined in accordance with Ind AS 12 by comparing the revised carrying amount of the asset with its tax base?	36.64	
	Recognising and measuring an impairment loss for cash-generating units and goodwill		
38	If it is not possible to determine the recoverable amount of an individual asset, has the entity determined the recoverable amount of the cash-generating unit to which the asset belongs?	36.66	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note: *Recoverable amount of an individual asset cannot be determined if:* *a) The asset's value in use cannot be estimated to be close to its fair value less costs of disposal (for example, when the future cash flows from continuing use of the asset cannot be estimated to be negligible),and* *b) The asset does not generate cash inflows that are largely independent of those from other assets.* *In such cases, value in use and therefore, recoverable amount, can be determined only for the asset's cash generating unit.)*	36.67	
39	If recoverable amount cannot be determined for an individual asset, an entity identifies the lowest aggregation of assets that generate largely independent cash inflows. In identifying the CGU, has the entity: a) Identified the smallest group of assets that includes such individual asset, and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, and	36.68	
	b) Identified the CGU consistently from period to period for the same assets or types of assets, unless a change can be justified?	36.72	
40	While identifying whether cash inflows from an asset (or a group of assets), are largely independent of the cash inflows from other assets (or group of assets), has the entity considered factors such as how management monitors the entity's operations (such as by product lines, businesses, individual locations, districts or regional areas) or how management makes decisions about continuing or disposing of the entity's assets and operations?	36.69	
41	If there is an active market for the output produced by an asset or group of assets, has that asset or group of assets been identified as a CGU, even if some or all of the output is used internally?	36.70	
42	If the cash inflows generated by any asset or CGU are affected by internal transfer pricing, has the entity used the management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating the future cash inflows used to determine the asset/CGU's value in use and the future cash outflows used to determine the value in use of any other assets or CGUs that are affected by the internal transfer pricing?	36.70	
43	Has the entity made a separate disclosure (refer Q 84) about a CGU, if an impairment loss is recognised or reversed for the CGU and if the entity determines that an asset belonging to that CGU is different from that in the previous periods or the types of assets aggregated for the asset's CGU have changed?	36.73	

Recoverable amount and carrying amount of a cash-generating unit

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
44	Has the recoverable amount of a CGU been determined to be the higher of the CGU's fair value less costs of disposal and its value in use?	36.74	
45	Has the carrying amount of a CGU been determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined?	36.75	
46	Does the carrying amount of the CGU:	36.76	
	a) Include the carrying amount of only those assets that can be attributed directly, or allocated on a reasonable and consistent basis, to the CGU and will generate the future cash inflows used in determining the CGU's value in use, and		
	b) Exclude the carrying amount of any recognised liability, unless the recoverable amount of the CGU cannot be determined without consideration of this liability?		
47	a) While grouping the assets for recoverability assessments, has the entity included all the assets that generate or are used to generate the relevant stream of cash inflows (Otherwise the CGU may appear to be fully recoverable when in fact an impairment loss has occurred)?	36.77	
	b) If the entity has assets that contribute to the estimated future cash flows of a CGU but such assets cannot be allocated to the CGU on a reasonable and consistent basis, has the entity followed the procedures given in Q 50 to 64 below?		
48	If the disposal of a CGU requires the buyer to assume a recognised liability, has the liability been deducted from:	36.78	
	a) The value in use (or fair value less costs to sell or the estimated cash flow from ultimate disposal) for arriving at the recoverable amount, and		
	b) The carrying amount of the asset?		
	(Note*: For determining impairment, the liability needs to be deducted from both the recoverable amount as well as the carrying amount.)*		
49	If the recoverable amount of a CGU is determined after consideration of assets that are not part of the CGU (for example, receivables or other financial assets) or liabilities that have been recognised (for example, payables, pensions and other provisions), then has the carrying amount of the CGU been increased by the carrying amount of those assets and decreased by the carrying amount of those liabilities?	36.79	
	Goodwill allocation to cash-generating units		
50	If the entity (as an acquirer) has goodwill acquired from a business combination:	36.80	
	a) Has the entity allocated such goodwill to each of its CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) Was the allocation done from the date of acquisition?		
51	Does each unit or group of units to which the goodwill is so allocated:	36.80	
	a) Represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, and		
	b) Represent a size not larger than an operating segment as defined by paragraph 5 of Ind AS 108, *Operating Segments*?		
	(Note: *A CGU to which goodwill is allocated for the purpose of impairment testing may not coincide with the level at which goodwill is allocated in accordance with Ind AS 21, The Effects of Changes in Foreign Exchange Rates, for the purpose of measuring foreign currency gains and losses. For example, if an entity is required by Ind AS 21 to allocate goodwill to relatively low levels for the purpose of measuring foreign currency gains and losses, it is not required to test the goodwill for impairment at that same level unless it also monitors the goodwill at that level for internal management purposes.)*	36.83	
52	If the initial allocation of goodwill acquired in a business combination cannot be completed before the end of the annual period in which the business combination is effected, has it been completed before the end of the first annual period beginning after the acquisition date?	36.84	
53	In accordance with Ind AS 103, *Business Combinations*, if the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected, has the acquirer:	36.85	
	a) Accounted for the combination using those provisional values,		
	b) Recognised any adjustments to those provisional values as a result of completing the initial accounting within the measurement period, which will not exceed twelve months from the acquisition date, and		
	c) Disclosed the information required by Q 87?		
	(Note*: If Q 53 is applicable, it might also not be possible to complete the initial allocation of the goodwill recognised in the combination before the end of the annual period in which the combination is affected. In this case, has the entity disclosed the amount of the unallocated goodwill together with the reasons why that amount remains unallocated (refer Q 87.))*	36.85 36.133	
54	If goodwill has been allocated to a CGU and the entity has disposed of an operation within that CGU, has the entity:	36.86	
	a) Included the goodwill (associated with the operation which has been disposed of) in the carrying amount of the operation when determining the gain or loss on disposal of that operation, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) Measured the goodwill associated with operation which has been disposed of on the basis of the relative values of the operation disposed of and the portion of the CGU retained, unless the entity can demonstrate that some other method better reflects the goodwill associated with the disposed operation?		
55	If the entity has reorganised its reporting structure in a way that changes the composition of one or more CGUs to which goodwill has been allocated, has the entity reallocated the goodwill using a relative value approach similar to that used when an entity disposes of an operation within a CGU unless the entity can demonstrate that some other method better reflects the goodwill associated with the reorganised units?	36.87	
	Testing cash-generating units with goodwill for impairment		
56	When goodwill relating to a CGU has not been allocated to that unit, has the unit been tested for impairment, whenever there is an indication that the unit may be impaired, by comparing its carrying amount (excluding goodwill) with its recoverable amount, and any impairment loss been recognised in accordance with Q 65?	36.88	
	(Note*: Goodwill does not generate cash flows independently of other assets or groups of assets and often contributes to the cash flows of multiple CGUs. Goodwill sometimes cannot be allocated on a non-arbitrary basis to individual CGUs but only to groups of CGUs.)*		
57	If a CGU described in Q 56 includes in its carrying amount an intangible asset that has an indefinite useful life or is not yet available for use and that asset can be tested for impairment only as part of the cash-generating unit, has the entity tested the unit for impairment on an annual basis?	36.89	
58	Have the CGUs of the entity to which goodwill has been allocated, been:	36.90	
	a) Tested for impairment on an annual basis, and		
	b) Tested for impairment whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit?		
	(Note: *If the carrying amount of the unit exceeds the recoverable amount of the unit, the unit and the goodwill allocated to the unit is impaired and impairment loss should be recognised in accordance with Q 65.*)		
59	a) Has the entity tested CGUs to which goodwill has been allocated for impairment on an annual basis any time during the current period, provided the test is performed at the same time every year?	36.96	
	b) If the CGU was acquired in a business combination during the current annual period, has the unit has been tested for impairment before the end of the current annual period?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note: *Annual impairment test for a CGU to which goodwill has been allocated may be performed at any time during an annual period, provided the test is performed at the same time every year. Different CGUs may be tested for impairment at different times. However, if some or all of the goodwill allocated to a CGU was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period.)*		
60	a) If the assets constituting the CGU to which goodwill has been allocated are tested for impairment at the same time as the CGU containing the goodwill, has the entity tested these assets for impairment before the unit containing the goodwill?	36.97	
	b) Similarly, if the CGUs constituting a group of CGUs to which goodwill has been allocated are tested for impairment at the same time as the group of units containing the goodwill, has the entity tested the individual units for impairment before such group of units?		
61	For the purpose of impairment testing, has the entity used the most recent detailed calculation of the recoverable amount of a CGU (to which goodwill has been allocated) made in a preceding period only provided all of the following criteria are met:	36.99	
	a) The assets and liabilities making up the unit have not changed significantly since the most recent recoverable amount calculation,		
	b) The most recent recoverable amount calculation resulted in an amount that exceeded the carrying amount of the unit by a substantial margin, and		
	c) Based on an analysis of events that have occurred and circumstances that have changed since the date the most recent recoverable amount was calculated, the likelihood that a current recoverable amount determination would be less than the current carrying amount of the unit is remote?		
	(Note: *Refer to Appendix C of Ind AS 36, Impairment testing cash-generating units with goodwill and non-controlling interests, which provides guidance on the allocation of goodwill and impairment loss.)*		
	Corporate Assets		
62	If the entity has corporate assets, have these been tested for impairment in accordance with Q 63 and 64?	36.100	
	(Note: *Corporate assets include group or divisional assets such as the building of a headquarters or a division of the entity, EDP equipment or a research center. The structure of an entity determines whether an asset meets this Standard's definition of corporate assets for a particular cash-generating unit. The distinctive characteristics of corporate assets are that they do not generate cash inflows independently of other assets or groups of assets and their carrying amount cannot be fully attributed to the cash-generating unit under review.)*		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
63	If a portion of the carrying amount of a corporate asset can be allocated on a reasonable and consistent basis to a CGU that is being tested for impairment, has the entity included such portion of the carrying amount of the corporate asset in the carrying amount of the unit when comparing with its recoverable amount, and recognised any impairment loss in accordance with Q 65?	36.102	
64	If corporate assets cannot be allocated on a reasonable and consistent basis to the CGU, has the entity:	36.102	
	a) Compared the carrying amount of the unit, excluding the corporate asset, with its recoverable amount and recognised any impairment loss in accordance with Q 65,		
	b) Identified the smallest group of CGUs that includes the CGU under review and to which a portion of the carrying amount of the corporate asset can be allocated on a reasonable and consistent basis, and		
	c) Compared the carrying amount of that group of CGUs, including the portion of the carrying amount of the corporate asset allocated to that group of units, with the recoverable amount of the group of units, and recognised any impairment loss in accordance with Q 65?		
	Impairment loss for a cash-generating unit		
65	Has the entity recognised an impairment loss for a CGU (or the smallest group of CGUs to which goodwill or a corporate asset has been allocated) if, and only if the recoverable amount of the unit (or group of units) is less than the carrying amount of the unit (or group of units), and allocated such an impairment loss to reduce the carrying amount of the assets of the unit (or group of units) in the following order:	36.104	
	a) First, to reduce the carrying amount of any goodwill allocated to the unit (or group of units), and		
	b) Then, to other assets of the unit (or group of units) pro-rata on the basis of the carrying amount of each asset in the unit (or group of units)?		
66	a) In allocation of an impairment loss in accordance with Q 65, has the entity ensured that it has not reduced the carrying amount of an asset below the highest of:	36.105	
	i) Its fair value less costs of disposal (if measurable),		
	ii) Its value in use (if determinable), and		
	iii) Zero?		
	(Note: *In view of the restriction stated above, it is possible that the amount of the impairment loss that would otherwise have been allocated to the asset would need to be allocated pro rata to the other assets of the unit.)*		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) Has the entity then recognised a liability for any remaining amount of an impairment loss for a CGU if, and only if, that is required by another Ind AS?	36.108	
67	a) In case, it is not practicable to estimate the recoverable amount for each of the individual assets of a CGU, has the entity made an arbitrary allocation of impairment loss between the assets of that unit other than goodwill based on the presumption that all assets of a cash-generating unit work together?	36.106	
	b) If the entity cannot determine the recoverable amount of an individual asset, has the entity:	36.107	
	i) Recognised an impairment loss for the asset if its carrying amount is greater than the higher of its fair value less costs of disposal and the results of the allocation procedures described in Q 65 and 66, and		
	ii) Recognised no impairment loss for the asset if the related cash-generating unit is not impaired. (This applies even if the asset's fair value less costs of disposal is less than its carrying amount)?		
	Reversing an impairment loss		
68	If the entity has assessed at the end of the reporting period that there is an indication that an impairment loss recognised in prior periods for an asset (or CGU) other than goodwill may no longer exist or may have decreased, has the entity estimated the recoverable amount of that asset (or CGU)?	36.110	
69	In assessing, whether there is any indication that an impairment loss recognised in prior period for an asset other than goodwill (or CGU) may no longer exist or may have decreased, has the entity taken into consideration as a minimum, the following indications:	36.111	
	External sources of information		
	a) Observable indications that the asset's (or CGU's) value has increased significantly during the period,		
	b) Significant changes with a favourable effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset (or CGU) is dedicated,		
	c) market interest rates or other market rates of return on investments have decreased during the period which are likely to affect the discount rate used in calculating an asset's (or CGU's) value in use and increase its recoverable amount materially,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Internal sources of information		
	d) Significant changes with a favourable effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, the asset (or CGU) is used or is expected to be used including costs incurred during the period to improve or enhance its performance or restructure the operation to which it belongs, and		
	e) Evidence is available from internal reporting that indicates that the economic performance of the asset (or CGU) is, or will be, better than expected?		
70	If there is an indication that an impairment loss recognised for an asset other than goodwill (or CGU) may no longer exist or may have decreased, has the entity reviewed and adjusted the remaining useful life, the depreciation method or the residual value of the asset in accordance with the Ind AS applicable to the asset even if no impairment loss is reversed for the asset?	36.113	
71	Has an impairment loss recognised in prior periods for an asset other than goodwill (or a CGU) been reversed if, and only if, there has been a change in the estimates used to determine the asset's (or CGU's) recoverable amount since the last impairment loss was recognised and has the carrying amount of the asset been increased to its recoverable amount (except as described in Q 74)?	36.114	
72	Reversal of an impairment loss reflects an increase in the estimated service potential of an asset (or CGU), either from use or from sale, since the date when an entity last recognised an impairment loss for that asset (or CGU). In this case, has the entity identified the change in estimates that causes the increase in estimated service potential and disclosed these in accordance with Q 84?	36.115	
	(Note: *Examples of changes in estimates include:*		
	a) A change in the basis for recoverable amount,		
	b) If the recoverable amount was based on value in use, a change in the amount or timing of estimated future cash flows or in the discount rate, or		
	c) If the recoverable amount was based on fair value less costs of disposal, a change in estimate of the components of fair value less costs of disposal)		
73	Has the entity ensured that an impairment loss is not reversed in cases where an asset's value in use becomes greater than the asset's carrying amount simply because the present value of future cash inflows increases as they become closer due to passage of time (unwinding of the discount)?	36.116	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Reversing an impairment loss for an individual asset		
74	Where impairment loss has been reversed, has the entity ensured that the increased carrying amount of the asset other than goodwill, attributable to the reversal of the impairment loss, does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years?	36.117	
75	If there has been an increase in the carrying amount of an asset other than goodwill above the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years, such an increase is considered as a revaluation. Has the entity elected to account for such a revaluation, and if yes, has the entity applied the relevant Ind AS applicable to the asset?	36.118	
76	Has the reversal of an impairment loss for an asset other than goodwill been: a) Recognised in the statement of profit and loss unless the asset is carried at a revalued amount in accordance with another Ind AS, and	36.119	
	b) Treated as a revaluation increase, if it is a reversal of an impairment loss of a revalued asset, and recognised in other comprehensive income as an increase in the revaluation surplus?	36.120	
	(Note: *To the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.*)		
77	After recognition of reversal of an impairment loss, has the entity ensured that the depreciation to be charged in future periods has been adjusted in a manner to allocate the asset's revised carrying amount, less its residual value (if any) on a systematic basis over its remaining useful life?	36.121	
	Reversing an impairment loss for a cash generating unit		
78	Has the entity ensured that the reversal of the impairment loss for a CGU has been allocated to the assets of the unit except for goodwill, on a pro rata basis with the carrying amounts of those assets, and these increases in carrying amounts treated as reversals of impairment losses for individual assets and recognised in accordance with Q 76?	36.122	
79	While allocating a reversal of an impairment loss for a CGU, has the entity ensured that the carrying amount of the asset has not been increased above the lower of (a) its recoverable amount (if determinable); and (b) carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods?	36.123	
	(Note*: The amount of reversal of the impairment loss that would otherwise have been allocated to the asset shall be allocated pro rata to the other assets of the unit, except for goodwill.)*		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
80	Has the entity ensured that an impairment loss recognised for goodwill has not been reversed in a subsequent period?	36.124	
	(Note*: This is on the presumption that any increase in the recoverable amount of goodwill in periods following the recognition of an impairment loss for that goodwill is likely to be an increase in internally generated goodwill, rather than a reversal of the impairment loss recognised for the acquired goodwill. Ind AS 38 Intangible Assets prohibits the recognition of internally generated goodwill.)*	36.125	
	Disclosures		
81	Has the entity disclosed the following for each class of assets:	36.126	
	a) The amount of impairment losses recognised in profit or loss during the period and the line item(s) of the statement of profit and loss in which those impairment losses are included,		
	b) The amount of reversals of impairment losses recognised in profit or loss during the period and the line item(s) of the statement of profit and loss in which those impairment losses are reversed,		
	c) The amount of impairment losses on revalued assets recognised in other comprehensive income during the period, if any, and		
	d) The amount of reversals of impairment losses on revalued assets recognised in other comprehensive income during the period, if any?		
82	Has the entity presented the information required in Q 81 with other information disclosed for the class of assets?	36.127 36.128	
	(Note*: A class of assets is a grouping of assets of similar nature and use in an entity's operations.* *For example, this information may be included in a reconciliation of the carrying amount of property, plant and equipment, at the beginning and end of the period, as required by Ind AS 16.)*		
83	If the entity reports segment information in accordance with Ind AS 108 has it disclosed the following for each reportable segment:	36.129	
	a) The amount of impairment losses recognised in profit or loss and in other comprehensive income during the period, and		
	b) The amount of reversals of impairment losses recognised in profit or loss and in other comprehensive income during the period?		
84	If the entity has recognised/reversed an impairment loss during the period for an individual asset or CGU, has it disclosed the following:	36.130	
	a) The events and circumstances that led to the recognition or reversal of the impairment loss,		
	b) The amount of the impairment loss recognised or reversed,		
	c) For an individual asset:		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	i) The nature of the asset, and		
	ii) If the entity reports segment information in accordance with Ind AS 108, the reportable segment to which the asset belongs,		
	d) For a CGU:		
	i) A description of the CGU (such as whether it is a product line, a plant, a business operation, a geographical area, or a reportable segment as defined in Ind AS 108),		
	ii) The amount of the impairment loss recognised or reversed by class of assets and, if the entity reports segment information in accordance with Ind AS 108, by reportable segments, and		
	iii) If the aggregation of assets for identifying the CGU has changed since the previous estimate of the CGU's recoverable amount (if any), a description of the current and former way of aggregating assets and the reasons for changing the way the CGU is identified,		
	e) The recoverable amount of the asset (CGU) and whether the recoverable amount of the asset (CGU) is its fair value less costs of disposal or its value in use,		
	f) If the recoverable amount is fair value less costs of disposal, the entity shall disclose the following information:		
	i) The level of the fair value hierarchy (see Ind AS 113) within which the fair value measurement of the asset (CGU) is categorised in its entirety (without taking into account whether the 'costs of disposal' are observable),		
	ii) For fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation technique(s) used to measure fair value less costs of disposal. If there has been a change in valuation technique, the entity shall disclose that change and the reason(s) for making it, and		
	iii) For fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, each key assumption on which management has based its determination of fair value less costs of disposal. The entity shall also disclose the discount rate(s) used in the current measurement and previous measurement if fair value less costs of disposal is measured using a present value technique.		
	g) If recoverable amount is value in use, the discount rate(s) used in the current estimate and previous estimate (if any) of value in use?		
85	With respect to aggregate impairment losses and the aggregate reversals of impairment losses recognised during the period for which no information has been disclosed in accordance with Q 84, has the entity disclosed the following:	36.131	
	a) The main classes of assets affected by impairment losses and the main classes of assets affected by reversal of impairment losses, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) The main events and circumstances that led to the recognition of these impairment losses and reversals of impairment losses?		
86	Has the entity disclosed information, in accordance with Q 88, about the estimates used to measure the recoverable amount of a CGU when goodwill or an intangible asset with an indefinite useful life is included in the carrying amount of that unit?	36.132	
87	If a portion of the goodwill acquired in a business combination during the period has not been allocated to a CGU (group of units) at the end of the reporting period, has the entity disclosed the amount of unallocated goodwill together with the reasons why that amount remains unallocated?	36.133	
88	Has the entity disclosed the following for each CGU (group of units) for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit (group of units) is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives: a) The carrying amount of goodwill allocated to the unit (group of units),	36.134	
	b) The carrying amount of intangible assets with indefinite useful lives allocated to the unit (group of units),		
	c) The basis on which the unit's (group of units') recoverable amount has been determined (i.e. value in use or fair value less costs of disposal),		
	d) If the unit's (group of units') recoverable amount is based on value in use: i) Each key assumption on which management has based its cash flow projections for the period covered by the most recent budgets/forecasts. Key assumptions are those to which the unit's (group of units') recoverable amount is most sensitive,		
	ii) A description of management's approach to determining the value(s) assigned to each key assumption, whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information,		
	iii) The period over which management has projected cash flows based on financial budgets/forecasts approved by management and, when a period greater than five years is used for a unit (group of units), an explanation of why that longer period is justified,		
	iv) The growth rate used to extrapolate cash flow projections beyond the period covered by the most recent budgets/ forecasts, and the justification for using any growth rate that exceeds the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market to which the unit (group of units) is dedicated, and		
	v) The discount rate(s) applied to the cash flow projections?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	e) If the unit's (group of units') recoverable amount is based on fair value less costs of disposal, the valuation technique(s) used to measure fair value less costs of disposal. An entity is not required to provide the disclosures required by Ind AS 113. If fair value less costs of disposal is not measured using a quoted price for an identical unit (group of units), an entity shall disclose the following information:		
	i) Each key assumption on which management has based its determination of fair value less costs of disposal. Key assumptions are those to which the unit's (group of units') recoverable amount is most sensitive,		
	ii) A description of management's approach to determining the value (or values) assigned to each key assumption, whether those values reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information:		
	• The level of the fair value hierarchy (see Ind AS 113, *Fair Value Measurement* within which the fair value measurement is categorised in its entirety (without giving regard to the observability of 'costs of disposal'), and		
	• If there has been a change in valuation technique, the change and the reason(s) for making it,		
	If fair value less costs of disposal is measured using discounted cash flow projections, the entity shall disclose the following information:	36.134	
	iii) The period over which management has projected cash flows,		
	iv) The growth rate used to extrapolate cash flow projections,		
	v) The discount rate(s) applied to the cash flow projections,		
	f) If a reasonably possible change in a key assumption on which management has based its determination of the unit's (group of units') recoverable amount would cause the unit's (group of units') carrying amount to exceed its recoverable amount:		
	i) The amount by which the unit's (group of units') recoverable amount exceeds its carrying amount,		
	ii) The value assigned to the key assumption, and		
	iii) The amount by which the value assigned to the key assumption must change, after incorporating any consequential effects of that change on the other variables used to measure recoverable amount, in order for the unit's (group of units') recoverable amount to be equal to its carrying amount?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
89	If some or all of the carrying amount of goodwill or intangible assets with indefinite useful lives is allocated across multiple CGUs (groups of units), and the amount so allocated to each unit (group of units) is not significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives , has the entity disclosed this fact, together with the aggregate carrying amount of goodwill or intangible assets with indefinite useful lives allocated to those units (groups of units)?	36.135	
90	If the recoverable amounts of any of those units (groups of units) are based on the same key assumption(s) and the aggregate carrying amount of goodwill or intangible assets with indefinite useful lives allocated to them is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives, has the entity disclosed that fact together with the following: a) The aggregate carrying amount of goodwill allocated to those units (groups of units),	36.135	
	b) The aggregate carrying amount of intangible assets with indefinite useful lives allocated to those units (groups of units),		
	c) A description of the key assumptions,		
	d) A description of management's approach to determining the value(s) assigned to the key assumption(s), whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information, and		
	e) If a reasonably possible change in the key assumption(s) would cause the aggregate of the units' (groups of units') carrying amounts to exceed the aggregate of their recoverable amounts: i) The amount by which the aggregate of the units' (groups of units') recoverable amounts exceeds the aggregate of their carrying amounts,		
	ii) The value(s) assigned to the key assumptions, and		
	iii) The amount by which the value(s) assigned to the key assumption(s) must change, after incorporating any consequential effects of the change on the other variables used to measure recoverable amount, in order for the aggregate of the units' (groups of units') recoverable amounts to be equal to the aggregate of their carrying amounts?		
91	If the entity has used the most recent detailed calculation made in a preceding period, of the recoverable amount of a CGU (group of units), in accordance with Q 14 or Q 61, and this is being carried forward in the impairment test for that unit (group of units) in the current period if specified criteria are met, has the entity disclosed information for that unit (group of units) as required by Q 88, 89 and 90, based on the carried forward calculation of recoverable amount?	36.136	

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- There is no specific requirement arising out of the 2013 Act in the context of this standard.

Significant carve-outs from IFRS

- Ind AS 36 has been modified by deleting a reference to fair value measurement of investment property, as Ind AS 40, *Investment Property* requires cost model approach to be followed.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- The ICDS relating to provisions, contingencies and liabilities specifically excludes depreciation, impairment and doubtful assets.
- Further under Income-tax Act, 1961 such provisions will be disallowed as the same represent merely a book provision.

Glossary

Carrying amount is the amount at which an asset is recognised after deducting any accumulated depreciation (amortisation) and accumulated impairment losses thereon.

A *cash-generating unit* is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Corporate assets are assets other than goodwill that contribute to the future cash flows of both the cash-generating unit under review and other cash-generating units.

Costs of disposal are incremental costs directly attributable to the disposal of an asset or cash-generating unit, excluding finance costs and income tax expense.

Depreciable amount is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.

Depreciation/ Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See Ind AS 113)

An *impairment loss* is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

The *recoverable amount* of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use.

Useful life is either:

a) The period of time over which an asset is expected to be used by the entity; or
b) The number of production or similar units expected to be obtained from the asset by the entity.

Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

(Source: Ind AS 36, *Impairment of Assets* as issued by the Ministry of Corporate Affairs)

Ind AS-37 Provisions, Contingent Liabilities and Contingent Assets

1. Executive summary

- Indian Accounting Standard (Ind AS) 37, *Provision, Contingent Liabilities and Contingent Assets* is applied in accounting for provisions, contingent liabilities and contingent assets, except for those resulting from executory contracts (except where the contract is onerous) and those covered by other standards.
- A provision is a liability of uncertain timing or amount that arises from a past event that is expected to result in an outflow of the entity's resources.
- A contingent liability is a present obligations with uncertainties about either the probability of outflow of resources or the amount of the outflows, and possible obligations whose existence is uncertain.
- A contingent asset is a possible asset whose existence is uncertain.
- A provision is recognised for a legal or constructive obligation, if there is a probable outflow of resources and the amount can be estimated reliably. Probable in this context means more likely than not.
- A constructive obligation arises when the entity's actions create valid expectations of third parties that it will accept and discharge certain responsibilities.
- A provision is not recognised for future operating losses.
- A provision for restructuring costs is not recognised until there is a formal plan and details of the restructuring have been communicated to those affected by the plan.
- Provisions are not recognised for repairs or maintenance of own assets or for self-insurance before an obligation is incurred.
- A provision is recognised for a contract that is onerous.
- Contingent liabilities are recognised only if they are present obligations assumed in a business combination- i.e. there is uncertainty about the outflows but not about the existence of an obligation. Otherwise, contingent liabilities are disclosed in the notes to the financial statements.
- Contingent assets are not recognised in the balance sheet. If an inflow of economic benefits is probable, then details are disclosed in the notes to the financial statements.
- A provision is measured at the 'best estimate' of the expenditure to be incurred.
- Provisions are discounted if the effect of discounting is material.
- A reimbursement right is recognised as a separate asset when recovery is virtually certain, capped at the amount of the related provision.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Applicability		
	This standard shall be applied in accounting for provisions, contingent liabilities and contingent assets, except for those resulting from executory contracts (except where the contract is onerous) and those covered by other standards.	37.1	
	Scope		
1	Has the entity excluded the following items from the scope of this standard and applied the relevant Ind AS, if any, instead:	37.2	
	a) Financial instruments (including guarantees) that are within the scope of Ind AS 109, *Financial Instruments*,		
	b) Executory contracts, unless they are onerous,		
	c) Specific type of provision, contingent liability or contingent asset for the following items, that are covered by other Ind AS:	37.5	
	i) Income taxes (Ind AS 12, *Income Taxes*),		
	ii) Construction Contract (Ind AS 11, *Construction Contracts*),		
	iii) Leases (Ind AS 17, *Leases*),		
	iv) Employee benefits (Ind AS 19, *Employee Benefits*),		
	v) Insurance contracts (Ind AS 104, *Insurance Contracts*), and		
	vi) Contingent consideration of an acquirer in a business combination (see Ind AS 103, *Business Combinations*)?		
	Recognition		
2	Has the entity recognised a provision only when it satisfies the following conditions:	37.14	
	a) The entity has a present obligation (legal or constructive) as a result of a past event (refer Q 3 and 4),		
	b) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation (refer Q 5), and		
	c) A reliable estimate can be made of the amount of the obligation?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Present obligation		
3	In cases, where it is not clear whether there is a present obligation, has the entity taken into account all available evidence, including additional evidence provided by events after the reporting period, and on this basis:	37.15	
	a) Recognised a provision (where other recognition criteria are met), if it is more likely than not that a present obligation exists at the end of the reporting period, or	37.16a	
	b) Disclosed a contingent liability, if it is more likely that no present obligation exists at the end of the reporting period and the possibility of outflow of resources embodying economic benefit is not remote?	37.16b	
4	Has the entity recognised a provision only when there is a present obligation arising from a past event, existing independently of the entity's future actions, i.e.	37.17 37.19	
	a) Where the settlement of the obligation can be enforced by law, or		
	b) In the case of a constructive obligation, where the event (which may be an action of the entity) creates valid expectations in other parties that the entity will discharge the obligation?		
	Probable outflow of resources embodying economic benefits		
5	a) Has the entity considered an outflow of resources or other event to be probable if the event is more likely than not to occur, i.e. the probability that the event will occur is greater than the probability that it will not?	37.23	
	b) In case there are a number of similar obligations (e.g. product warranties), has the entity determined the probability that an outflow will be required in settlement by considering the class of obligations as a whole?	37.24	
	Contingent liability		
6	Has the entity ensured that it has not recognised a contingent liability and has appropriately disclosed (refer Q 33) a contingent liability when:	37.27	
	a) A present obligation exists and it is possible, but not remote that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of obligation cannot be measured with sufficient reliability, or	37.28	
	b) The entity is jointly and severally liable for an obligation, and is required to treat the part of the obligation that is expected to be met by other parties as a contingent liability?	37.29	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
7	Has the entity assessed previously disclosed contingent liabilities continually to determine whether an outflow of resources embodying economic benefits has become probable, and recognised a provision in the financial statements if the change in probability has occurred in the current period?	37.30	
	Contingent asset		
8	a) Has the entity not recognised contingent assets and appropriately disclosed (refer Q 36) them only when the inflow of economic benefits is probable?	37.34	
	b) Has the entity recognised contingent asset only when expected inflow of economic benefits is virtually certain?	37.35	
	(Note: *Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the financial statements of the period in which the change occurs. Similarly if the inflow of economic benefits has become probable, the contingent asset is disclosed in the financial statements.)*		
	Measurement		
	Best estimate		
9	Does the amount recognised as a provision represent the best estimate of the expenditure required to settle the present obligation at the end of the reporting period?	37.36	
	(Note: *Determination of the best estimate may involve exercise of judgement, supplemented by experience of similar transactions and opinions from independent experts. The evidence considered included any additional evidence provided by events after the reporting period.)*		
10	Where the provision being measured involves a large population of items, has the obligation been estimated by weighting all possible outcomes by their associated probabilities (i.e., expected value)?	37.39	
11	Has the entity measured the provision before tax and have the tax consequences of the provision, and changes in it, been recognised in accordance with Ind AS 12?	37.41	
	Risks and Uncertainties		
12	Has the entity taken into account all risks and uncertainties that inevitably surround events and circumstances in reaching the best estimate of a provision?	37.42	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Present value		
13	Has the entity determined the amount of a provision as the present value of the expenditures expected to be required to settle the obligation, if the effect of the time value of money on the provision is material?	37.45	
14	Is the discount rate (or rates) used by the entity a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability?	37.47	
	(Note: *The discount rate(s) shall not reflect risks for which future cash flow estimates have been adjusted.)*		
	Future events		
15	Has the entity ensured that future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur?	37.48	
	(Note: *For example, an entity may believe that the cost of cleaning up a site at the end of its life will be reduced by future changes in technology.*	37.49	
	The effect of possible new legislation is taken into consideration in measuring an existing obligation when sufficient objective evidence exists that the legislation is virtually certain to be enacted.)	37.50	
	Expected disposal of assets		
16	Has the entity ignored any gains from the expected disposal of assets while measuring a provision?	37.51	
	Reimbursement		
17	If the entity expects some of the expenditure required to settle provision, to be reimbursed by another party, has the entity ensured that:	37.53	
	a) The reimbursement has been recognised only when it is virtually certain to be received upon settlement of the provision by the entity,		
	b) The reimbursement has been treated as a separate asset and provision is recognised for the full amount of liability,		
	c) The amount recognised for reimbursement is less than or equal to the provision, and		
	d) The expenses related to the provision are presented net of reimbursement in the statement of profit and loss?	37.54	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Changes in provision		
18	Has the entity reviewed the provision at the end of each reporting period and adjusted to reflect the current best estimate?	37.59	
19	Has the entity reversed the provision when it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation?	37.59	
20	When a provision has been discounted, has the entity increased the carrying amount of the provision in each period to reflect the passage of time and recognised the increase as borrowing cost?	37.60	
	Use of provisions		
21	Has the entity used the provision only for expenditures for which it was originally recognised?	37.61	
	(Note: *Only expenditures that relate to the original provision are set against it. Setting expenditures against a provision that was originally recognised for another purpose would conceal the impact of two different events.)*	37.62	
	Future operating losses		
22	Has the entity ensured that it does not recognise provisions for future operating losses?	37.63	
	Onerous contracts		
23	Has the entity recognised and measured the present obligation under the contract as a provision, if the entity has a contract that is onerous, i.e. in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it?	37.66	
	Restructuring		
24	Has the entity recognised the provision for restructuring costs, only when the general recognition criteria for provisions (refer Q 2) are satisfied?	37.71	
25	Has a constructive obligation to restructure (other than through sale of line of business) been considered to arise only based on the entity having:	37.72	
	a) A detailed formal plan for the restructuring identifying atleast:		
	i) The business or part of a business concerned,		
	ii) The principal locations affected,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	iii) The location, function, and approximate number of employees who will be compensated for terminating their services,		
	iv) The expenditures that will be undertaken, and		
	v) When the plan will be implemented,		
	b) Raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it?		
26	If a management or board decision to restructure (other than through sale of a line of business) is taken before the end of the reporting period, has the entity recognised a constructive obligation only when the entity has, before the end of the reporting period: a) Started to implement the restructuring plan, or	37.75	
	b) Announced the main features of the restructuring plan to those affected by it in a sufficiently specific manner to raise a valid expectation in them that the entity will carry out the restructuring?		
	(Note: *If an entity starts to implement a restructuring plan, or announces its main features to those affected, only after the reporting period, it is required to disclose this plan under Ind AS 10, Events after the Reporting Period, provided the restructuring is material and non-disclosure could influence the economic decisions that users make on the basis of the financial statements.)*	37.75	
27	Has the entity recognised a provision for the future sale of an operation only when it is committed to the sale, i.e. there is a binding sale agreement?	37.78	
28	Has the entity ensured that the restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both: a) Necessarily entailed by the restructuring, and	37.80	
	b) Not associated with the ongoing activities of the entity?		
29	Has the entity ensured that the following cost have been excluded from the restructuring provision: a) Retraining or relocating continuing staff,	37.81	
	b) Marketing, or		
	c) Investment in new systems and distribution networks?		
30	Has the entity ensured that identifiable future operating losses up to the date of a restructuring are not included in measuring a restructuring provision, unless they relate to an onerous contract?	37.82	
31	Has the entity ensured that the gains on the expected disposal of assets are not taken into account in measuring a restructuring provision, even if the sale of assets is envisaged as part of the restructuring?	37.83	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Levies		
32	a) Has the entity recognised a liability to pay a levy only when there is a present obligation to pay the levy on the occurrence of an obligating event?	37.C8	
	b) Has the entity ensured that the liability to pay a levy is recognised progressively if the obligating event occurs over a period of time?	37.C11	
	c) If the obligation to pay a levy is triggered when a minimum threshold is reached, has the corresponding liability to pay the levy been recognised in a consistent manner, i.e., when that minimum threshold is reached?	37.C12	
	d) Has the entity recognised an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy?	37.C14	
	Disclosure		
33	Has the entity disclosed following for each class of provision:	37.84	
	a) The carrying amount at the beginning and end of the period,		
	b) Additional provisions made in the period, including increases to existing provisions,		
	c) Amounts used (i.e. incurred and charged against the provision) during the period,		
	d) Unused amounts reversed during the period,		
	e) The increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate,		
	f) A brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits,	37.85	
	g) An indication of the uncertainties about the amount or timing of those outflows. Has the entity disclosed the major assumptions made concerning future events, as addressed in Q 15, and		
	h) The amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement?		
34	Unless the possibility of any outflow in settlement is remote, has the entity disclosed for each class of contingent liability at the end of the reporting period a brief description of the nature of the contingent liability and, where practicable:	37.86	
	a) An estimate of its financial effect, measured under Q 9 to17,		
	b) An indication of the uncertainties relating to the amount or timing of any outflow, and		
	c) The possibility of any reimbursement?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
35	Has the entity considered the nature of the items which is sufficiently similar for a single statement about them to fulfil the requirements in Q 33 and 34 for determining which provisions or contingent liabilities should be aggregated to form a class?	37.87	
36	Has the entity made disclosure as required by Q 33 and 34 in a way that shows the link between the provision and the contingent liability, if the provision and contingent liability had arisen from the same set of circumstances?	37.88	
	Contingent asset		
37	Has the entity disclosed a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect, measured using the principles set out for provisions, where an inflow of economic benefits is probable?	37.89	
38	Has the entity stated the fact, where any of the information required in Q 33 to 37 is not disclosed because it is not practicable to do so?	37.91	
39	Where disclosure of some or all of the information required in Q 33 to 37 is expected to prejudice seriously the position of the entity in a dispute with other parties on the subject matter of the provision, contingent liability or contingent asset, then has the entity disclosed the general nature of the dispute, together with the fact that, and the reason why the information has not been disclosed?	37.92	

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- There are no specific requirements arising out of the 2013 Act in the context of this standard.

Significant carve-outs from IFRS

- No significant carve-outs from IFRS have been provided in this standard.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- ICDS does not apply to executory contracts including onerous contract. Ind AS 37 shall be applicable in accounting for provisions, contingent liabilities and contingent assets except those resulting from executory contracts, except contracts which are onerous.
- ICDS allows recognition of provision only if it is reasonably certain and not recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation.
- Measurement of contingent assets: ICDS permits the recognition of contingent assets when the inflow of economic benefits is reasonably certain. Whereas Ind AS 37 does not permit the recognition of contingent asset since this may result in the recognition of income that may never be realised. When the realisation of income is virtually certain then the related asset is not a contingent asset.

Glossary

A *provision* is a liability of uncertain timing or amount.

A *liability* is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

An *obligating event* is an event that creates a legal or constructive obligation that results in an entity having no realistic alternative to settling that obligation.

A *legal obligation* is an obligation that derives from:

(a) A contract (through its explicit or implicit terms),

(b) Legislation, or

(c) Other operation of law.

A *constructive obligation* is an obligation that derives from an entity's actions where:

(a) By an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities, and

(b) As a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

A *contingent liability* is:

(a) A possible obligation that arises from past events and whose existence 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, or

(b) A present obligation that arises from past events but is not recognised because:
   - i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or
   - ii) The amount of the obligation cannot be measured with sufficient reliability.

A *contingent asset* is a possible asset that arises from past events and whose existence 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.

An *onerous contract* is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A *restructuring* is a programme that is planned and controlled by management, and materially changes either:

(a) The scope of a business undertaken by an entity, or

(b) The manner in which that business is conducted.

(Source: Ind AS 37, *Provisions, Contingent Liabilities and Contingent Assets* as issued by the Ministry of Corporate Affairs)

Ind AS-38
Intangible Assets

1. Executive summary

- Indian Accounting Standard (Ind AS) 38, *Intangible Assets*, prescribes the accounting treatment for intangible assets that are not dealt with specifically in another standard. It requires the entity to recognise an intangible asset if, and only if, specified criteria are met. The standard also specifies how to measure the carrying amount of intangible assets and requires specific disclosures about intangible assets.
- This standard shall be applied in accounting for intangible assets, except: (a) intangible assets that are within 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, and (d) expenditure on the development and extraction of minerals, oil, natural gas and similar non-regenerative resources.
- An intangible asset is identifiable if it either:
  - Is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so, or
  - Arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.
- An intangible asset shall be recognised if, and only if:
  - It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, and
  - The cost of the asset can be measured reliably.
- An entity shall assess the probability of expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.
- An intangible asset shall be measured initially at cost.
- Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance shall not be recognised as intangible assets.
- An entity shall assess whether the useful life of an intangible asset is finite or indefinite and, if finite, the length of, or number of production or similar units constituting, that useful life. An intangible asset shall be regarded by the entity as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.
- The useful life of an intangible asset that arises from contractual or other legal rights shall not exceed the period of the contractual or other legal rights, but may be shorter depending on the period over which the entity expects to use the asset.
- The depreciable amount of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life. Amortisation shall begin when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation shall cease at the earlier of the date that the asset is classified as held for sale in accordance with Ind AS 105, *Non-current Assets Held for Sale and Discontinued Operations* and the date that the asset is derecognised.
- The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless:
  - There is a commitment by a third party to purchase the asset at the end of its useful life, or
  - There is an active market for the asset and: (i) residual value can be determined by reference to that market, and (ii) it is probable that such a market will exist at the end of the asset's useful life.

- The amortisation period and the amortisation method for an intangible asset with a finite useful life shall be reviewed at least at each financial year-end.
- An intangible asset with an indefinite useful life shall not be amortised. The useful life of an intangible asset that is not being amortised shall be reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset.
- An intangible asset shall be derecognised: (a) on disposal, or (b) when no future economic benefits are expected from its use or disposal.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Scope		
1	Has the entity excluded the following items from the scope of this standard and applied the relevant Ind AS instead:	38.3	
	a) Intangible assets held for sale in the ordinary course of business (see Ind AS 2, *Inventories* and Ind AS 11, *Construction Contracts*.),		
	b) Deferred tax assets (see Ind AS 12, *Income Taxes*),		
	c) Leases that are within the scope of Ind AS 17, *Leases,*		
	d) Assets arising from employee benefits (see Ind AS 19, *Employee Benefits*),		
	e) Financial assets, as defined in Ind AS 32, *Financial Instruments: Presentation,*		
	f) Goodwill acquired in a business combination (see Ind AS 103, *Business Combinations*),		
	g) 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,*		
	h) Non-current intangible assets classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with Ind AS 105, *Non- current Assets Held for Sale and Discontinued Operations,*		
	i) The recognition and measurement of exploration and evaluation assets (see Ind AS 106, *Exploration for and Evaluation of Mineral Resources*),		
	j) Expenditure on the development and extraction of minerals, oil, natural gas and similar non-regenerative resources, and		
	k) Intangible assets that are within the scope of another standard?		
2	If the entity has an asset that has both tangible as well as intangible elements (e.g., computer software for a computer controlled machine tool), has the entity exercised judgement based on the accounting policies formulated and adopted by management, and:	38.4	
	a) Treated the asset as a tangible asset under Ind AS 16, *Property Plant and Equipment*, if the intangible element is an integral part of the tangible asset, or		
	b) Classified the intangible element separately as an intangible asset under Ind AS 38, *Intangible Assets* if it is not an integral part of the related tangible asset?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
3	If the entity is a lessee in a finance lease of an underlying intangible asset that is excluded from the scope of Ind AS 17, (e.g., rights under licensing agreements for items such as motion picture films, video recordings, plays, manuscripts, patents and copyrights), has the entity included these assets in the scope of Ind AS 38?	38.6	
4	Has the entity treated an asset as an intangible asset under this standard only when the following conditions have been satisfied:	38.9	
	a) Identifiability (refer Q 6),		
	b) Control over a resource (refer Q 7), and		
	c) Existence of future economic benefits (refer Q 8)?		
5	Has the entity recognised expenditure to acquire it or generate it internally as an expense if the conditions mentioned in Q 4 are not satisfied? (Also refer Q 26 and 27.)	38.10	
	Identifiability		
6	Has the entity included an asset within the scope of this standard only if an asset is either:	38.12	
	a) Separable, i.e., is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so, or		
	b) Arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations?		
	Control		
7	Has the entity included an asset within the scope of this standard only if it controls the asset in terms of the power to control the economic benefits flowing from the underlying resource and to restrict the access of others to those benefits?	38.13 38.14 38.15 38.16	
	(Note: *For example:*		
	a) The entity has legal rights that are enforceable in the court of law or legal duty,		
	b) The entity is able to control the future economic benefits in other way).		
	Existence of future economic benefits		
8	Has the entity included an asset within the scope of this standard only if there are future economic benefits resulting from the use of an intangible asset by the entity?	38.17	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note: *For example:* *a) The use of intellectual property in a production process may reduce future production costs rather than increase future revenues.* *b) Revenue from the sale of products or services, cost savings, or other benefits)*		
	Recognition		
9	Has the entity recognised an intangible asset only if the following criteria are met:	38.21	
	a) It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, and		
	b) The cost of the asset can be measured reliably?		
10	Has the entity assessed the probability of expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset?	38.22	
	(Note: *The entity uses judgement to assess the degree of certainty attached to the flow of future economic benefits that are attributable to the use of the asset on the basis of the evidence available at the time of initial recognition, giving greater weight to external evidence.)*	38.23	
	Measurement		
11	Has the entity measured an intangible asset initially at cost?	38.24	
	Separate acquisition – Measurement		
12	For separately acquired intangible assets, has the entity included the following in cost:	38.27	
	a) Purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and		
	b) Any directly attributable cost for preparing the asset for its intended use?		
	(Note: *Examples of directly attributable costs are:* *a) Employee Benefits arising directly from bringing the asset to its working condition (Ind AS 19),* *b) Professional fees arising directly from bringing the asset to its working condition,* *c) Cost of testing whether the asset is functioning properly).*	38.28	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
13	For separately acquired intangible assets, has the entity excluded the following from the cost of an intangible asset:	38.29, 38.30 38.32	
	a) Cost of introducing new product or service (including costs of advertising and promotional activities),		
	b) Cost of conducting the business in a new location or with the new class of customers (including cost of staff training),		
	c) Administration and other general overheads,		
	d) Cost incurred after the asset is capable of operating in the manner intended by the management,		
	e) Initial operating losses such as those incurred while demand for the asset's output builds up, and		
	f) Interest expense incurred where the payment for the intangible asset is deferred beyond the normal credit terms unless it is capitalised in accordance with Ind AS 23, *Borrowing Cost?*		
14	Has the entity recognised the income and related expenses of incidental operations in profit or loss and included them in their respective classifications of income and expense?	38.31	
	Intangible asset acquired as part of a business combination - Measurement		
15	If an intangible asset has been acquired under a business combination and for the estimates used to measure an intangible asset's fair value, there is a range of possible outcomes with different probabilities, has the entity considered such uncertainty in the measurement of the asset's fair value?	38.35 38.33	
	(Note: *The probability and reliable measurement criterion for recognition of an intangible asset are always considered to be satisfied for intangible assets acquired in business combinations.* *If an intangible asset acquired in a business combination is separable or arises from contractual or other legal rights, sufficient information exists to measure reliably the fair value of the asset.)*		
16	If the entity has acquired any intangible asset that might be separable, but only together with a related contract, identifiable asset or liability, has the entity recognised the intangible asset separately from goodwill, but together with the related item?	38.36	
17	Has the entity (acquirer) recognised a group of complementary intangible assets as a single asset, only if the individual assets have similar useful lives?	38.37	
	(Note: *For example: The terms 'brand' and 'brand name' are often used as synonyms for trademarks and other marks. However, the former are general marketing terms that are typically used to refer to a group of*		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	complimentary assets such as a trademark (or service mark) and its related trade name, formulas, recipes and technological expertise.)		
	Acquisition by way of a government grant - Measurement		
18	If the entity has acquired an intangible asset free of charge, or for nominal consideration, by way of a government grant, has the entity recognised both the intangible asset and the grant initially at fair value in accordance with Ind AS 20, *Accounting for Government Grants and Disclosure of Government Assistance?*	38.44	
	Exchanges of assets - Measurement		
19	a) If the entity has acquired one or more intangible assets by way of exchange for a non-monetary asset(s) or a combination of monetary and non-monetary assets, has the entity measured the cost of such intangible asset at fair value?	38.45 38.46	
	b) If the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable, has the entity measured the cost of such intangible asset acquired at the carrying amount of the asset given up?		
20	If the entity is able to reliably measure the fair value of either the asset received or the asset given up, has the entity used the fair value of the asset given up to measure cost unless the fair value of the asset received is more clearly evident?	38.47	
	Internally generated goodwill		
21	Has the entity ensured that internally generated goodwill is not recognised as an asset?	38.48	
	Internally generated intangible assets in research phase		
22	If the entity has an internally generated intangible asset in a research phase, is the expenditure on research phase of a project recognised as an expense by the entity when it is incurred?	38.51 38.52 38.54	
	(Note: *Entity to ensure that no intangible asset is recognised in the research phase.)*		
	Internally generated intangible assets in development phase		
23	If the entity has an internally generated intangible asset in a development phase, is the expenditure on development phase of a project recognised as an intangible asset only if the entity demonstrates all of the following:	38.57	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) The technical feasibility of completing the intangible asset so that it will be available for use or sale,		
	b) Its intention to complete the intangible asset and use or sell it,		
	c) Its ability to use or sell the intangible asset,		
	d) How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness intangible asset,		
	e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and		
	f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development?		
24	Has the entity included all directly attributable costs in determining the cost of internally generated intangible assets? (Examples of such costs are: a) Costs of materials and services used or consumed in generating the intangible asset, b) Costs of employee benefits (as defined in Ind AS 19) arising from the generation of the intangible asset, c) Fees to register a legal right, and d) Amortisation of patents and licences that are used to generate the intangible asset.) (Note: *Ind AS 23 specifies criteria for the recognition of interest as an element of the cost of an internally generated intangible asset.)*	38.65 38.66	
	Toll roads under service concession arrangements		
25	If the entity has intangible assets arising from service concession arrangements in respect of toll roads, and the entity has elected to apply the optional exemption in paragraph D22 of Ind AS 101, has it amortised such intangible assets as per the Indian GAAP accounting policy applied in the financial statements for the period before the beginning of the first Ind AS reporting period?	38.7AA	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Recognition of an expense		
26	Has the entity ensured that the expenditure on an intangible item is recognised as an expense when it is incurred unless:	38.68	
	a) It forms part of the cost of an intangible asset that meets the recognition criteria (refer Q 9 to 24), or		
	b) The item is acquired in a business combination and cannot be recognised as an intangible asset? If this is the case, it forms part of the amount recognised as goodwill at the acquisition date (see Ind AS 103)?		
27	If, based on Q 26, an expenditure incurred on an intangible item is to be recognised as an expense, has such an expense been recognised:	38.69	
	a) In the case of supply of goods - when it has a right to access those goods, and		
	b) In the case of supply of services - when it has received the services?		
	(Note: *Expenditure on intangible items which would need to be expensed would include:* *a) Expenditure on start-up activities (i.e. start-up costs), unless this expenditure is included in the cost of an item of property, plant and equipment in accordance with Ind AS 16. Start-up costs may consist of establishment costs such as legal and secretarial costs incurred in establishing a legal entity, expenditure to open a new facility or business (i.e. preopening costs) or expenditures for starting new operations or launching new products or processes (i.e. pre-operating costs),* *b) Expenditure on training activities,* *c) Expenditure on advertising and promotional activities (including mail order catalogues), and* *d) Expenditure on relocating or reorganising part or all of an entity.)*		
	Measurement after recognition		
28	The entity has an option to choose either the cost model or revaluation model as its accounting policy for subsequent measurement of intangible assets. If the entity has selected the cost model, has the entity carried recognised intangible assets at cost less any accumulated amortisation and any accumulated impairment losses?	38.72 37.74	
29	If the entity has selected the revaluation model, has the entity measured previously recognised intangible assets at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses? (For the purpose of revaluations under this standard, fair value shall be measured by reference to an active market)?	38.75 38.77	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	(Note: *If the entity has an asset in which only one part of the cost is recognised as an asset because the asset did not meet the criteria for recognition until part of the way through the process (refer Q 24), the revaluation model may be applied to the whole of that asset.)*		
30	Has the entity ensured that revaluation is performed with such regularity that at the end of the reporting period the carrying amount of the asset does not differ materially from its fair value?	38.79	
	(Note: *Intangible assets which experience significant and volatile movements in fair value may necessitate annual revaluation. Such frequent revaluations are unnecessary for assets with insignificant movement in fair value.)*		
31	When an intangible asset is revalued, has the entity ensured that the accumulated amortisation at the date of the revaluation is either:	38.80	
	a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals revalued amount, or		
	b) Eliminated against the gross carrying amount of the asset?		
32	If an intangible asset in a class of revalued intangible assets cannot be revalued because there is no active market for this asset, has the entity carried the intangible asset at its cost less any accumulated amortisation and impairment losses?	38.81	
33	If the fair value of a revalued intangible asset can no longer be measured by reference to an active market, has the entity ensured that the carrying amount of the asset is its revalued amount at the date of the last revaluation by reference to the active market less any subsequent accumulated amortisation and any subsequent accumulated impairment losses?	38.82	
34	If the fair value of the asset can measured by reference to an active market at a subsequent measurement date, then has the entity ensured that the revaluation model is applied only from that date?	38.84	
35	If the intangible asset's carrying amount is increased as a result of a revaluation then has the entity:	38.85	
	a) Recognised the increase in other comprehensive income and accumulated in equity under the heading of revaluation surplus, or		
	b) Recognised the increase in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss?		
36	If an intangible asset's carrying amount is decreased as a result of a revaluation then, has the entity:	38.86	
	a) Recognised the decrease in profit or loss, or		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	b) Recognised the decrease in other comprehensive income to the extent of any credit balance in the revaluation surplus in respect of that asset?		
37	Has the entity ensured that the cumulative revaluation surplus included in equity is transferred directly from revaluation surplus to retained earnings when the surplus is realised and such transfer is not made through profit or loss?	38.87	
38	If the entity has incurred any subsequent expenditures that is likely to maintain the expected future economic benefits, and	38.20	
	a) Such subsequent expenditure is directly attributable to a particular intangible asset, has the entity recognised it in the carrying amount of an asset, and		
	b) Such subsequent expenditure is not attributable to a particular asset and it is incurred for the business as a whole, has the entity recognised it in profit or loss?		
39	Has the entity ensured that internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets?	38.63	
	Useful life		
40	If the entity has assessed the useful life of an intangible asset as finite, has it made this determination based on the length of, or number of production or similar units constituting, that useful life?	38.88	
	(Note: *An intangible asset shall be regarded by the entity as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.)*		
41	Has the entity amortised the intangible assets with finite useful life and not the assets with indefinite useful life?	38.89	
42	Has the entity considered the following factors in determining the useful life of an intangible asset:	38.90	
	a) The expected usage of the asset by the entity and whether the asset could be managed efficiently by another management team,		
	b) Typical product life cycles for the asset and public information on estimates of useful lives of similar assets that are used in a similar way,		
	c) Technical, technological, commercial or other types of obsolescence,		
	d) The stability of the industry in which the asset operates and changes in the market demand for the products or services output from the asset,		
	e) Expected actions by competitors or potential competitors,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	f) The level of maintenance expenditure required to obtain the expected future economic benefits from the asset and the entity's ability and intention to reach such a level,		
	g) The period of control over the asset and legal or similar limits on the use of the asset, such as the expiry dates of related leases, and		
	h) Whether the useful life of the asset is dependent on the useful life of other assets of the entity?		
43	Has the entity ensured not to choose a life that is unrealistically short while estimating the useful life of an intangible asset on a prudent basis?	38.93	
44	a) Has the useful life of an intangible asset that arises from contractual or other legal rights not exceed the period of the contractual or other legal rights? (Note: *It can be shorter depending on the period over which the entity expects to use the asset.*)	38.94	
	b) If the contractual or other legal rights are conveyed for a limited term that can be renewed, has the entity determined the useful life of the intangible asset to include the renewal period(s) only if there is evidence to support renewal by the entity without significant cost?		
45	Has the entity ensured that the useful life of a reacquired right recognised as an intangible asset in a business combination is the remaining contractual period of the contract in which the right was granted and should not include renewal periods, except in accordance with Q 48?	38.94	
46	Has the entity ensured that the useful life is the shorter of the periods determined by the economic factors (the period over which future economic benefits will be received by the entity) and legal factors (which restrict the period over which the entity controls access to these benefits)?	38.95	
47	If the contractual or legal rights related to an intangible asset can be renewed by the entity without significant cost, based on the existence of the following factors, has the entity included the renewal period in the determination of useful life for such an intangible asset: a) There is evidence, possibly based on experience, that the contractual or other legal rights will be renewed. If renewal is contingent upon the consent of a third party, this includes evidence that the third party will give its consent,	38.96	
	b) There is evidence that any conditions necessary to obtain renewal will be satisfied, and		
	c) The cost to the entity of renewal is not significant when compared with the future economic benefits expected to flow to the entity from renewal?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Intangible assets with finite useful lives		
48	Has the entity ensured that the depreciable amount of an intangible asset with a finite useful life is allocated on a systematic basis over its useful life?	38.97	
49	Has the entity ensured that the amortisation has begun when the asset is available for use (i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management) and that the amortisation has ceased at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with Ind AS 105 and the date that the asset is derecognised?	38.97	
50	Has the entity ensured that the amortisation charge for each period is recognised in profit or loss, or is included in the carrying amount of another asset if the future economic benefits embodied in the asset are absorbed in producing an another asset, as per another standard which permits or requires it to do so?	38.97 38.98 38.99	
51	a) Has the entity used one of the following amortisation methods to allocate the depreciable amount of an asset on systematic basis over its useful life:	38.98	
	i) The straight-line method,		
	ii) The diminishing balance method, or		
	iii) The units of production method?		
	(Note: *The method used should be selected on the basis of the expected pattern of consumption of the expected future economic benefits embodied in the asset.*)		
	b) Is the method so adopted consistently applied from period to period, unless there is a change in the expected pattern of consumption of those future economic benefits?		
52	Has the entity ensured that if it had used revenue generation as a basis for amortisation, which is the predominant limiting factor, then it does so except in the following limited circumstances:	38.98	
	a) In which the intangible asset is expressed as a measure of revenue, or		
	b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Residual value		
53	Has the entity ensured that the residual value of an intangible asset with a finite useful life is assumed to be zero unless:	38.100	
	a) There is a commitment by a third party to purchase the asset at the end of its useful life, or		
	b) There is an active market for the asset and,		
	i) Residual value can be determined by reference to that market, or		
	ii) It is probable that such a market will exist at the end of the asset's useful life?		
54	Has the entity ensured that the depreciable amount of an asset with a finite useful life is determined after deducting its residual value if the residual value is other than zero?	38.101	
55	Has the entity estimated an asset's residual value based on the amount recoverable from disposal using prices prevailing at the date of the estimate for the sale of a similar asset that has reached the end of its useful life and has operated under conditions similar to those in which the asset will be used? (Note: *If there is any change in the asset's residual value, then has the entity accounted for this as a change in an accounting estimate in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors?)*	38.102	
56	The residual value of an intangible asset may increase to an amount equal to or greater than the asset's carrying amount. If it does, has the entity ensured that the asset's amortisation charge is zero unless and until its residual value subsequently decreases to an amount below the asset's carrying amount?	38.103	
	Review of amortisation period and amortisation method		
57	a) Has the entity reviewed at least at each financial year-end, the amortisation period and the amortisation method for an intangible asset of a finite useful life?	38.104	
	b) Has the entity ensured that the amortisation period is changed, if the expected useful life of the asset is different from previous estimates, or there has been a change in the expected pattern of consumption of future economic benefits embodied in the asset?		
	c) Has the entity ensured that changes are accounted for as changes in accounting estimates in accordance with Ind AS 8?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Intangible assets with indefinite useful lives		
58	Has the entity ensured that it does not amortise an intangible asset with an indefinite useful life and instead tests such an intangible asset for impairment by comparing its recoverable amount with its carrying amount in accordance with Ind AS 36, *Impairment of assets*:	38.107 38.108	
	a) Annually, and		
	b) Whenever there is an indication that the intangible asset may be impaired?		
	Review of useful life assessment		
59	Has the entity reviewed in each period, whether events and circumstances continue to support an indefinite useful life assessment for an intangible asset, and accounted for a change, if any, in the useful life from indefinite to finite as a change in an accounting estimate in accordance with Ind AS 8?	38.109	
60	If the useful life of an intangible asset has changed from indefinite to finite, has the entity considered this as an indicator that the asset may be impaired, tested the asset for impairment by comparing its recoverable amount with its carrying amount, and recognised any excess of the carrying amount over the recoverable amount as an impairment loss?	38.110	
	Retirements and disposals		
61	Has the entity derecognised intangible asset in the following cases:	38.112	
	a) On disposal, or		
	b) When no future economic benefits are expected from its use or disposal?		
62	Has the entity recognised in profit and loss, the gain or loss arising from the derecognition of an intangible asset as the difference between the net disposal proceeds, if any, and the carrying amount of the asset? (Unless Ind AS 17 requires otherwise on a sale and leaseback.)	38.113 38.114	
	(Note: *In determining the date of disposal of such assets the entity applied the criteria in Ind AS 18, Revenue for recognising revenue from sale of goods. Ind AS 17 applied to disposal by sale and leaseback.*)		
63	If in accordance with the recognition principle in Q 10, the entity has a recognised in the carrying amount of an asset the cost of a replacement for part of an intangible asset, then has the entity derecognised the carrying amount of the replaced part?	38.115	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
64	If it is not practicable for an entity to determine the carrying amount of the replaced part, then has the entity used the cost of the replacement as an indication of what the cost of the replaced part was at the time it was acquired or internally generated?	38.115	
65	In the case of a reacquired right in a business combination, if the right is subsequently reissued (sold) to a third party, then has the entity used the related carrying amount, if any, to determine the gain or loss on reissue?	38.115A	
66	a) Has the entity recognised, the consideration receivable on disposal of an intangible asset initially at its fair value?	38.116	
	b) Is the payment for an intangible asset deferred?		
	If yes, the consideration received is recognised initially at the cash price equivalent?		
	c) Has the entity, recognised a difference between the nominal amount of the consideration and the cash price equivalent as interest revenue in accordance with Ind AS 18 reflecting the effective yield on the receivable?		
67	Has the entity ensured that the amortisation of an intangible asset with a finite useful life does not cease when the intangible asset is no longer used, unless the asset has been fully depreciated or is classified as held for sale?	38.117	
	Disclosure		
68	Has the entity disclosed the following, distinguishing between internally generated intangible assets and other intangible assets:	38.118	
	a) Whether the useful lives are indefinite or finite and, if finite, the useful lives or the amortisation rates used,		
	b) The amortisation methods used for intangible assets with finite useful lives,		
	c) The gross carrying amount and any accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the period),		
	d) The line item(s) of the statement of profit and loss in which any amortisation of intangible assets is included,		
	e) A reconciliation of the carrying amount at the beginning and end of the period showing:		
	i) Additions, indicating separately those from internal development, those acquired separately, and those acquired through business combinations,		
	ii) Assets classified as held for sale or included in a disposal group classified as held for sale in accordance with Ind AS 105 and other disposals,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	iii) Increases or decreases during the period resulting from revaluations as mentioned under Q 29,35,36 and from impairment losses recognised or reversed in other comprehensive income in accordance with Ind AS 36 (if any),		
	iv) Impairment losses recognised in profit or loss during the period in accordance with Ind AS 36 (if any),		
	v) Impairment losses reversed in profit or loss during the period in accordance with Ind AS 36 (if any),		
	vi) Any amortisation recognised during the period,		
	vii) Net exchange differences arising on the translation of the financial statements into the presentation currency, and on the translation of a foreign operation into the presentation currency of the entity, and		
	viii) Other changes in the carrying amount during the period?		
69	Has the entity grouped the assets of similar nature and use in the entity's operations into the same class of assets?	38.119	
70	Has the entity disclosed the nature and the amount of change in the accounting estimate that has a material effect on the current period and subsequent periods resulting from factors like	38.121	
	a) The assessment of an intangible asset's useful life,		
	b) The amortisation method, or		
	c) Residual values?		
71	In case of an intangible asset having an indefinite useful life, has the entity disclosed:	38.122	
	a) The carrying amount and the reasons supporting the assessment of an indefinite useful life,		
	b) A description, carrying amount and the remaining amortisation period of any intangible asset that is material to the entity's financial statements,		
	c) In case of intangible assets acquired by way of government grant, the fair value, carrying amount and the method of measurement (cost model or revaluation model),		
	d) Existence and carrying amount of assets whose title is restricted and those assets pledged as security for liabilities, and		
	e) Amount of contractual commitments?		
72	In case of intangible assets accounted for at revalued amounts, has the entity disclosed the following:	38.124	
	a) By class of intangible assets:		
	i) The effective date of the revaluation,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	ii) The carrying amount of revalued intangible assets, and		
	iii) The carrying amount that would have been recognised had the revalued class of intangible assets been measured after recognition using the cost model as mentioned in Q 28 of this standard,		
	b) The amount of revaluation surplus at the beginning and end of the period, indicating the changes and the restrictions on the distribution to the shareholders?		
	Research and development expenditure		
73	Has the entity disclosed the aggregate amount of research and development expenditure recognised as an expense during the period?	38.126	
	Other information		
74	Has the entity disclosed the following information:	38.130	
	a) A description of any fully amortised intangible asset that is still in use, and		
	b) A brief description of significant intangible assets controlled by the entity but not recognised as assets because they did not meet the recognition criteria in this Standard or because they were acquired or generated before this standard was effective?		
	(Note: *This disclosure is encouraged but not required to be provided.*)		

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- Schedule II of the 2013 Act permits revenue-based amortisation of intangible assets relating to toll roads created under the 'Build, Operate and Transfer (BOT)' or 'Build, Own, Operate and Transfer (BOOT)' or any other form of public-private partnership route in case of road projects, which is not permitted by Ind AS 38. Ind AS 101 permits companies to continue this method of amortisation for intangible assets (relating to toll roads) previously recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. However, companies need to consider the conflict between Schedule II of the 2013 Act and Ind AS 38 for new intangible assets recognised in relation to toll road projects, after this date.

Significant carve-outs from IFRS

- With regard to the acquisition of an intangible asset by way of a government grant, IAS 38, *Intangible Assets*, provides the option to an entity to recognise both asset and grant initially at fair value or at a nominal amount plus any expenditure that is directly attributable to preparing the asset for its intended use. Ind AS 38 allows only fair value for recognising the intangible asset and grant in accordance with Ind AS 20, *Accounting for Government Grants and Disclosure of Government Assistance.*
- Paragraph 7AA has been inserted to scope out the entity that opts to amortise the intangible assets arising from service concession arrangements in respect of toll roads recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS reporting period as per the exception given in paragraph D22 of Appendix D to Ind AS 101. This should be read with Schedule II of the 2013 Act which permits revenue based amortisation of all toll road projects.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- No specific requirement has been prescribed under the ICDS relating to this standard.

Glossary

Amortisation is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

An *asset* is a resource:

a) Controlled by an entity as a result of past events, and
b) From which future economic benefits are expected to flow to the entity.

Carrying amount is the amount at which an asset is recognised in the balance sheet after deducting any accumulated amortisation and accumulated impairment losses thereon.

Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction, or, when applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Indian Accounting Standards, e.g. Ind AS 102, Share-based Payment.

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use.

Entity-specific value is the present value of the cash flows an entity expects to arise from the continuing use of an asset and from its disposal at the end of its useful life or expects to incur when settling a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See Ind AS 113*, Fair Value Measurement*.)

An *impairment loss* is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An *intangible asset* is an identifiable non-monetary asset without physical substance.

Monetary assets are money held and assets to be received in fixed or determinable amounts of money.

Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

The *residual value* of an intangible asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Useful life is:

a) The period over which an asset is expected to be available for use by an entity, or
b) The number of production or similar units expected to be obtained from the asset by an entity.

(Source: Ind AS 38, *Intangible Assets* as issued by the Ministry of Corporate Affairs)

Ind AS-40
Investment Property

1. Executive summary

- Investment property is property (land or building) held to earn rentals or for capital appreciation, or both.
- A portion of a dual-use property is classified as investment property only if that portion could be sold or leased out under a finance lease. Otherwise, the entire property is classified as property, plant and equipment unless the portion of the property used for own use is insignificant.
- This standard applies to the measurement in a lessee's financial statements of investment property interests held under a lease accounted for as a finance lease and to the measurement in a lessor's financial statements of investment property provided to a lessee under an operating lease.
- If a lessor provides ancillary services and those services are a relatively insignificant component of the arrangement as a whole, then the property is classified as investment property.
- Investment property is initially recognised at cost. Transaction costs shall be included in the initial measurement.
- After initial recognition, an investment property is measured using the cost model other than those that are classified as held for sale (or are included in a disposal group that is classified as held for sale) which are measured as per Ind AS 105, *Non-current Assets Held for Sale and Discontinued Operations.*
- Subsequent expenditure is capitalised only if it is probable that it will give rise to future economic benefits.
- Transfers to or from investment property are made only if there has been a change in the use of the property.
- The intention to sell an investment property without redevelopment does not justify reclassification from investment property into inventory; the property continues to be classified as investment property until disposal unless it is classified as held-for-sale.
- Disclosure of the fair value of all investment property is required.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Scope		
1	Has the entity applied this standard in case of an investment property accounted as a finance lease in the lessee's financial statements and as an operating lease in the lessor's financial statements?	40.3	
2	Has the entity taken measures not to account for the following under Ind AS 40 and account for it under Ind AS 17, *Leases*:	40.3	
	a) Classification of leases as finance leases or operating leases,		
	b) Recognition of lease income from investment property (see also Ind AS 18, *Revenue*),		
	c) Measurement in a lessee's financial statements of property interests held under a lease accounted for as an operating lease,		
	d) Measurement in a lessor's financial statements of its net investment in a finance lease,		
	e) Accounting for sale and leaseback transactions, and		
	f) Disclosure about finance leases and operating leases?		
3	Has the entity ensured that it does not apply this standard for the following:	40.4	
	a) Biological assets related to agricultural activity (see Ind AS 41, *Agriculture* and Ind AS 16 *Property, Plant and Equipment*)), and		
	b) Mineral rights and mineral reserves such as oil, natural gas and similar non-regenerative resources?		
	Classification of property as investment property or owner-occupied property		
4	Has the entity ensured that property is considered as investment property only when it is used only to earn rentals or for capital appreciation?	40.7	
5	If a property is used for production or supply of goods or services, has care been taken to not account for it as an investment property and thereby exclude it from the scope of this standard?	40.7	
6	a) If the entity has a property that comprises a portion that is held to earn rentals or capital appreciation and another portion that is held for production or supply of goods, can these portions be sold separately?	40.10	
	b) If not, is only an insignificant portion held for use in the production or supply of goods and services?		
7	If the entity has provided ancillary services to the occupants of a property it holds has the property been treated as an investment property only if the ancillary services are insignificant to the arrangement as a whole?	40.11 40.12	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
8	Has the entity developed and defined a criteria to ensure that its judgment in determining whether a property qualifies as an investment property is exercised consistently?	40.14	
	(Note: *Also refer to Q 36(b) for disclosure of the criteria when the classification is difficult.*)		
9	If the entity holds property that is leased to or occupied by the parent or subsidiary, has care been taken not to classify it is as an investment property?	40.15	
	Recognition		
10	Is the investment property recognised as an asset if the following conditions are satisfied:	40.16	
	a) It is probable that the future economic benefits that are associated with the investment property will flow to the entity, and		
	b) The cost of the investment property can be measured reliably?		
11	Has the entity evaluated under this principle all the investment property costs at the time they are incurred, including all the costs initially incurred and the costs subsequently incurred to add to, replace part of, or service a property?	40.17	
12	Has the entity ensured that it does not recognise in the carrying amount of the investment property the cost of day to day servicing of the property?	40.18	
13	Has the entity recognised in the carrying amount of an investment property the cost of replacing the part of an existing investment property at the time the cost is incurred if the recognition criteria is met?	40.19	
	Measurement at recognition		
14	a) Is the investment property measured initially at cost?	40.20	
	b) Are transaction costs included in the initial measurement?		
15	Does the cost of the purchased investment property comprise of purchase price and directly attributable expenditure?	40.21	
16	Has care been taken to ensure that the cost of an investment property is not increased by:	40.23	
	a) Start-up costs,		
	b) Operating losses incurred, and		
	c) Abnormal amounts of wasted material, labour or other resources incurred in constructing or developing the property?		
17	If payment is deferred, is the cost the cash price equivalent and is the difference between this amount and the total payments recognised as an interest expense over the period of credit?	40.24	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
18	Has the entity recognised the initial cost of a property interest held under a lease and classified as investment property as per Ind AS 17 i.e. At the lower of fair value of the property and the present value of the minimum lease payments?	40.25	
19	a) If the entity has acquired an investment property in exchange of non-monetary asset or assets or a combination of monetary and non-monetary assets, has the cost of such investment property been measured at fair value unless:	40.27	
	i) The exchange transaction lacks commercial substance, or		
	ii) The fair value of neither the asset received nor the asset given up is reliably measurable in which case, has the entity measured the cost at the carrying amount of asset given up?		
	b) Has the entity determined whether the exchange transaction has commercial substance by considering the extent to which its future cash flows are expected to change as a result of the transaction as per the guidance in the standard?	40.28	
	(Note: *An exchange transaction has commercial substance if:* *a) The configuration (risk, timing and amount) of the cash flows of the asset received differs from the configuration of the cash flows of the asset transferred, or* b) *The entity-specific value of the portion of the entity's operations affected by the transaction changes as a result of the exchange, and* c) *The difference in (a) or (b) is significant relative to the fair value of the assets exchanged.* *For the purpose of determining whether an exchange transaction has commercial substance, the entity-specific value of the portion of the entity's operations affected by the transaction shall reflect post-tax cash flows. The result of these analyses may be clear without an entity having to perform detailed calculations.)*		
	Measurement after recognition		
20	While measuring the fair value in accordance with Ind AS 113, *Fair Value Measurement* has the entity ensured that the fair value reflects the rental income from current leases and other assumptions that market participants will use when pricing investment property?	40.40	
21	If the entity determines that the fair value of an investment property under construction cannot be measured reliably and it can be measured only when the construction is complete, has the entity measured the value of the property when the fair value becomes reliably measurable or construction is completed whichever is earlier?	40.53	
22	Has the entity ensured that if it has measured the fair value of the property under construction, it does not conclude that the fair value of the complete investment property cannot be measured reliably?	40.53	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
23	Has the entity ensured that if it has measured the fair value of the property, it shall continue to measure the fair value until disposal even if the comparable transactions become less frequent or the market prices become less readily available?	40.55	
	Transfers		
24	Has the entity made any transfer to or from an investment property, when and only when, there is a change in use evidenced by the following:	40.57	
	a) Commencement of owner-occupation, for a transfer from investment property to owner-occupied property,		
	b) Commencement of development with a view to sale, for a transfer from investment property to inventories,		
	c) End of owner-occupation, for a transfer from owner-occupied property to investment property, or		
	d) Commencement of an operating lease to another party, for a transfer from inventories to investment property?		
25	Has the entity transferred the property from investment property to inventories where there is a change in the use, as evidenced by Q 24(b) above?	40.58	
26	If the entity decides to dispose the investment property without any development, has it continued to treat the property as an investment property?	40.58	
27	Has care been taken to ensure that transfers between investment property, owner-occupied property and inventory do not change the carrying amount?	40.59	
	Disposals		
28	Has the investment property been derecognised if no future economic benefits are expected from its disposal?	40.66	
29	If the disposal of investment property is achieved by sale or finance lease, is the date of disposal of the property determined on the basis of the criteria in Ind AS 18, *Revenue* for recognising revenue from the sale of goods or Ind AS 17 for disposals effected by entering into a finance lease?	40.67	
30	In case it's not practicable for an entity to determine the carrying amount of a replaced part, has the entity used the cost of replacement for the same?	40.68	
31	a) Has the gain or loss arising from the retirement or disposal of an asset determined as the difference between the net disposal proceeds and the carrying amount?	40.69	
	b) Has the same been recognised in the statement of profit and loss?		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
32	a) For the purpose of determining the gain or loss in Q 31, has the entity recognised the consideration receivable on disposal of an investment property initially at fair value?	40.70	
	b) If payment for an investment property is deferred, whether the consideration received has been recognised initially at the cash price equivalent and whether the difference between the nominal amount of the consideration and the cash price equivalent is recognised as interest revenue using effective interest method?		
33	Has the compensation from third parties for an investment property that was impaired, lost or given up been recognised when the compensation becomes receivable?	40.72	
34	Has the entity ensured the following:	40.73	
	a) Impairments of investment property are recognised in accordance with Ind AS 36, *Impairment of Assets*,		
	b) Retirements or disposals of investment property are recognised in accordance with Q 28 to 32, and		
	c) The cost of assets restored, purchased or constructed as replacements is determined in accordance with Q 14 to 19?		
	Disclosure		
35	Has the entity made the following disclosures as required by Ind AS 17:	40.74	
	a) As an owner of an investment property - lessors' disclosures about operating leases into which it has entered, and		
	b) For investment property held under a finance lease - lessees' disclosures for finance leases?		
36	Has the entity disclosed the following:		
	a) Its accounting policy for measurement of investment property,	40.75	
	b) When classification is difficult, the criteria which the entity used to distinguish the investment property from owner-occupied property and from property held for sale in the ordinary course of business should be disclosed,		
	c) The extent to which the fair value of investment property (as measured or disclosed in the financial statements) is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. If there has been no such valuation, that fact shall be disclosed,		
	d) The amounts recognised in profit or loss for:		
	i) Rental income from investment property,		

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Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	ii) Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period, and		
	iii) Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the period,		
	e) The existence and amounts of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal, and		
	f) Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements?		
37	In addition to the above disclosures, has the entity disclosed the following:	40.79	
	a) The depreciation methods used,		
	b) The useful lives or the depreciation rates used,		
	c) The gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period,		
	d) A reconciliation of the carrying amount of investment property at the beginning and end of the period, showing the following:		
	i) Additions, disclosing separately those additions resulting from acquisitions and those resulting from subsequent expenditure recognised as an asset,		
	ii) Additions resulting from acquisitions through business combinations,		
	iii) Assets classified as held for sale or included in a disposal group classified as held for sale in accordance with Ind AS 105 and other disposals,		
	iv) Depreciation,		
	v) The amount of impairment losses recognised, and the amount of impairment losses reversed, during the period in accordance with Ind AS 36,		
	vi) The net exchange differences arising on the translation of the financial statements into a different presentation currency, and on translation of a foreign operation into the presentation currency of the reporting entity,		
	vii) Transfers to and from inventories and owner-occupied property, and		
	viii) Other changes.		
	e) The fair value of investment property?		
38	In exceptional cases, when the entity cannot measure the fair value of the investment property reliably, has it disclosed:	40.79	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	a) A description of the investment property,		
	b) An explanation of why fair value cannot be measured reliably, and		
	c) If possible, the range of estimates within which fair value is highly likely to lie?		

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- There are no specific requirements arising out of the 2013 Act in the context of this standard.

Significant carve-outs from IFRS

- IAS 40, *Investment Property* permits both cost model and fair value model (except in some situations) for measurement of investment properties after initial recognition. Ind AS 40 permits only the cost model.
- IFRS permits treatment of property interest held in an operating lease as investment property, if the definition of investment property is otherwise met and fair value model is applied. In such cases, the operating lease would be accounted as if it were a finance lease. Since Ind AS 40 prohibits the use of fair value model, this treatment is prohibited under Ind AS 40.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- No specific requirements has been prescribed under the ICDS relating to this standard.

Glossary

Carrying amount is the amount at which an asset is recognised in the balance sheet.

Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Ind ASs, e.g. Ind AS 102, *Share-based Payment*.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See Ind AS 113, *Fair Value Measurement*).

Investment property is property (land or a building-or part of a building-or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

a) Use in the production or supply of goods or services or for administrative purposes; or

b) Sale in the ordinary course of business.

Owner-occupied property is property held (by the owner or by the lessee under a finance lease) for use in the production or supply of goods or services or for administrative purposes.

(Source: Ind AS 40, *Investment Property* as issued by the Ministry of Corporate Affairs)

Ind AS-41 Agriculture

1. Executive summary

- Indian Accounting Standard (Ind AS) 41, *Agriculture* shall be applied to account for the following when they relate to agricultural activity:
  - Biological assets,
  - Agricultural produce at the point of harvest, and
  - Conditional and unconditional government grants relating to a biological asset.
- Living animals or plants are in the scope of the standard if they are subject to a process of management of biological transformation.
- Biological assets are measured at Fair Value Less Costs To Sell (FVLCTS) unless it is not possible to measure fair value reliably, in which case they are measured at cost.
- Gains and losses from changes in FVLCTS are recognised in profit or loss.
- Agriculture produce harvested from a biological asset is measured at FVLCTS at the point of harvest. After harvest, Ind AS 2, *Inventories* generally applies.

2. Checklist

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Scope		
1	Has the entity applied this standard to the following agriculture activity:	41.1	
	a) Biological assets,		
	b) Agricultural produce at the point of harvest, and		
	c) Government grants related to biological asset?		
2	Has the entity excluded the following items from the scope of this standard and applied the relevant Ind AS instead:	41.2	
	a) Land related to agricultural activity, (refer Ind AS *16 Property, Plant and Equipment* and Ind AS 40 *Investment Property*)		
	b) Bearer plants related to agricultural activity, (refer Ind AS 16)		
	c) Government grants related to bearer plants, (refer Ind AS 20 *Accounting for Government Grants and Disclosure of Government Assistance*), and		
	d) Intangible assets related to agricultural activity? (refer Ind AS 38 *Intangible Assets*)		
	(Note*: The standard is applicable for produce growing on bearer plants described in Q 2(b).)*		
	Recognition		
3	With respect to biological asset and agricultural produce, has the entity recognised such items as an asset only if:	41.10	
	a) The entity controls the asset as a result of past events,		
	b) It is probable that future economic benefits associated with the item will flow to the entity, and		
	c) The fair value or cost of the asset can be reliably measured?		
	Measurement at recognition		
4	Has the entity measured the agricultural produce harvested from an entity's biological assets at its FVLCTS at the point of harvest?	41.13	
	(Note: *The FVLCTS so determined at the time of harvest is the cost of the agricultural produce, when applying Ind AS 2, Inventories or another applicable standard.)*		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
5	If the biological assets are physically attached to the land has the entity used information regarding the combined assets to measure the fair value of the biological assets?	41.25	
	(Note: *For example, the fair value of raw land and land improvements may be deducted from the fair value of the combined assets to arrive at the fair value of biological assets.*)		
	Gains and losses		
6	Has the entity included a gain or loss arising on initial recognition of a biological asset at FVLCTS and also from a change in FVLCTS in its profit or loss for the period in which it arises?	41.26	
7	Has the entity included a gain or loss arising on initial recognition of an agricultural produce at FVLCTS in its profit or loss for the period in which it arises?	41.28	
8	Whether the entity can reliably measure the fair value of a biological asset on initial recognition:	41.12 41.30	
	a) If yes, is it measured at FVLCTS, or		
	b) If no, is it measured at its cost less any accumulated depreciation and any accumulated impairment losses?		
	(Note*: The presumption that a biological asset can be measured at* FVLCTS *can be rebutted only on initial recognition when quoted market prices are not available and alternative fair value measurements are determined to be clearly unreliable.)*		
9	Has the entity reassessed the biological asset at its *FVLCTS* once the fair value of such asset becomes reliable subsequently?		
	(Note*: Once a biological asset has been measured at FVLCTS, it continues to be measured on that basis until disposal.)*	41.31	
	Government grants		
10	a) If the government grant related to a biological asset is conditional, is the grant recognised in the statement of profit and loss only when the conditions attached to the grant are met?	41.35	
	b) If the government grant related to a biological asset is not conditional, is the grant recognised in the statement of profit and loss only when it becomes receivable?	41.34	

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	Disclosure		
	General		
11	Has the entity disclosed the aggregate gain or loss arising during the current period on initial recognition of biological assets and agriculture produce?	41.40	
12	Has the entity disclosed the aggregate gain or loss arising during the current period from the change in FVLCTS of biological assets?	41.40	
13	Has the entity provided description of each group of biological assets (in the form of narrative or quantified description)?	41.41	
14	Has the entity provided quantified description of each group of biological asset distinguishing between below:		
	a) Consumable/bearer biological assets, or	41.43	
	b) Mature/immature biological assets?	41.45	
	If yes, has the entity disclosed the basis for making distinction?		
15	Has the entity disclosed the following (if not disclosed elsewhere in information published with the financial statements):	41.46	
	a) Described the nature of its activities involving each group of biological assets,		
	b) Described non-financial measures or estimates of the physical quantities of each group of entity's biological assets at the end of period, and		
	c) Described non-financial measures or estimates of the physical quantities of output of agricultural produce during the period?		
16	Has the entity disclosed the following:		
	a) The existence and carrying amounts of biological assets whose title is restricted,	41.49	
	b) Carrying amounts of biological assets pledged as security for liabilities,		
	c) The amount of commitments for the development or acquisition of biological assets, and		
	d) The financial risk management strategies related to agricultural activity?		
17	a) Is there a change in carrying amount of biological assets between the beginning and the end of the current period?	41.50	
	b) If answer to above is yes, has the entity presented a reconciliation of the changes?		
	c) Does the reconciliation include:		
	i) The gain or loss arising from changes in FVLCTS,		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	ii) Increases/decreases due to purchases/harvest,		
	iii) Increases resulting from business combinations,		
	iv) Decreases attributable to sales and biological assets classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with Ind AS 105, *Non-current Assets Held for Sale and Discontinued Operations*,		
	v) Net exchange differences arising on the translation of financial statements into a different presentation currency, and		
	vi) Other changes?		
	d) When asset measured according to Q 8(b) above, has the entity disclosed any gain or loss recognised on disposal of such biological asset and amounts relating to such biological asset separately in reconciliation (mentioned in (c) above?	41.55	
	e) When asset measured according to Q 8(b) above, has the entity included following additionally in the reconciliation:	41.55	
	i) Impairment losses,		
	ii) Reversals of impairment losses, and		
	iii) Depreciation?		
	Additional disclosures for biological assets where fair value cannot be measured reliably		
18	If the entity measures biological assets at their cost less any accumulated depreciation and any accumulated impairment losses (refer Q 8) at the end of the period, has it disclosed the following:	41.54	
	a) Description of the biological assets,		
	b) An explanation of why fair value cannot be measured reliably,		
	c) The range of estimates within which fair value is highly likely to lie (if possible),		
	d) The depreciation method used,		
	e) Useful lives or depreciation rates used, and		
	f) The gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period?		
19	In case the fair value of biological asset previously measured at their cost less any accumulated depreciation and any accumulated impairment losses becomes reliably measured during the current period, has the entity disclosed following:	41.56	
	a) A description of biological assets,		
	b) An explanation of why fair value has become reliably measurable, and		

Sr. No.	Particulars	Ind AS Ref.	Compliance [Yes/No/NA]
	c) The effect of the change?		
20	Has the entity disclosed the nature and extent of government grants recognised in the financial statements?	41.57	
21	Has the entity disclosed the unfulfilled conditions and other contingencies attaching to government grants?	41.57	
22	Has the entity disclosed significant decreases expected in the level of government grants?	41.57	
23	Has the entity disclosed any gain or loss recognised on disposal of biological assets measured at cost during the period?	41.55	

3. Additional considerations

Some of the key requirements from the Companies Act, 2013 (2013 Act)

- There are no specific requirements arising out of the 2013 Act in the context of this standard.

Significant carve-outs from IFRS

- No significant carve-outs from IFRS have been provided in this standard.

Some of the key requirements of the Income Computation and Disclosure Standards (ICDS)

- No specific requirement has been prescribed under ICDS relating to this standard. Additionally, income from agriculture is exempt as per the provisions of Section 10(1) of the Income-tax Act, 1961 (IT Act).
- As per the provisions of Section 36(1)(vi) of the IT Act deduction is allowable in computing business income in respect of animals which have been used for the purpose of business, otherwise than as stock-in-trade and have died or become permanently useless for such purpose. The deduction allowable is the difference between the actual cost of the animals to the assessee and the amount realised in respect of the carcasses.
- Section 33A(1) of the IT Act provides Development allowance (of 50 per cent or 30 per cent based on certain criteria) with respect to planting of tea bushes on any land in India owned by an assessee who carries on business of growing and manufacturing tea in India, subject to certain conditions.

Glossary

Agricultural activity is the management by an entity of the biological transformation and harvest of biological assets for sale or for conversion into agricultural produce or into additional biological assets.

Agricultural produce is the harvested product of the entity's biological assets.

Bearer Plant is a living plant that,

a) Is used in the production or supply of agricultural produce,

b) Is expected to bear produce for more than one period, and

c) Has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Biological asset is a living animal or plant.

Biological transformation comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a biological asset.

Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes.

A *group of biological assets* is an aggregation of similar living animals or plants.

Harvest is the detachment of produce from a biological asset or the cessation of a biological asset's life processes.

Carrying amount is the amount at which an asset is recognised in the balance sheet.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Consumable biological assets are those that are to be harvested as agricultural produce or sold as biological assets.

Bearer biological assets are those other than consumable biological assets.

Mature biological assets are those that have attained harvestable specifications (for consumable biological assets) or are able to sustain regular harvests (for bearer biological assets).

(Source: Ind AS 41, *Agriculture* as issued by the Ministry of Corporate Affairs)

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