KPMG

Ind AS Accounting and Disclosure Guide (Revised)

January 2022

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Foreword

Ind AS Accounting and Disclosure Guide (revised January 2022)

This guide has been put together 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 preparers and users of Ind AS financial statements.

1.1 Standards covered

The guide is based on the standards notified and as amended by the Ministry of Corporate Affairs (MCA) upto 31 December 2021.

The guide covers key disclosure requirements prescribed by Schedule III to the Companies Act, 2013[1] including recent amendments notified by MCA applicable from 1 April 2021 and relevant clarifications provided by the Ind AS Technical Facilitation Group (ITFG). It also includes the interpretations issued by the Institute of Chartered Accountants of India (ICAI) in the form of Frequently Asked Questions (FAQs).

The guide specifies the scope of 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.

1.2 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 entails 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.

1.3 References and abbreviations

Each question includes a reference to the relevant guidance within the standard or to the Division II of the Schedule III[1] requirement. The checklist has been prepared for use by entities (other than banks and Non-Banking Financial Companies (NBFCs)).

The specific requirements related to Division III of Schedule III which gives general instructions for preparation and presentation of financial statements of NBFCs in accordance with Ind AS have not been included in this guide.

Where ITFG has provided a clarification on a matter within the standard, a reference has also been made to the relevant ITFG clarification.

The guide also incorporates references of all questions covered in the Ind AS Disclosures Checklist (Revised) issued by ICAI in February 2020.

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.

Using the Ind AS Accounting and Disclosure Guide

The guide is designed to assist entities in preparing financial statements in accordance with Ind AS by identifying the potential accounting considerations and disclosure requirements that are applicable to them. The guide is organised by standards and covers key recognition, measurement and disclosure considerations for each standard along with additional considerations as follows:

1.1 Checklist

The 'checklist' is expected to assist companies in determining whether the guidance in each Ind AS applies to them and also evaluate whether they have met the accounting and disclosure requirements. It is designed in a question-based format that will seek a response on whether a preparer has complied with each significant accounting consideration or disclosure requirement in the standard. Typically, a 'yes' response will indicate compliance, whereas a 'no' response will indicate non-compliance. An 'NA' response indicates that the transaction/financial statement item does not apply to the entity. This is intended to act as a comprehensive tool to assist in financial statements preparation under Ind AS and easily identify areas of non-compliance in a structured and comprehensive manner.

1. Reference to Schedule III to the Companies Act, 2013 is with respect to Division II.

1.2 Annexure I

This section covers the road map for applicability of Ind AS for corporates and NBFCs and other financial service entities. It also covers the guidance issued by respective regulators vis-a-vis matters relating to implementation of Ind AS.

1.3 Annexure II

This section covers an executive summary and additional considerations relevant with respect to each standard. The annexure has the following sections:

– **Executive summary**

  This section provides an overview of the accounting and disclosure requirements and key considerations for each Ind AS. It is designed to summarise the significant guidance in each standard, including Exposure Drafts (EDs) issued by ICAI and other international updates.

– **Additional considerations**

  The Companies Act, 2013

  This section highlights the key considerations under the Companies Act, 2013 (the 2013 Act) with regard to each standard. Specifically, any areas of differences between the 2013 Act and the relevant standard or any additional guidance provided under the 2013 Act that has to be carefully considered since the requirements under law take precedence over the guidance provided under Ind AS. This section has been updated to include the key amendments to the provisions of the 2013 Act notified by the Ministry of Company Affairs (MCA) upto 31 December 2021 relevant for each standard.

  Significant carve-outs from IFRS

  There are certain mandatory and optional carve-outs or deviations from the International Financial Reporting Standards (IFRS) within Ind AS. As a result, financial statements prepared under Ind AS may not be in full compliance with IFRS. This section of the guide highlights key carve-outs for each standard, which may be an important consideration for companies that either seek to comply with IFRS or for better comparability with financial statements prepared under IFRS.

  Income Computation and Disclosure Standards (ICDS)

  On 29 September 2016, the Central Board of Direct Taxes (CBDT) through its notification no. 87/2016 issued revised ICDS and repealed its earlier Notification No. 32/2015, dated 31 March 2015. The revised ICDS are applicable to all assessees other than an individual or a Hindu Undivided Family (HUF) who is not required to get his/her accounts of the Previous Year (PY) audited in accordance with the provisions of Section 44AB of the Income Tax Act, 1961 (IT Act). Such assessees need to follow the mercantile system of accounting, for the purposes of computation of income chargeable to income-tax under the head 'Profits and gains of business or profession' or 'Income from other sources'. This section has been updated to include interaction of the revised ICDS and clarifications issued thereon with the relevant standards.

  ITFG clarifications

  ITFG has issued 23 bulletins till date, which provide guidance on various aspects of Ind AS. This section of the guide lists the clarifications provided by ITFG for each standard, and where the clarification directs the preparer to another standard, a relevant cross-reference has been inserted.

  SEBI updates

  Relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended upto 31 December 2021 have also been included for reference of entities wherever required in each checklist as additional considerations.

Legal and regulatory requirements

While this guide identifies significant areas of interaction between the guidance in the standards and the provisions of the 2013 Act, ICDS and ITFG interpretations, 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.

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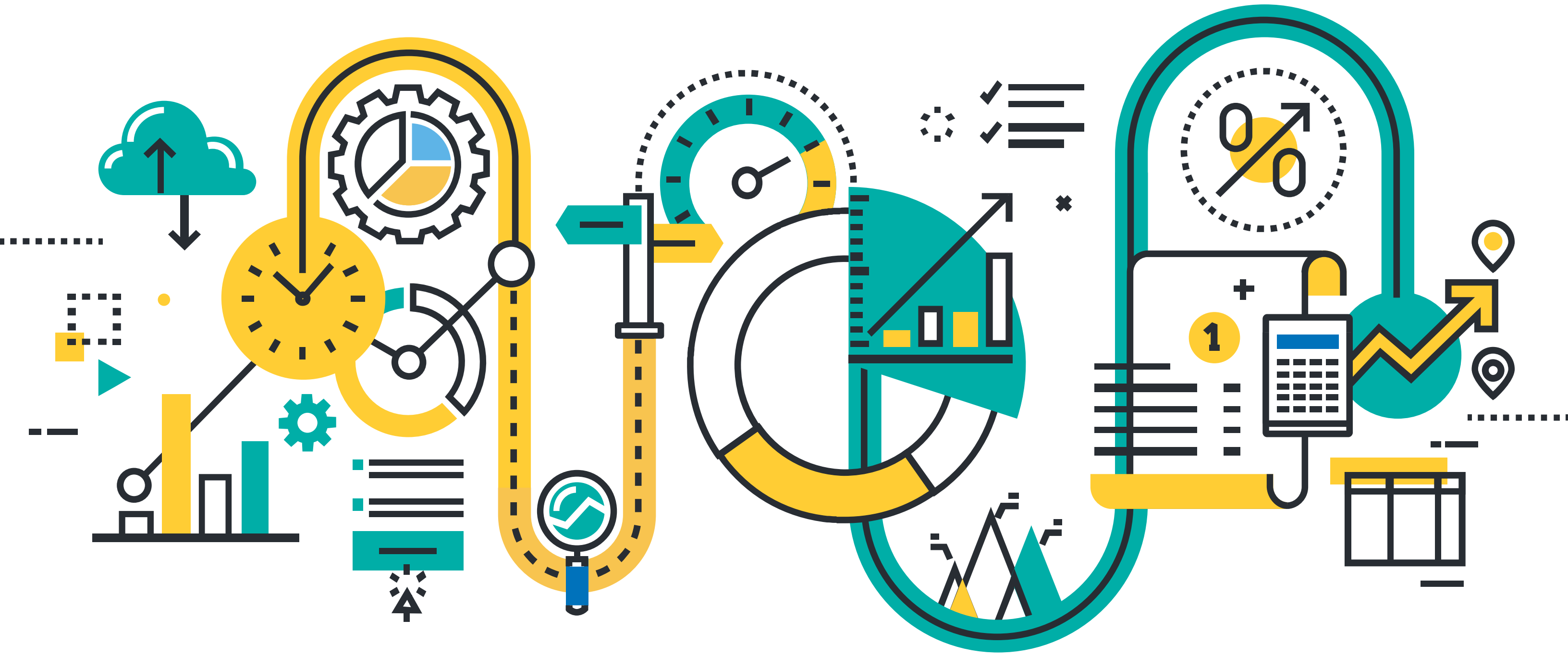

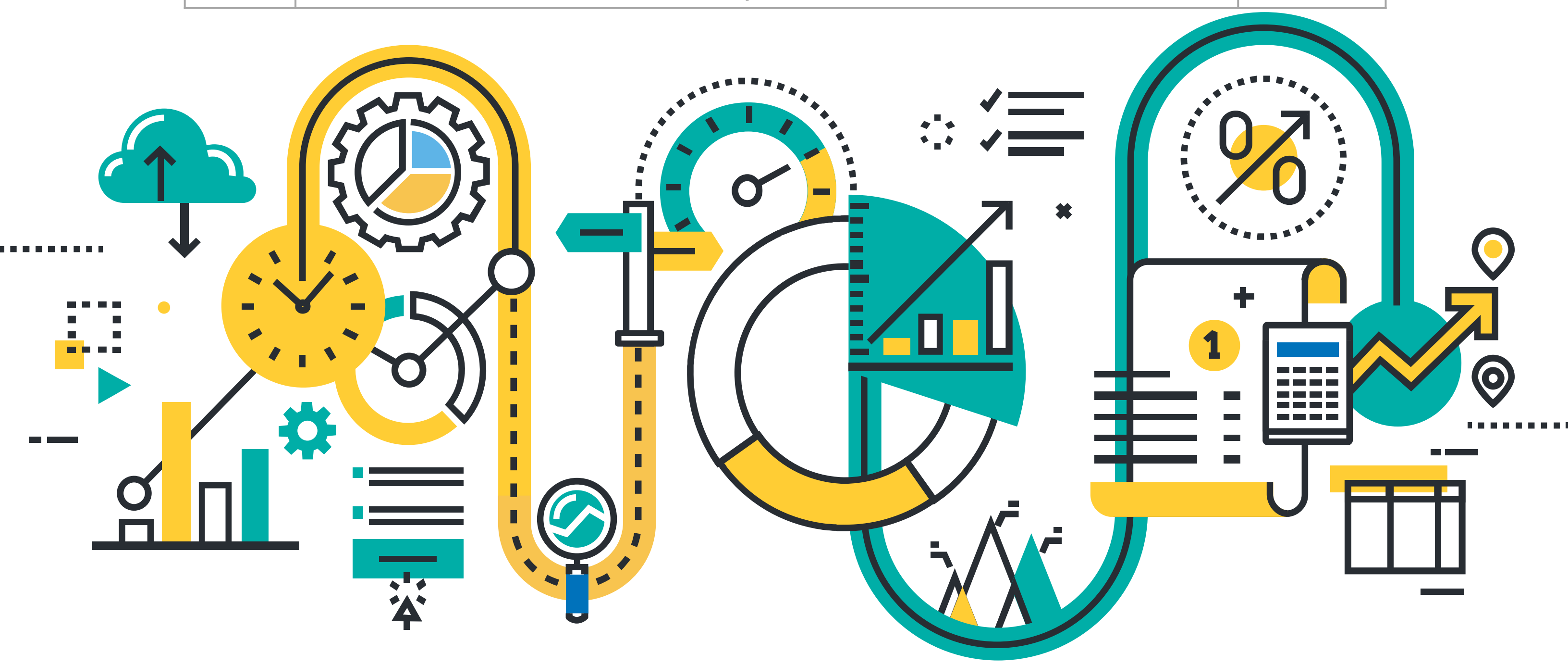

Ind AS-101 First - time Adoption of Indian Accounting Standards

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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 the 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	2	
	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 and presented its opening balance sheet at the transition date to Ind AS by:	101.6 101.10	1	
	a) Recognising all assets and liabilities whose recognition is required by Ind AS, (Refer bulletins-(ITFG 3 issue 9) and (ITFG 5 issue 6) clarifications)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) Derecognising all assets and liabilities whose recognition is not permitted by Ind AS,			
	c) Reclassifying items that it recognised under previous 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? (Refer bulletins- (ITFG 9 issue 3) and (ITFG 8 issue 3) clarifications)			
	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 previous GAAP, been recognised directly in retained earnings (or, if appropriate, another category of equity) at the date of transition to Ind AS? (Refer ICAI FAQ and (ITFG bulletin 23 issue 2) clarification)	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: (Refer ITFG bulletin 17 issue 1 clarification)	101.7		
	a) Estimates (refer Q 7 to 9),			
	b) Derecognition of financial instruments (refer Q 10),			
	c) Hedge accounting (refer Q 11),			
	d) Non-Controlling Interest (NCI) (refer Q 12),			
	e) Classification and measurement of financial instruments (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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 (PPE), 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),			
	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) Revenue (refer Q 41)			
	s) Non-current assets held for sale and discontinued operations (refer Q 37), and			
	t) Foreign currency transactions and advance consideration (refer Q 42)?			
	(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.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error? (Refer ITFG bulletin 3 issue 14 clarification)	101.14		
8	If the entity has received information after the date of transition to Ind AS about estimates that it had made under previous 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		
	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 previous 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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 previous 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 previous 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, *Consolidated Financial Statements* 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		
	a) The requirements in paragraph B94 of Ind AS 110 that total comprehensive income is attributable to the owners of the parent and to the NCI even if this results in the 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, (Refer ITFG bulletin 19 issue 1 clarification)			
	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).*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Specific exception for classification and measurement of financial instruments[1]			
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?	101.B8C		
	c) Where, on transition, it is impracticable to assess a modified time value of money element or whether the fair value of the prepayment feature is insignificant, has the entity assessed the contractual cash flow characteristics of that financial asset on the basis of facts and circumstances that existed at the date of transition to Ind AS, without considering these elements?	101.B8A 101.B8B	20 21	
	d) Has the entity disclosed the carrying amounts of the financial assets mentioned in Q13(c) at the reporting date, until those financial assets are derecognised?	101.B8A 101.B8B	20 21	
	e) Has the entity disclosed the carrying amounts of the financial assets mentioned in Q13(c) at the reporting date, without taking into account the exception for prepayment features (refer Ind AS 109 checklist) until those financial assets are derecognised?	101.B8B	21	
	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		

[1] The Companies (Indian Accounting Standards) Amendment Rules, 2021 issued by MCA on 18 June 2021 has replaced the term 'financial assets' to 'financial instruments'.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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		
	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? (Refer bulletins- (ITFG 12 issue 7) and (ITFG 9 issue 3) clarifications) (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 previous 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.*)	101.B10		
	Exemptions for past business combinations			
17	For business combinations that occurred before the date of transition to Ind AS (past business combinations): a) Has the entity elected not to apply Ind AS 103 retrospectively and complied with the consequential requirements in Q 18, or (Refer bulletins- (ITFG 15 issue 6), (ITFG 12 issue 9) and (ITFG 18 issue 4) clarifications)	101.C1		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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? (Refer ITFG bulletin 19 issue 1 clarification)			
	(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 previous 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 previous GAAP (refer Q 10), and			
	ii. Assets, including goodwill, and liabilities that were not recognised in the consolidated balance sheet in accordance with previous GAAP and also would not qualify for recognition in accordance with Ind AS in the separate balance sheet of the acquiree,			
	(Note: *If an asset acquired or liability assumed in a past business combination was not recognised in accordance with previous GAAP, it does not have a deemed cost of zero in the opening Ind AS balance sheet. Instead, the acquirer should recognise and measure it in its consolidated balance sheet on the basis that Ind ASs would require in the balance sheet of the acquiree.*)	101.C4(f)		
	c) Exclude from the 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 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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 (Refer ITFG bulletin 12 issue 9 clarification)			
	e) Adjust the carrying amount of goodwill or capital reserve (in accordance with previous GAAP) as follows:			
	i. Recognise separately certain intangible assets that were subsumed within goodwill under previous GAAP, including effect on deferred tax and NCI,			
	ii. Subsume within goodwill certain intangible assets which were recognised separately under previous GAAP, including effect on deferred tax and NCI, and			
	iii. Test goodwill for impairment in accordance with Ind AS 36, *Impairment of Assets*, 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 (PPE), intangible assets and investment property			
19	If the entity has availed of the transition exemption to measure an item of PPE, an intangible asset, a Right-Of-Use (ROU) asset, or an 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, (Refer bulletins- (ITFG 12 issue 2) and (ITFG 14, Issue 6) clarifications)			
	b) A previous GAAP revaluation that was broadly on a basis comparable to fair value under Ind AS, (Refer ITFG bulletin 8 issue 5 clarification)			
	c) A previous 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 PPE or intangible assets.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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 as per previous GAAP for all of its PPE recognised in the financial statements as at the date of transition to Ind AS, measured as per previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments in accordance with Q 32? (Refer bulletins- (ITFG 3 issue 9 and issue 11), (ITFG 5 issue 3, issue 4, issue 5 and issue 6), (ITFG 8 issue 4 and issue 7), (ITFG 10 issue 4) and (ITFG 12 issue 5 and issue 10) clarifications)			
	(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 PPE 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.*			
	iv. *If an entity avails of the option in Q19 (d) it should disclose this fact and the accounting policy until such time that those items of PPE, investment properties or intangible assets, as the case may be, are significantly depreciated, impaired or derecognised from the entity's balance sheet.*)	101.27AA	9	
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(Note: *The entity should disclose the fair value of financial assets or financial liabilities so designated at the date of designation and their classification and carrying amount in the previous financial statements.*)			
	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: *While measuring 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.*)			
	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, *Extinguishing Financial Liabilities with Equity Instruments,* to Ind AS 109, 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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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	22	
	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: *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	101.D2	22	
	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?			
	Leases			
26	While applying Ind AS 116, has the entity determined whether a contract existing at the date of transition to Ind AS contains a lease? (Refer ITFG bulletin 21 issue 4 clarification) (Note: *This determination is made on the basis of facts and circumstances existing at the date of transition to Ind AS.*)	101.D9		
27	a) For leases that include both land and building elements, has the entity (which is a lessor) assessed the classification of each element as a finance or operating lease at the date of transition to Ind AS on the basis of facts and circumstances existing as at that date?	101.D9AA		
	b) When an entity which is a lessee, recognised lease liabilities and right-of-use assets, has it applied the following approach to all of its leases: i. Measured a lease liability at the date of transition to Ind AS,	101.D9B		
	(Note: *A lessee following this approach should measure that lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to Ind AS.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	ii. Measured a ROU asset at the date of transition to Ind AS, (Note: *The lessee should choose, on a lease-by-lease basis, to measure that right-of-use asset at either:* • *Its carrying amount as if Ind AS 116 had* been *applied since the commencement date of the lease, but discounted using the lessee's incremental borrowing rate at the date of transition to Ind AS, or* • *An amount equal to lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of transition to Ind AS.*)			
	iii. Applied Ind AS 36 to ROU assets at the date of transition to Ind AS?			
	c) Has the entity which is a lessee, elected to apply one or more of the following at the date of transition to Ind AS, on a lease-by-lease basis:	101.D9D	28 and 29	
	i. Applied a single discount rate to a portfolio of leases with reasonably similar characteristics, (Note: *For example, a similar remaining lease term for a similar class of underlying asset in a similar economic environment.*)			
	ii. Elected not to apply the requirements in Q 27(b) to leases for which the lease term ends within 12 months of the date of transition to Ind AS,			
	iii. Elected not to apply the requirements in Q 27(b) to leases for which the underlying asset is of low value (refer Ind AS 116), (Note: *For both (ii) and (iii) above, the entity should account for (including disclosure of information about) such leases/short-term leases in accordance with paragraph 6 of Ind AS 116.*)			
	iv. Excluded initial direct costs (refer Ind AS 116) from the measurement of the right-of-use asset at the date of transition to Ind AS,			
	v. Used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Foreign currency translation			
28	If the entity has availed of the exemption from the requirements of Ind AS 21, *The Effects of Changes in Foreign Exchange Rates* 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 previous 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? (Refer bulletins- (ITFG 1 issues 3 and 4), (ITFG 2 issues 1 and 6), (ITFG 3 issue 10), (ITFG 7 issues 1 and 4) and (ITFG 18 issue 1) clarifications)	101.D13AA		
	(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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	ii. Deemed cost which is either: • Fair value at transition date, or (Refer ITFG bulletin 3, issue 12 clarification)			
	• Previous GAAP carrying amount at that date? (Refer bulletins-(ITFG 7, issue 8), (ITFG 10, issue 1), (ITFG11, issue 4), (ITFG 12, issue 10) clarifications)			
	(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: 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	101.D16		
	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		
	(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.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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,			
	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, and	101.D31AC		
	d) If the aggregate of all previously proportionately consolidated assets and liabilities results in negative net assets, then has the entity assessed whether it has legal or constructive obligations in relation to the negative net assets:	101.D31AD	26	
	i. If so, has the entity recognised the corresponding liability,			
	ii. If not, instead of recognising a liability, has the entity adjusted retained earnings at the date of transition to Ind AS? (Note: *The entity should disclose this fact, along with its cumulative unrecognised share of losses of its joint ventures at the date of transition to Ind AS.*)			
	e) Has the entity provided disclosure of the breakdown of assets and liabilities that have been aggregated into the single line investment balance at the date of transition to Ind ASs?	101.D31AE	27	
	f) Has the entity prepared the disclosure as mentioned in (e) above in an aggregated manner for all joint ventures at the date of transition to Ind ASs?	101.D31AE	27	
	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	101.D21 101.D21A		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	exemption as follows:			
	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, *Changes in Existing Decommissioning, Restoration and Similar Liabilities* to 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	25	
	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 the first Ind AS financial reporting period may be applied prospectively, and (Refer bulletins- (ITFG 3 issue 13) and (ITFG 7 issue 9) clarifications)			
	b) Where it is impracticable for the entity (as an operator) to apply the guidance in Appendix D, *Service Concession Arrangements* to Ind AS 115 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 previous GAAP carrying amounts,			
	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, and			
	iii. Disclose the fact that retrospective remeasurement is not practicable?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Other specific exemptions			
	Deemed cost for oil and gas assets			
34	Ind AS provides for an optional exemption to measure:	101.31A		
	• Exploration and evaluation assets at the carrying amount at transition date under previous GAAP, and	101.D8A		
	• Assets in development or production phases at amounts determined based on the related cost centre under previous 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. (Refer ITFG bulletin 12 issue 10 clarification)			
	a) Has the entity availed of this optional exemption if, under previous 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			
	b) If this exemption is applied, then has an impairment test been applied at the transition date under Ind AS 106, *Exploration for and Evaluation of Mineral Resources* 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 previous GAAP carrying amounts as deemed cost for items of PPE, ROU assets or intangible assets 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? (Refer ITFG bulletin 12 issue 10 clarification)	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	23	
	b) If the entity is an insurer that has changed its accounting its accounting policies for insurance	101.D4	24	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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		
	c) When an entity first applies Ind AS 104, if it is impracticable to prepare information about claims development that occurred before the beginning of the earliest period for which an entity presents full comparative information, then has the entity disclosed this fact?	101.D4	24	
	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) Recognised directly in retained earnings the difference between previous 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)? (Note: *This fair value may be used as the deemed cost of those assets and liabilities in the opening Ind AS balance sheet.*)	101.D29		
	Stripping costs in the production phase of a surface mine			
39	If the entity has availed of the exemption to apply Appendix B, *Stripping Costs in the Production Phase of a Surface Mine* to Ind AS 16, from the date of transition	101.D32		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	to Ind AS, has the entity at transition date:			
	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?			
	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		
	Revenue			
41	Where the entity has opted to avail the exemption under Ind AS 115, has it:			
	a) Applied the transitional provisions in paragraph C5 and C6 of Ind AS 115, and (Refer ITFG bulletin 19 issue 3 clarification) (Note: *References to 'date of initial application' as mentioned in the above paragraphs, should be interpreted as at the beginning of the first Ind AS reporting period.*)	101.D34		
	b) Not restated contracts that were completed before the earliest period presented?	101.D35		
	Foreign currency transactions and advance consideration			
42	Has the entity ensured that the provisions of Appendix B to Ind AS 21 have not been applied to assets, expenses and income related to non-monetary assets or liabilities, arising from the payment or receipt of advance consideration in foreign currency, which are recorded prior to the date of transition to Ind AS?	101.D36		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Presentation and disclosure			
43	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:	101.6 101.17 101.22	3 and 4	
	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 previous GAAP, then has the entity:			
	i. Labelled the previous 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 previous GAAP to Ind AS affected the reported balance sheet, financial performance and cash flows, (Refer bulletins- (ITFG 1 issue 5) and (ITFG 8 issue 3) clarifications)	101.23		
	c) In case financial statements for previous periods are not presented, has the entity disclosed the fact in its first Ind AS financial statements?	101.28	10	
	Reconciliations			
44	Has the entity included the following reconciliations in its first Ind AS financial statements:		5	
	a) Reconciliations of equity reported in accordance with previous GAAP to its equity in accordance with Ind AS for both of the following dates:	101.24 (a)		
	i. The date of transition to Ind AS, and			
	ii. The end of the latest period presented in the entity's most recent annual financial statements in accordance with previous GAAP,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 for that reconciliation is total comprehensive income in accordance with previous GAAP for the same period or, if the entity did not report such a total, profit or loss under previous GAAP	101.24 (b)		
	c) Disclosures required by Ind AS 36 if the entity had recognised those impairment losses or reversals in the period beginning with the date of transition to Ind AS, and	101.24 (c)		
	d) Explanation of all material adjustments to the statement of cash flows?	101.25	6	
45	Have the reconciliations included in Q 44 distinguished between:	101.26	7	
	a) Correction of errors made under previous GAAP, and			
	b) Changes in accounting policies? (Refer ITFG bulletin 8 issue 4 clarification)			
46	If the entity changes its accounting policies or its use of the exemptions contained in this Ind AS during the period covered by its first Ind AS financial statements, then has the entity ensured the following:	101.27A	8	
	a) It has explained the changes between its first Ind AS interim financial report and first Ind AS financial statements, in accordance with Q43(b)(iii), and			
	b) It has updated the reconciliations as required by Q 44(a) and Q 44(b) above.			
47	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	11 and 12	
	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?			
48	If the entity used fair value in its opening Ind AS balance sheet as deemed cost for an item of PPE or an intangible asset or a ROU asset (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	13	
	a) The aggregate of those fair values, and			
	b) The aggregate adjustment to the carrying amounts reported under previous GAAP?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
49	If the entity used a deemed cost in its opening Ind AS balance sheet for an investment in a subsidiary, joint venture 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	14	
	a) The aggregate deemed cost of those investments for which deemed cost is their previous 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 previous GAAP?			
50	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 previous GAAP were allocated?	101.31A	15	
51	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 previous GAAP?	101.31B	16	
52	In case of severe hyperinflation, if an entity elects to measure assets and liabilities at fair value and use that as deemed cost in its opening Ind AS balance sheet, then has the entity in its first Ind AS financial statements disclosed an explanation of how, and why, the entity had, and then ceased to have, a functional currency that has both of the following characteristics:	101.31C	17	
	a) A reliable general price index is not available to all entities with transactions and balances in the currency,			
	b) Exchangeability between the currency and a relatively stable foreign currency does not exist?			
53	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Interim financial reports			
54	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:	101.32	18	
	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 previous GAAP at the end of that comparable interim period to its equity under Ind AS at that date, and			
	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 previous 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 44 (a) and (b) (supplemented by the details required by Q 44) 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 43(b)(iii) and update the reconciliations required by Q44(a) and Q44(b)?			
55	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	19	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Transitional provisions of individual standards by a first-time adopter			
56	Has a first-time adopter applied the transitional provisions contained in a individual Ind AS only to the extent required or allowed under appendices B-D of Ind AS 101? (Refer bulletins- (ITFG 19 issue 3) and (ITFG 20 issue 3) clarifications)	101.9		
57	Has the entity applied the exemptions contained in Appendices C-D to the standard by analogy to other items? (Refer ITFG bulletin 21 issue 5 clarification)	101.18		

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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)

*Reference to Schedule III is with respect to Division II

Ind AS-102 Share-based Payment

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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: *An entity need not apply the standard when 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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	c) 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			
	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 53)?	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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 of the equity instruments as mentioned in Q 9 (a) above 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			
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
13	Where the equity instruments granted do not vest until the counterparty completes a specified period of service, has the entity : 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:* *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 at the grant date, based on the most likely outcome of the performance condition is as follows:* • *If the performance condition is a market condition, the estimate of the length of the expected vesting period should be consistent with the assumptions used in estimating the fair value of the options granted, and should 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.)*	102.15		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 58)?	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 59 to 76)? (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, other than market 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		
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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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, then in rare cases has the entity applied the following requirements:	102.24		
	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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 77 to 81)?			
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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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			
	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 Q 80)?	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 (subject to the requirements of Q35 to Q41 mentioned below)?	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		
	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 subject to the requirements of Q37 to Q41? (Note: *An entity might modify the terms and conditions on which a cash-settled share-based payment is granted. For a modification of a share-based payment transaction that changes its classification from cash-settled to equity-settled refer Q85.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Cash-settled share-based payment transactions			
	Treatment of vesting and non-vesting conditions			
	(Note: *Q37 - Q41 apply to share-based payment transactions that have not vested as on 1 April 2017 (or an earlier date, where amendments are applied retrospectively in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors) or have a grant date on or after 1 April 2017 (or an earlier date, where amendments are applied retrospectively in accordance with Ind AS 8).*)	102.59A 102.59B		
37	Has the entity ensured that vesting conditions, other than market conditions, are not taken into account when estimating the fair value of the cash-settled share based payment at the measurement date?	102.33A		
38	While measuring the liability arising from the cash-settled share-based payment transactions, has the entity taken into account the vesting conditions other than market conditions, by adjusting the number of awards included in the measurement of this liability?	102.33A		
39	a) To apply the requirements of Q37 and Q38, has the entity recognised an amount for goods or services received during the vesting period based on the best available estimate of the number of awards that are expected to vest?	102.33B		
	b) Has this estimate been revised when subsequent information indicates that the number of awards expected to vest differs from previous estimates?			
	(Note: *On the vesting date, the entity should revise the estimate equal to the number of awards that ultimately vest.*)			
	c) Have unvested share-based payment transactions granted prior to 1 April 2017 (or an earlier date, where amendments are applied retrospectively) been remeasured on 1 April 2017 (or an earlier date, where amendments are applied retrospectively) in accordance with Q37 – Q41, and has the effect of remeasurement been recognised in the opening retained earnings or another component of equity in the reporting period during which such remeasurement has taken place?	102.59A & 59B		
40	While estimating the fair value of the cash-settled share-based payments granted and remeasuring their fair value at the end of each reporting period and at the date of settlement, have both, market and non-vesting conditions been considered by the entity?	102.33C		
41	Has the entity ensured that the cumulative amount ultimately recognised for goods or services received as consideration for the cash-settled share-based payment is equal to the cash that is paid?	102.33D		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Share-based payment transactions with a net settlement feature for withholding tax obligations			
	(Note: *Q42, Q43, Q44 (c) and Q95 apply to share-based payment transactions that are unvested (or vested but unexercised) as on 1 April 2017 (or an earlier date, where amendments are applied retrospectively in accordance with Ind AS 8) and share-based payment transactions with a grant date on or after 1 April 2017.*)	102.59A 102.59B		
42	The tax laws or regulations may oblige an entity to withhold an amount, or a number of equity instruments equal to the monetary value of an employee's tax obligation associated with a share-based payment, and transfer that amount in cash to the tax authorities on the employee's behalf. Has the entity classified such a transaction as an equity-settled share-based transaction in its entirety, if it would have been so classified in the absence of this net settlement feature? (Note: *A share-based payment arrangement is said to have a net-settlement feature if its terms permit or require the entity to withhold a number of equity instruments equal to the monetary value of the employee's tax obligation from the total number of equity instruments that otherwise would have been issued to the employee upon exercise of the share-based payment, and transfer an equivalent amount in cash to the tax authorities.*)	102.33E 102.33F		
43	If the entity withholds shares to fund the payment to the tax authorities in respect of the employee's tax obligation associated with the share-based payment, has the entity accounted for such payment in respect of shares withheld as below: a) To the extent the payment does not exceed the fair value of the equity instruments withheld, measured at the net settlement date, as a deduction from equity, b) To the extent the payment exceeds the fair value of the equity instruments withheld, measured at the net settlement date, as an expense?	102.33G 102.29		
	Share-based payment transactions with cash alternatives			
44	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 45 to 54):	102.34		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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,			
	c) As an equity-settled share-based payment transaction in its entirety if, the share-based payment arrangement has a net settlement feature (refer Q 42) and: i. The entity has withheld equity instruments equal to the monetary value of the employee's tax obligation associated with the share-based payment and will/has paid that amount to the tax authorities in cash, and	102.33F		
	ii. The transaction would have been so classified in the absence of the net settlement feature?			
	(Note: *a share-based payment arrangement with a net settlement feature will be accounted for in accordance with Q 44a) and b) if:* *i. The tax laws and regulations do not obligate the entity to withhold an amount for an employee's tax obligation associated with that share-based payment, or* *ii. The entity withholds shares in excess of the monetary value of the employee's tax obligation associated with the share-based payment arrangement. Such excess shares withheld shall be accounted for as a cash-settled share-based payment when this amount is paid in cash or other assets to the employee.*)			
	(Note: *For unvested (or vested but unexercised) share-based payment transactions (or components thereof) that were previously classified as cash-settled share-based payments, but now are classified as equity-settled in accordance with Q42, Q43 and Q44 c), entities should reclassify the carrying value of the share-based payment liability to equity on 1 April 2017 (or an earlier date, where amendments are applied retrospectively).*)	102.59A 102.59B		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Share-based payment transactions in which the terms of the arrangement provide the counterparty with a choice of settlement			
45	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?			
46	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 45, including transactions with employees (refer Q 47)?	102.36		
47	a) In applying Q 46, 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		
	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?			
48	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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 8 to 34) for the equity component?			
49	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		
50	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			
51	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.*)			
52	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		
53	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 53 (c) below),			
	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Share-based payment transactions among group entities			
54	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		
55	Has the entity receiving the goods or services measured the goods or services received as an equity-settled share-based payment transaction when:	102.43B		
	a) The awards granted are its own equity instruments, or			
	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 21)?			
56	Has the entity settled a share-based payment transaction when the other entity in the group receives the goods or services:	102.43C		
	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			
	b) If no, has the entity recognised the transaction as a cash-settled share-based payment transaction?			
57	Has the entity that received the goods or services accounted for the share-based payment transaction as per Q 55, 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			
58	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 / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Share options			
59	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 60 to 63)?	102.B4		
60	Has the entity considered the factors that knowledgeable and willing market participants would consider in selecting the option pricing model to apply?	102.B5		
61	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 66 to 68),			
	c) The current price of the underlying shares,			
	d) The expected volatility of the share price (Q 69 to 71),			
	e) The dividends expected on the shares (if appropriate) (Q 72 to 73), and			
	f) The risk-free interest rate for the life of the option (Q 74)?			
62	Has the entity taken into account other factors that knowledgeable, willing market participants would consider in setting the price?	102.B7		
63	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			
64	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		
65	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Expected early exercise			
66	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,			
	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?			
67	Did the entity base 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		
68	Has the entity separated an option grant into groups for employees with relatively homogeneous exercise behaviour?	102.B20		
	Expected volatility			
69	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, (for further guidance for newly listed entities is refer below),			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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?			
70	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?			
71	Has the entity considered the following factors to consider when estimating expected volatility, if the entity is an unlisted entity:	102.B27		
	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			
72	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.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
73	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			
74	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			
75	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		
76	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? (Note: *Option pricing models can be adapted to take into account this potential dilutive effect.*)	102.B41		
	Modifications to equity-settled share-based payment arrangements			
77	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		
78	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
79	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?			
80	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		
81	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 / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
82	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		
83	Has the entity accounted for the above transaction as an equity-settled one, if the entity is a subsidiary?	102.B57		
84	Has the entity measured its obligation in accordance with the requirements applicable to cash-settled share-based payment transactions in Q 56, if the entity is a parent entity?	102.B58		
	Accounting for modification of a cash settled share-based payment transaction that results in a change in its classification to an equity-settled share based payment transaction			
85	If the entity has modified the terms and conditions of a cash-settled share-based payment transaction which has resulted in it becoming an equity-settled share based payment transaction, then has the entity:	102.B44A, B44B and B44C		
	a) Accounted for such modification from the date of modification,			
	b) Measured the equity-settled share-based payment transaction by reference to the fair value of the equity instruments granted at the modification date,			
	(Note: *The equity-settled share-based payment transaction is recognised in equity on the modification date to the extent to which goods or services have been received.*)			
	c) Derecognised the liability for the cash-settled share-based payment transaction,			
	d) Recognised the difference between Q85 (b) and (c) in the statement of profit and loss?			
	(Note: *If as a result of the modification, the vesting period is extended or shortened, then the above requirements will apply to the modified vesting period. The accounting requirements in Q85 are applicable to only those modifications that occur on or after 1 April 2017*)	102.B44B		
86	If the entity has cancelled or settled a cash-settled share-based payment transaction (other than a transaction cancelled by forfeiture when the vesting conditions are not satisfied) and equity instruments are granted and, on that grant date, the entity identifies them as replacement for the cancelled cash-settled share-based payment, then has the entity applied the requirements of Q85 above?	102.B44C		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Disclosure			
87	a) Has the entity disclosed information that enables users of the financial statements to understand the nature and extent of share-based payment arrangements that existed during the period?	102.44	1	
	b) With regard to the nature and extent of share-based transactions, has the entity:	102.45	2	
	i. 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			
	ii. Aggregated the information for substantially similar types of share-based payment arrangements (unless separate disclosure of each arrangement is necessary)?			
88	Has the entity disclosed the number and weighted average exercise prices of share options for each of the following groups of options:	102.45	3	
	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?			
89	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	4	
	b) Has the entity disclosed the weighted average share price during the period, if options were exercised on a regular basis throughout the period?			
90	For share options outstanding at the end of the period, has the entity:	102.45	5	
	a) Disclosed the range of exercise prices and weighted average remaining contractual life, and			
	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?			
91	Has the entity disclosed information that enables users of the financial statements to understand how the fair value of the goods or services received, or the fair value of the equity instruments granted, during the period was determined?	102.46	6	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
92	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	7	
	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
93	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	8	
94	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	1 (Page 109)	
95	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:	102.50 102.51	9	
	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?			
96	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? (Note: *For example, if an entity classifies a share-based payment transaction as equity-settled as per Q 44 (c), it should disclose an estimate of the amount it expects to transfer to the tax authorities to settle the employee's tax obligation, where it is necessary to inform users of the financial statements of the future cash flow effects of such arrangement.*)	102.52	10	

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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[1].

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.

[1] The Conceptual Framework issued by ICAI in 2021, defines a liability as a present obligation of the entity to transfer an economic resource as a result of past events.

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)

* Reference to Schedule III is with respect to Division II.

Ind AS-103 Business Combinations

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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 48)			
3	If the entity has structured business combination with any other entity or entities in common control, has the guidance in this standard on accounting for such transactions been applied? (Refer Q 82 and 83)			
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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	ii. One combining entity transfers its net assets, or its owners transfer their equity interests, to another combining entity or its owners,			
	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: a) Inputs – Economic resources that create, or have the ability to contribute to the creation of outputs, when one or more processes are applied to them,	103.3 103.B7		
	b) Processes – Systems, standards, protocols, conventions or rules that when applied to inputs, create or have the ability to contribute to the creation of outputs, and			
	c) Outputs – The result of inputs and processes applied to those inputs that provide goods or services to customers, generate investment income or other income from ordinary activities?			
	(Note: *An integrated set of activities and assets, at a minimum, must include an input and a substantive process that together significantly contribute to the ability to create output to be considered as a business. Accordingly, outputs are not required for an integrated set of activities and assets to qualify as a business.*	103.B8		
	If an acquired set of activities and assets has outputs, continuation of revenue does not on its own indicate that both an input and a substantive process have been acquired.)	103.B8A		
	Further, determining whether a particular set of activities and assets is a business should be based on whether the integrated set is capable of being conducted and managed as a business by a market participant. Thus, in evaluating whether a particular set is a business, it is not relevant whether a seller operated the set as a business or whether the enquirer intends to operate the set as a business.	103.B11		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Optional concentration test[1]			
	This Ind AS provides an optional test which permits a simplified assessment to evaluate whether an acquired set of activities and assets is not a business. An entity may elect to apply, or not apply, the test.	103.B7A		
6	Has the entity opted to apply the concentration test with respect to assessment of a business?			
7	If answer to Q 6 is yes, has the entity assessed that all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets?	103.B7B		
8	While applying the concentration test, has the entity ensured the following?	103.B7B		
	a. Gross assets acquired exclude the following:			
	i. Cash and cash equivalents			
	ii. Deferred tax assets and			
	iii. Goodwill resulting from the effects of deferred tax liabilities.			
	b. The fair value of the gross assets acquired includes any consideration transferred (plus the fair value of any non-controlling interest and the fair value of any previously held interest) in excess of the fair value of net identifiable assets acquired. (Note: *The fair value of the gross assets acquired may normally be determined as the total obtained by adding the fair value of the consideration transferred (plus the fair value of any non-controlling interest and the fair value of any previously held interest) to the fair value of the liabilities assumed (other than deferred tax liabilities), and then excluding the items identified in point (a) above. However, if the fair value of the gross assets acquired is more than that total, a more precise calculation may sometimes be needed.*)			
	c. Considered nature of each single identifiable asset and the risks associated with managing and creating outputs from the assets (that is, the risk characteristics) while assessing similar assets.			

[1] Amendments made by MCA vide notification no. G.S.R. 463(E) dated 24 July 2020. An entity is required to apply the amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 April 2020 and to asset acquisitions that occur on or after the beginning of that period.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(Note: i. *A single identifiable asset shall include any asset or group of assets that would be recognised and measured as a single identifiable asset in a business combination.* ii. *If a tangible asset is attached to, and cannot be physically removed and used separately from, another tangible asset (or from an underlying asset subject to a lease, as defined in Ind AS 116, Leases) without incurring significant cost, or significant diminution in utility or fair value to either asset (for example, land and buildings), those assets shall be considered a single identifiable asset.*)			
	d. Similar assets do not include the following:			
	i. A tangible and an intangible asset			
	ii. Tangible assets in different classes (for example, inventory, manufacturing equipment and automobiles)			
	(Note: *Tangible assets in different classes can be considered as similar assets if they are considered as a single identifiable asset in accordance with note (ii) of point (c) above.*) iii. Identifiable intangible assets in different classes (for example, brand names, licences and intangible assets under development)			
	iv. A financial asset and a non-financial asset			
	v. Financial assets in different classes (for example, accounts receivable and investments in equity instruments)			
	vi. Identifiable assets that are within the same class of asset but have significantly different risk characteristics.			
9	If answer to Q 7 and Q 8 is yes, set of activities and assets have not been determined as a business by the entity?	103.B7A		
10	If answer to Q6, Q7 and Q 8 is no, has the entity assessed whether the set of assets and activities meet the definition of a business, such that it consists of an input and a substantive process that together significantly contribute to the ability to create outputs?	103.B7A		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Assessment of a substantive process			
11	Do the acquired set of activities have outputs at the acquisition date?			
12	If answer to Q 11 is yes, to be considered as a substantive process does the acquired process meets the following conditions when applied to an acquired input or inputs?	103.B12C		
	a. It is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process			
	b. It significantly contributes to the ability to continue producing outputs and			
	i. Is considered unique or scarce or			
	ii. Cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.			
	(Note:			
	i. An acquired process would be considered as substantive if it meets both the above conditions.	103.B12C		
	ii. An acquired contract is an input and not a substantive process. An entity shall assess whether an organised workforce accessed through such a contract performs a substantive process that the entity controls, and thus has acquired. Factors to be considered in making that assessment include the duration of the contract and its renewal terms	103.B12D		
	iii. Difficulties in replacing an acquired organised workforce may indicate that the acquired organised workforce performs a process that is critical to the ability to create outputs.			
	iv. A process (or group of processes) is not critical if, for example, it is ancillary or minor within the context of all the processes required to create outputs.)			
13	If answer to Q 11 is no, does the acquired process meet the following conditions to be considered as a substantive process?	103.B12B		
	a. It is critical to the ability to develop or convert an acquired input or inputs into outputs			
	b. The inputs acquired include both an organised workforce that has the necessary skills, knowledge, or experience to perform that process (or group of processes) and other inputs that the organised workforce could develop or convert into outputs.			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(Note: *Other inputs could include:* *i. Intellectual property that could be used to develop a good or service* *ii. Other economic resources that could be developed to create outputs or* *iii. Rights to obtain access to necessary materials or rights that enable the creation of future outputs.* *Some of the examples of the above-mentioned inputs could be technology, in-process research and development projects, real estate and mineral interests.* (*Note: An acquired process would be considered as substantive if it meets both the conditions given in point (a) and (b) above*).			
	Acquisition method			
14	a. Has the entity accounted for each business combination by applying the acquisition method? (Refer ITFG bulletin19 issue 4 clarification)	103.5		
	While applying the acquisition method, has the entity:			
	• Identified the acquirer,			
	• Determined the acquisition date,			
	• Recognised and measured the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquire, and			
	• Recognised and measured goodwill or a gain from a bargain purchase?			
15	For each business combination, has one of the combining entities been identified as the acquirer? (Refer Q 16 to 19)	103.6		
16	If a business combination has occurred, does the application of the guidance in Ind AS 110 clearly indicate which of the combining entities is the acquirer? (If answer to above is yes, then the principles of Ind AS 110 shall apply in identifying the acquirer. If no, then principles of this Ind AS (Refer Q 17 to 19 for the same) shall be used to identify the acquirer.)	103.7		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
17	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		
18	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)?			
19	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Determination of acquisition date			
20	a) Has the acquirer identified the acquisition date, being the date on which it obtains control of the acquiree after considering all pertinent facts and circumstances in identifying the acquisition date? (Refer ITFG bulletin 12 issue 8 clarification)	103.8		
	b) If answer to Q 20 (a) is no, has the acquirer obtained control on a date that is earlier or later than the closing date based on any legal evidence for the same?			
	(Note: *The date on which the acquirer obtains control of the acquiree is generally the date on which the acquirer legally transfers the consideration, acquires the assets and assumes the liabilities of the acquiree, i.e., the 'closing date'.*)			
	Recognition conditions			
21	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[2] issued by the Institute of Chartered Accountants of India (ICAI)? (Refer ITFG bulletin 18 issue 4 clarification)	103.11		
	(Note: *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?*)	103.12		
	Determining what is part of the business combination transaction			
22	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,			
	b) Who initiated the transaction, and			
	c) The timing of the transaction?			

[2] In accordance with the amendments issued by MCA through the Companies (Ind AS) Amendment Rules, 2021 dated 18 June 2021, acquirers are required to apply the definitions of an asset and a liability given in Framework for Preparation and Presentation of Financial Statements in accordance with Ind AS rather than the Conceptual Framework for Financial Reporting under Ind AS issued in 2021.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
23	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 acquiree,			
	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?			
24	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 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?	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.*)			
25	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		
26	a) If the answer to Q 25 is yes, then has the acquirer recognised the gain or loss at fair value?	103.B52		
	b) If the answer to Q 25 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) is the difference included as part of the business combination?			
27	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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) Level of remuneration and incremental payment, if any, and			
	c) Number of shares owned?			
28	a) Are there any assets and liabilities that had not been previously recognised as an asset or a liability by the acquiree but satisfy the recognition principle or conditions?	103.13		
	b) If yes, have these assets or liabilities been recognised by the acquirer?			
29	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.*)			
	Classification of identifiable assets and liabilities in a business combination			
30	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		
31	If the classification of the assets and liabilities is with respect to a lease contract in which acquiree is the lessor, is the bifurcation into operating and finance lease made in accordance with Ind AS 116, *Leases*?	103.17		
32	If the contract in concern is an insurance contract, has the same been classified in accordance with Ind AS 104, *Insurance Contracts*?	103.17		
33	In case of situations covered in Q 31 and 32, 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			
34	Has the acquirer measured the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values?	103.18		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
35	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?	103.19		
36	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?			
37	a) Has the acquirer taken into account the terms of the lease, when measuring the acquisition-date fair value of an asset such as a building, or a patent which is subject to an operating lease in which acquiree is the lessor?	103.B42		
	b) Has the acquirer recognised a separate asset or liability if the terms of an operating lease are either favourable or unfavourable when compared with market terms?			
	Exceptions to the recognition or measurement principles			
38	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) Has fair value that can be measured reliably?			
39	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		
40	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		
41	Has the acquirer recognised and measured a liability (or an asset, if any) related to the acquiree's employee benefit arrangements in accordance with Ind AS 19, *Employee Benefits?*	103.26		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
42	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		
43	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		
44	a) Has the acquirer recognised Right-Of-Use (ROU) assets and lease liabilities for leases identified in accordance with Ind AS 116, if the acquiree is the lessee?	103.28A		
	(Note: *The acquirer is not required to recognise ROU assets and lease liabilities for the following:* *i. Leases for which the lease term ends within 12 months (refer Ind-AS 116) of the acquisition date or* *ii. Leases for which the underlying asset is of low value (refer Ind AS 116)*)			
	b) Has the acquirer measured the lease liability at the present value of the remaining lease payments as if the acquired lease was a new lease at the acquisition date?	103.28B		
	c) Has the acquirer measured the ROU asset at the same amount as the lease liability adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms? (Refer ITFG bulletin 21 issue 4 clarification)	103.28B		
45	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		
46	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
47	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			
48	Has the excess of (a) over (b) below at the acquisition date been recognised by the acquirer as goodwill:	103.32		
	a) The aggregate of the following :			
	i. The consideration transferred, which generally requires acquisition-date fair value,			
	ii. The amount of any non-controlling interest in the acquiree, 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			
49	If the amount in Q 48 (b) exceeds the aggregate of the amounts specified in Q 48 (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 acquiree, and			
	iv. The consideration transferred?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
50	If the conditions for recognising a gain described in Q 49 are not met, has the excess (subject to the above reassessment and review) been recognised directly in equity as capital reserve?	103.36A		
	Consideration transferred			
51	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.*)			
52	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			
53	Has the acquirer obtained control of an acquiree in which it held an equity interest immediately before the acquisition date?	103.41		
	(Note: *This Ind AS refers to such a transaction as a business combination achieved in stages, sometimes also referred to as a step acquisition.*)			
54	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		
	(Note: *When a party to a joint arrangement obtains control of a business that is a joint operation, and had rights to the assets and obligations for the liabilities relating to that joint operation immediately before the acquisition date, the transaction is a business combination achieved in stages. The acquirer should, therefore, apply the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation. In doing so, the acquirer should remeasure its entire previously held interest in the joint operation.*)	103.42A		
55	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	A business combination achieved without the transfer of consideration			
56	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 from 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?			
57	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			
58	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		
	(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.*)			
59	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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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?			
60	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?			
61	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? (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.*)	103.47		
62	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		
63	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		
64	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		
65	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Subsequent measurement and accounting			
66	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?			
67	Has an acquirer amortised the reacquired right, recognised as an intangible asset, over the remaining useful life?	103.55		
68	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.*)			
69	After initial recognition and until the liability is settled, cancelled or expired, 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 115, *Revenue from Contracts with Customers*? (Note: *This requirement does not apply to contracts accounted for in accordance with Ind AS 109.*)			
70	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(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*.)			
71	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			
72	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	1	
	a) During the current reporting period (Refer Q 73 to 82), or			
	b) After the end of the reporting period but before the financial statements are approved for issue (Refer Q 83)?			
73	Has the acquirer disclosed the following information for each business combination that occurs during the reporting period:	103.B64	4	
	a) The name and a description of the acquiree,			
	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 acquiree,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	e) A qualitative description of the factors that make up the goodwill recognised such as expected synergies from combining operations of the acquiree and the acquirer, intangible assets that do not qualify for separate recognition or other factors,			
	f) The acquisition-date fair value of the total consideration transferred and the acquisition-date fair value of each major class of consideration, such as:			
	i. Cash			
	ii. Other tangible or intangible assets, including a business or subsidiary of the acquirer			
	iii. Liabilities incurred and			
	iv. Equity interests of the acquirer, including the number of instruments or interests issued or issuable and the method of measuring the fair value of those instruments or interests,			
	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?			
74	Has the acquirer disclosed for contingent consideration arrangements and indemnification assets:	103.B64	4	
	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 reason why a range cannot be estimated?			
	d. The fair value of the receivables,			
	(Note: *If the maximum amount of the payment is unlimited, the acquirer shall disclose that fact.*)			
75	Has the acquirer disclosed for acquired receivables:	103.B64	4	
	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.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
76	If a contingent liability is not recognised because its fair value cannot be measured reliably, has the acquirer disclosed:	103.B64	4	
	a) The information required by paragraph 86 of Ind AS 37, and			
	b) The reasons why the liability cannot be measured reliably?			
77	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	4	
	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?			
78	In a bargain purchase, has the acquirer disclosed:	103.B64	4	
	a) The amount of any gain recognised in other comprehensive income (as per Q 49),			
	b) The amount of any gain directly recognised in equity (as per Q 50), and			
	c) A description of the reasons why the transaction resulted in a gain in case of (a) above?			
79	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	4	
	a) The amount of the non-controlling interest in the acquiree recognised at the acquisition date and the measurement basis for that amount, and		4	
	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
80	In a business combination achieved in stages, whether the acquirer has disclosed:	103.B64	4	
	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 premeasuring 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?			
81	Has the acquirer also disclosed:	103.B64	4	
	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*[3].)			
82	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 73 to 81?	103.B65	5	
83	If the acquirer cannot disclose the information required by Q 73 to 81, has the acquirer described which disclosures could not be made and the reasons why they cannot be made?	103.B66	6	
84	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 85 to 89)?	103.61	2	
85	If the initial accounting for a business combination is incomplete for particular assets, liabilities, NCI, or items 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	7	
	a) The reasons why the initial accounting for the business combination is incomplete,			

[3] The term impracticable has the same meaning as defined in Ind AS 8.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) The assets, liabilities, equity interests or items of consideration for which the initial accounting is incomplete, and		7	
	c) The nature and amount of any measurement period adjustments recognised during the reporting period in accordance with Q 63?			
86	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	7	
	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?			
87	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	7	
88	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	7	
	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*, (Note: *Ind AS 36 additionally requires disclosure of information about the recoverable amount and impairment of goodwill.*)			
	f) Net exchange rate differences arising during the reporting period in accordance with Ind AS 21, *The Effects of Changes in Foreign Exchange Rates*,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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?			
89	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?			
90	If the specific disclosures required by this Ind AS and other Ind ASs do not meet the objectives, as specified in Q72 and Q84, then has the entity disclosed additional information that is necessary to meet those objectives?	103.63	3	
	Business combinations of entities under common control			
91	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		
	c) Is the collective power mentioned above not transitory? (Refer ITFG bulletins- (ITFG 15 issue 6) and (ITFG 19 issue 1) clarifications)	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			
92	a) Have the assets and liabilities of the combining entities been reflected at their carrying amounts except to harmonise accounting policies? (Refer bulletins – (ITFG 9 issue 2), (ITFG 16 issue 5), (ITFG 19 issues 1 and 5) and (ITFG 22 issues 5 and 6) clarifications)	103.C9		
	(Note: i. *No adjustments are made to reflect fair values, or recognise any new assets or liabilities,*			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	ii. No new goodwill should be recognised through a common control transaction, and			
	iii. In applying book value accounting an adjustment 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?	103.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)?	103.C9		
	d) Has the entity done the following:	103.C12		
	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			
	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?	103.C11		
	Disclosures and subsequent events			
93	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,		8	
	b) Date on which transferor obtains control of the transferee,		8	
	c) Description and number of shares issued, together with the percentage of each entity’s equity shares exchanged to effect the combination,		8	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	d) Amount of any difference between the consideration and the value of net assets taken over, and the treatment thereof, and		8	
	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? (Refer ITFG bulletin 14 issue 4 clarification)	103.C14	9	

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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)

*Reference to Schedule III is with respect to Division II

Ind AS-104 Insurance Contracts

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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 manufacturer, dealer or retailer (refer Ind AS 115, *Revenue from Contracts with Customers* and 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 fees, royalties, contingent lease payments and similar items), as well as a lessees' residual value guarantee embedded in a finance lease (refer Ind AS 116, *Leases*, Ind AS 115 and Ind AS 38, *Intangible Assets*),			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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)		
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 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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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:	104.10		
	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.*)			
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		
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 removed 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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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:	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, 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?			
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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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		
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*	104.31		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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.*)			
30	In the case of insurance contracts containing a discretionary participation feature as well as a guaranteed element:	104.34		
	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,			
	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			
	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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	1	
	a) Has the insurer disclosed its accounting policies for insurance contracts and related assets, liabilities, income and expenses,	104.37	2	
	b) Has the insurer disclosed the recognised assets, liabilities, income and expenses (and, if it presents its statement of cash flows using the direct method, cash flows) 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 when practicable, given a quantified disclosure of those assumptions,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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			
	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	3	
	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,	104.39 104.39A	4 5	
	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			
	(Note: *If an insurer uses an alternative method to manage sensitivity to market conditions, such as an embedded value analysis, it may meet this requirement by disclosing that alternative sensitivity analysis and the disclosures required by paragraph 41 of Ind AS 107.*) • 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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	ii. Concentrations of insurance risk, including a description of how management determines concentrations and a description of the shared characteristic that identifies each concentration (e.g., type of insured event, geographical area, or currency), and			
	iii. The actual claims compared with previous estimates (i.e., claims development), (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 (Note: *Insurers need not provide the maturity analysis required by paragraph 39 (a) and (b) of Ind AS 107 if they disclose information about the estimated timing of the net cash outflows resulting from recognised insurance liabilities instead. This may take the form of an analysis, by estimated timing, of the amounts recognised in the balance sheet.* *If an insurer uses an alternative method to manage sensitivity to market conditions, such as an embedded value analysis, it may use that sensitivity analysis to meet the requirement in paragraph 40(a) of Ind AS 107. Such an insurer should also provide the disclosures required by paragraph 41 of Ind AS 107.*)			
	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?			

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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)

*Reference to Schedule III is with respect to Division II.

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

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Applicability			
	This standard shall be applied in accounting for assets held for sale, held for distribution and the presentation and disclosure of discontinued operations.			
	Classification of non-current asset (or disposal groups) as held for sale or as held for distribution to owners			
1	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,			
	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 6,			
	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
2	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 1 are met, regardless of whether the entity will retain a non-controlling interest in its former subsidiary after the sale?	105.8A		
3	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?	105.12A		
	(Note: *For this, the assets must be available for immediate distribution in their present condition and the distribution must be highly probable.*)			
4	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		
5	If the entity has non-current assets (or disposal groups) classified as held for sale, then has it excluded such assets (or disposal groups) from the disclosure requirements in other Ind ASs 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 and such disclosures are not already provided in other notes to the financial statements?			
	(Note: *Additional disclosures about non-current assets (or disposal groups) classified as held for sale or discontinued operations may be necessary to comply with the general requirements of Ind AS 1, Presentation of Financial Statements.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Extension of the period required to complete a sale			
6	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 1 are met?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
7	If the criteria in Q 1 are met after the end of the reporting period, has the entity excluded such non-current asset (or disposal group) from the classification as held for sale in those financial statements when issued?	105.12		
	(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.*)			
	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?	105.13		
	(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.*)			
	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?	105.17		
	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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 are required to follow the requirements relating to derecognition as set out in Ind AS 16, Property, Plant and Equipment and Ind AS 38, Intangible Assets for property, plant and equipment and intangible assets respectively.*)	105.24		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
18	While a non-current asset is classified as held for sale or when 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 1, 2 and 6 or in Q 3 (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 or held for distribution? (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		
	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) Has the entity ensured that: i. It does 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. Measures 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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	iii. Does not change the date of classification in accordance with Q 1 (b) and Q 3. This does not preclude an extension of the period required to complete a sale or a distribution to owners if the conditions in Q 6 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 1 and Q 6 or Q 3 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 1 and Q 6?	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 3?			
23	If the disposal group referred to in Q 19 does not meet the criteria in Q 1 to Q 6, 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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Classification, presentation and disclosure of discontinued operations			
24	a) Is any component of the entity classified as a discontinued operation?	105.32		
	b) For classification as a discontinued operation, has the entity considered a component of the entity that either has been disposed of, or is classified as held-for-sale, and:			
	i. Represents a separate major line of business or geographic area of operations,			
	ii. Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or			
	iii. Is a subsidiary acquired exclusively with a view to resale?			
	(Note: *A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity.*)	105.31		
25	Has the entity presented and disclosed the information described in Q 25 (a) to 25 (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	1	
	a) A single amount in the statement of profit and loss comprising the total of:	105.33 (a)	1(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,			
	(Note: *Schedule III requires disclosure of pre-tax and post-tax profit/(loss) and tax expense relating to discontinued operations on the face of the statement of profit and loss.*)	Sch III Part-II		
	b) An analysis of the single amount in Q 25 (a) into the following to be disclosed in notes or statement of profit and loss:	105.33 (b)	1(b)	
	i. The revenue, expenses and pre-tax profit or loss of discontinued operations,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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,			
	(Note: *The analysis may be presented in the notes or in the statement of profit and loss. If it is presented in the statement of profit and loss it shall be presented in a section identified as relating to discontinued operations, i.e. separately from continuing operations. The analysis is not required for disposal groups that are newly acquired subsidiaries that meet the criteria to be classified as held for sale on acquisition.*)			
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)	1(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)	1(d)	
	(Note: *Schedule III requires disclosure of profit/(loss) from continuing or discontinued operations on the face of the statement of profit and loss.*)	Sch III Part-II		
e)	Re-presented the disclosures in Q 25 (a) to 25 (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	2	
f)	Separately classified in discontinuing operations, and disclosed the nature and amount of 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	3(a) and 3(b)	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(Note: *Examples of circumstances in which these adjustments may arise include the following:* *i. The resolution of uncertainties that arise from the terms of the disposal transaction, such as the resolution of purchase price adjustments and indemnification issues with the purchaser,* *ii. The resolution of uncertainties that arise from and are directly related to the operations of the component before its disposal, such as environmental and product warranty obligations retained by the seller,* *iii. The settlement of employee benefit plan obligations, provided that the settlement is directly related to the disposal transaction.*)			
	g) If the entity ceases to classify a component of the entity as held for sale, then has the entity reclassified the results of operations of the component previously presented in accordance with Q 25 (a) to 25 (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	4	
	h) 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		
26	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 25 (a) to 25 (g) been provided?	105.36A	5	
	Presentation of a non-current asset or disposal group classified as held for sale			
27	For non-current assets or disposal groups held for sale, has the entity disclosed:	105.38	6	
	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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	c) Assets and liabilities classified as held for sale on a gross basis, i.e., not offset and presented as a single amount,			
	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 Other Comprehensive Income (OCI) relating to a non-current asset (or disposal group) classified as held for sale separately?			
28	Has the entity disclosed the major classes of assets and liabilities? (Note: *If the disposal group is a newly acquired subsidiary that meets the criteria to be classified as held for sale on acquisition, disclosure of the major classes of assets and liabilities is not required.*)	105.39	7	
29	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	8	
	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?*			
30	If there are changes to a plan of sale and either Q 19 (a) or Q 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	9	
	a) Description of 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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
31	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 29 (a), (b) and (d) in the notes? (Refer ITFG bulletin 22 issue 6 clarification)	105.12		

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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 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 of disposal[1] 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)

* Reference to Schedule III is with respect to Division II

[1] Amendments to Ind AS vide MCA notification dated 18 June 2021 has replaced the term 'costs to sell' with 'costs of disposal' in the definition of 'recoverable amount'. The revised definition is effective from 1 April 2021.

KPMG

Ind AS-106 Exploration for and Evaluation of Mineral Resources

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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 judgement to ensure that the accounting policy results in information that is relevant and reliable?	106.6		
4	Subject to Q 6 and 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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(Note: *On the following page 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* *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		
	(Note: *The Conceptual Framework for Financial Reporting under Indian Accounting Standards issued by the Institute of Chartered Accountants of India*[1] *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: i. More relevant to economic decision-making of users and no less reliable, or	106.13 106.14		
	ii. More reliable and no less relevant to the economic decision-making of users?			

[1] Amendments to Ind AS vide MCA notification dated 18 June 2021 has replaced the term 'Framework for the Preparation and Presentation of Financial Statements in accordance with Ind AS issued by ICAI' with the 'Conceptual Framework for Financial Reporting under Ind AS issued by ICAI'. The amendment is effective for annual reporting period beginning on or after 1 April 2021.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) For the above purpose, has the relevance and reliability been judged using the criteria in Ind AS 8?			
	(Note: *To justify change in 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			
	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 that reflects the consumption, been included as part of the cost of the intangible asset?	106.16		
	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? (Refer ITFG bulletin 22 issue 3 clarification)	106.17		
	(Note: *E&E assets shall be assessed for impairment, and any impairment loss recognised, before reclassification.*)			
	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	1	
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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 ensured that such CGU or group of units is not larger than an operating segment which has been determined in accordance with Ind AS 108, *Operating Segments*? (Note: *The level identified by the entity for the purposes of testing E&E assets for impairment may comprise one or more CGUs.*)	106.21		
	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?	106.23	2	
19	Has the entity disclosed the following information relating to E&E assets:	106.24	3	
	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
20	Has the entity treated E&E assets as a separate class of assets and provided disclosures required by either Ind AS 16 or Ind AS 38 consistent with how the assets are classified?	106.25	4	

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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)

*Reference to Schedule III is with reference to Division II

Ind AS-107 Financial Instruments: Disclosures

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Applicability			
	This statement shall be applied by all entities to all types of financial instruments except when another Ind AS requires or permits 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?			
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, and			
	d) Q1(c) above, when the instrument is a financial guarantee contract which is being accounted as per Ind AS 109?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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		
4	Has the entity ensured that the credit risk disclosure as included in Q 80 to 89 been applied to those rights that Ind AS 115, *Revenue from Contracts with Customers* 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	a) 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	1	
	b) 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?	107.7	2	
	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	3	
	a) Financial assets measured at FVTPL, 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 FVTPL in accordance with Ind AS 109,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) Financial liabilities at FVTPL, 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			
	e) Financial assets measured at FVOCI, showing separately:			
	i. Financial assets that are measured at FVOCI 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?			
	Investments			
8	Have all current and non-current investments been classified as:	Sch III Part-I Para A.VI and B.II		
	a) Investments in equity instruments,			
	b) Investments in preference shares,			
	c) Investments in government or trust securities,			
	d) Investments in debentures or bonds,			
	e) Investments in mutual funds,			
	f) Investments in partnership firms, and			
	g) Other investments (specify nature)?			
	(Note: *Schedule III does not specify whether investments should be first disclosed as per their category under Ind AS 109 or by their nature.*)			
9	For each investment classification in Q8 above, have the following details been disclosed:			
	a) Names of bodies corporate that are:			
	i. Subsidiaries,			
	ii. Associates			
	iii. Joint ventures, or			
	iv. Structure entities in whom investments have been made,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) Nature and extent of investment made in each body corporate,			
	c) Details of investments made in entities covered in Q9 (a) that are partly-paid investments, and			
	d) Investments in partnership firms along with names of firms, their partners, total capital and share of each partner?			
10	Have the aggregate amounts of quoted and unquoted investments been disclosed as follows: (on next page)			
	a) Aggregate carrying amount of quoted investments,			
	b) Aggregate market value of quoted investments,			
	c) Aggregate carrying amount of unquoted investments, and			
	d) Aggregate amount of impairment in value of investments?			
11	Where an investment has been sold during the period, has additional information regarding the net gain or loss on sale of such investment been disclosed in the financial statements by way of a note?	Sch III Part-II Para 7(g)		
	Investments in equity instruments designated at FVOCI			
12	Has the entity disclosed the following (a-e), if the entity has designated investments in equity instruments to be measured at FVOCI, as permitted by paragraph 5.7.5 of Ind AS 109:	107.11A	8	
	a) The investments in equity instruments that have been designated to be measured at FVOCI,			
	b) The reasons for using this presentation alternative,			
	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 FVOCI during the reporting period:	107.11B	9	
	a) The reasons for disposing of the investments,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) The fair value of the investments at the date of derecognition, and			
	c) The cumulative gain or loss on disposal?			
	Financial assets at FVTPL			
14	Has the entity disclosed the following (a-d), if the entity has designated as measured at FVTPL a financial asset (or group of financial assets) that would otherwise be measured at FVOCI or amortised cost:	107.9	4	
	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?			
	Other financial assets	Sch III Part-I Para A.VII and B.III		
	Trade receivables			
15	a) Have current and non-current trade receivables been classified as:			
	i. Trade receivables considered good – secured			
	ii. Trade receivables considered good – unsecured			
	iii. Trade receivables which have significant increase in credit risk and			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	iv. Trade receivables – credit impaired?			
	(Note: *Allowance for bad and doubtful debts is required to be disclosed under the relevant heads separately.* *A receivable should be classified as a 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business.*)			
	Trade receivables ageing schedule			
	b) For outstanding trade receivables, has the entity provided an ageing schedule in the format specified in Schedule III to the 2013 Act for each of the following categories:	Sch III Part-I Para A.VII		
	i. Undisputed trade receivables – considered good			
	ii. Undisputed trade receivables – which have significant increase in credit risk			
	iii. Undisputed trade receivables – credit impaired			
	iv. Disputed trade receivables – considered good			
	v. Disputed trade receivables – which have significant increase in credit risk			
	vi. Disputed trade receivables – credit impaired			
	(Note: *Similar information shall be given where no due date of payment is specified. In that case disclosure shall be from the date of the transaction.*)			
	c) Have the unbilled dues been disclosed separately?			
16	Have debts due to the company by directors either individually, severally or jointly with another person, by firms or private companies in which any director is a partner or director or member respectively, been separately disclosed in the financial statements?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Loans			
17	Have all current and non-current loans been classified as:	Sch III Part- I Para A.VIII and B.V		
	a) Loans to related parties, and			
	b) Other loans (specify nature)?			
18	Have all loans classified as per Q17, been further sub-classified as:			
	a) Loans receivables considered good – secured			
	b) Loans receivables considered good – unsecured			
	c) Loans receivables which have a significant increase in credit risk and			
	d) Loan receivables – credit impaired?			
	(Note: *Allowance for bad and doubtful loans is required to be disclosed under the relevant heads separately.*)			
19	Have loans due to the company by directors either individually, severally or jointly with another person, by firms or private companies in which any director is a partner or director or member respectively, been separately stated in the financial statements?			
	Cash and bank balances			
20	Have cash and cash equivalents been classified as:	Sch III Part- I Para B.IV		
	a) Balances with banks (of the nature of cash and cash equivalents),			
	b) Cheques, drafts on hand,			
	c) Cash on hand, and			
	d) Others (specify nature)?			
	(Note: *i. Bank deposits which meet the definition of cash and cash equivalent should be disclosed in accordance with Q20.* *ii. Bank deposits with maturity up to 12 months should be disclosed separately after 'cash and cash equivalents'.* *iii. Bank deposits with more than 12 months maturity should be disclosed under 'other financial assets'.*)	Sch III Part- I Para A.IX		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
21	With respect to cash and bank balances, have the following items been disclosed separately in the financial statements:	Sch III Part- I Para C		
	a) Earmarked balances with banks,			
	b) Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments,			
	c) Repatriation restrictions, if any, in respect of cash and bank balances?			
	Other financial assets[1]			
22	Have other non-current and current financial assets been classified as under:	Sch III Part I para A.X and		
	a) Advances, further sub-classified as:	B.VI		
	i. Security deposits,			
	ii. Advances to related parties (giving details thereof), and			
	iii. Other advances (specify nature),			
	b) Bank deposits with more than 12 months maturity,			
	c) Others (specify nature)?			
23	Has the entity separately disclosed, all advances made to directors or other officers of the company or any of them, either severally or jointly with any other person, or advances to firms or private companies respectively, in which any director is a partner, a director, or member?	Sch III Part I Para A.X and B.VI		
24	Has the entity disclosed loans or advances in the nature of loans granted to the following which are repayable on demand or without specifying any terms or period of repayment in the notes to the balance sheet under 'Additional regulatory information' section in the format specified in Schedule III to the 2013 Act:	Sch III- Part I- Para VI.L		
	a. Promoters			
	b. Directors			
	c. Key Managerial Personnel			
	d. Related parties (defined under the 2013 Act)?			

[1] Amendments to Schedule III to the 2013 Act vide MCA notification dated 24 March 2021 clarifies that 'other financial assets' is an all-inclusive heading, which incorporates financial assets that do not fit into any other financial asset categories, such as, security deposits. The amendment is effective from 1 April 2021.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Financial liabilities (Note: *Where a financial instrument is classified and presented as 'equity' or 'liability' in accordance with the requirements of Ind AS 32, the disclosure and presentation requirements in this regard applicable to the relevant class of equity or liability should be applicable mutatis mutandis to the instrument. For example, plain vanilla redeemable preference shares including premium received on issue should be classified and presented under 'non-current liabilities' as 'borrowings' and the disclosure requirements in this regard applicable to such borrowings are applicable mutatis mutandis to redeemable preference shares and the premium thereon.)* *Financial liabilities at FVTPL*	Sch III Part I Para 9		
25	Has the entity disclosed the following (a-d), if the entity has designated a financial liability as at FVTPL 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	5	
	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, (Note: *See paragraphs B5.7.13 – B5.7.20 of Ind AS 109 for guidance on determining the effects of changes in a liability's credit risk.*)			
	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,			
	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 (OCI) that was realised at derecognition?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
26	Has the entity disclosed the following (a-b), if the entity has designated a financial liability as at FVTPL 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 (see paragraphs 5.7.7 and 5.7.8 of Ind AS 109):	107.10A	6	
	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	109.5.7.16		
	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,			
	(Note: *See paragraphs B5.7.13 to B5.7.20 of Ind AS 109 for guidance on determining the effects of changes in a liability's credit risk*)			
	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?			
	Borrowings			
27	Have non-current borrowings been classified as:	Sch III Part- I Para E		
	a) Bonds or debentures,			
	(Note: *Rate of interest and particulars of redemption/ conversion of bonds and debentures should be stated in the descending order of maturity or conversion, starting from the farthest redemption/conversion date, as the case may be. Where they are redeemable by instalments, the date of maturity for this purpose must be reckoned as the date on which the first instalment becomes due.*)			
	b) Term loans:			
	i. From banks,			
	ii. From other parties,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	c) Deferred payment liabilities,			
	d) Deposits,			
	e) Loans from related parties,			
	f) Liability component of compound financial instruments, and			
	g) Other loans (specify nature)?			
28	Where company has the power to reissue any redeemed bonds/debentures, have the particulars of such bonds and debentures been disclosed?			
29	Have the terms of repayment of term loans and other loans been disclosed?			
30	Have current borrowings been classified as under:			
	a) Loans repayable on demand,			
	i. From banks,			
	ii. From other parties,			
	b) Loans from related parties,			
	c) Deposits,			
	d) Other loans (specify nature)?			
	e) Current maturities of long-term borrowings?			
31	Have current and non-current borrowings been further sub-classified as secured and unsecured?			
	(Note: *Nature of security should be specified separately for each secured borrowing.*)			
32	For both, current and non-current borrowings, have the aggregate amount of the loans guaranteed by the directors or others been disclosed under each head?			
33	For both, current and non-current borrowings, have the period and amount of default on repayment of borrowings and interest as on the balance sheet date been separately disclosed in each case?			
	Trade payables			
34a.	In connection with trade payables, have details relating to micro, small and medium enterprise been provided as following:			
	a) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year,	Sch III Part I Para 6.FA		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006) (MSMED Act), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year,			
	c) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act,			
	d) The amount of interest accrued and remaining unpaid at the end of each accounting year, and			
	e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act?			
34b.	For trade payables due for payment, has the entity provided trade payables aging schedule in the format specified in Schedule III to the 2013 Act in respect of the following:			
	i. MSME			
	ii. Others			
	iii. Disputed dues – MSME			
	iv. Disputed dues – Others			
	(Note: *Similar information shall be given where no due date of payment is specified. In that case disclosure shall be from the date of the transaction.*)			
34c.	Have the unbilled dues disclosed separately?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Other financial liabilities			
35	Have other financial liabilities been classified as:	Sch III Part I Para 6.F		
	a) Interest accrued,			
	b) Unpaid dividends,			
	c) Application money received for allotment of securities to the extent refundable and interest accrued thereon,			
	d) Unpaid matured deposits and interest accrued thereon,			
	e) Unpaid matured debentures and interest accrued thereon,			
	f) Others (specify nature)?			
36	Has the entity disclosed the following:	107.11	7	
	a) A detailed description of the methods used to comply with the requirements in Q 14(c), 25(a) and 26(a) (paragraphs 9(c), 10(a) and 10A(a) of Ind AS 109) 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 36 (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 OCI would create or enlarge an accounting mismatch in profit or loss (see paragraphs 5.7.7 and 5.7.8 of Ind AS 109). 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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Reclassifications			
37	Has the entity disclosed the following (a-d), for each financial asset that the entity has reclassified in accordance with paragraph 4.4.1 of Ind AS 109 in the current or previous reporting period:	107.12B	10	
	a) The date of reclassification,			
	b) A detailed explanation of the change in business model,			
	c) A qualitative description of its effect on the entity's financial statements, and			
	d) The amount reclassified into and out of each category?			
38	Has the entity disclosed the following (a-b), for assets reclassified out of the FVTPL category so that they are measured at amortised cost or FVOCI in accordance with paragraph 4.4.1 of Ind AS 109, for each reporting period following reclassification until derecognition:	107.12C	11	
	a) The effective interest rate determined on the date of reclassification, and			
	b) The interest revenue recognised?			
39	Has the entity disclosed the following (a-b), if the entity since its last annual reporting date, has reclassified financial assets out of the FVOCI category so that they are measured at amortised cost or out of the FVTPL category so that they are measured at amortised cost or FVOCI:	107.12D	12	
	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 OCI during the reporting period if the financial assets had not been reclassified?			
	Offsetting financial assets and financial liabilities			
40	Has the entity supplemented the other disclosures required by this standard with disclosures as per Q 41 and Q 42 for recognised financial instruments that are:	107.13A	13	
	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 paragraph 42 of Ind AS 32?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
41	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, including the effect or potential effect of rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities that are within the scope of Q 40 (paragraph 13A of Ind AS 107)?	107.13B	14	
42A	To meet the objective of Q 41 (paragraph 13B of Ind AS 107), has the entity disclosed at the end of the reporting period (in a tabular format, separately for financial assets and financial liabilities, 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 40 (paragraph 13A of Ind AS 107):	107.13C	15	
	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 42A (b) 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 42 (d) from the amounts in Q 42A (c) above:			
42B	Is the amount disclosed under Q 42A (d) above for an instrument limited to the amount disclosed under Q 42A (c) for that instrument?	107.13D	16	
42C	Has the entity provided a description in the disclosures of 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 that are disclosed in accordance with Q 4 (d), including the nature of those rights?	107.13E	17	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
42D	If the information required in Q 41 to 42C is disclosed in more than one note to the financial statements, then has the entity given cross-reference between those notes?	107.13F	18	
	Collateral			
43	Has the entity disclosed the following:	107.14	19	
	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?			
44	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	20	
	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			
45	Has the entity ensured that the carrying amount of financial assets measured at FVOCI 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	21	
	Compound financial instruments			
	Compound financial instruments with multiple embedded derivatives			
46	If the entity has issued an instrument that contains both a liability and an equity component (see paragraph 28 of Ind AS 32) 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	22	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Other compound financial instruments			
47	Where compound financial instruments have been split into equity and liability components in accordance with Ind AS 32, has each component been classified and presented under the relevant head in 'equity' and 'liabilities'?	Sch III Part I Para I.10		
	(Note: *For example, share application money pending allotment, to the extent not refundable should be shown under the head 'equity' and share application money to the extent refundable should be separately shown under 'other financial liabilities'.*)	Sch III Part I Para I.8		
	Defaults and breaches			
48	Has the entity disclosed the following (a-c) for loans payable that are recognised at the end of the reporting period:	107.18	23	
	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?			
49	If during the period there were breaches of loan agreement terms other than those described in Q 48 above, has the entity disclosed the same information as required in Q 48, 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	24	
	Statement of profit and loss			
50	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	25	
	a) Net gains or net losses on:			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	i. Financial assets or financial liabilities measured at FVTPL, 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 FVTPL 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 FVTPL, the entity shall show separately the amount of gain or loss recognised in OCI and the amount recognised in profit or loss,			
	ii. Financial liabilities measured at amortised cost,			
	iii. Financial assets measured at amortised cost,			
	iv. Investments in equity instruments designated at FVOCI in accordance with paragraph 5.7.5 of Ind AS 109, and			
	v. Financial assets measured at FVOCI in accordance with paragraph 4.1.2A of Ind AS 109, showing separately the amount of gain or loss recognised in OCI during the period and the amount reclassified upon derecognition from accumulated OCI to profit or loss for the period,			
	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 FVOCI in accordance with paragraph 4.1.2A of Ind AS 109 (showing these amounts separately) or financial liabilities that are not measured at FVTPL, 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 FVTPL, 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?			
51	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	26	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
52	Has the entity classified and disclosed finance costs as follows in the notes to the financial statements:	Sch III Part II Para 4		
	a) Interest,			
	b) Dividend on redeemable preference shares,			
	c) Exchange differences regarded as an adjustment to borrowing costs, and			
	d) Other borrowing costs (specify nature)?			
	Other disclosures			
	Accounting policies			
53	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	27	
	b) For financial instruments, such disclosures may include:	107.B5		
	i. For financial liabilities designated as at FVTPL:			
	• The nature of the financial liabilities the entity has designated as at FVTPL,			
	• 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 FVTPL:			
	• The nature of the financial assets the entity has designated as measured at FVTPL, and			
	• How the entity has satisfied the criteria in paragraph 4.1.5 of Ind AS 109 for such designation,			
	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 FVTPL include interest or dividend income, and			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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			
54	Has the entity complied with the disclosure requirements in Q 56 to 71 (paragraph 21B to 24F of Ind AS 107) for those risk exposures that it hedges, and for which it elects to apply hedge accounting?	107.21A	28	
55	Has the entity disclosed information about the following:	107.21A	28	
	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?			
56	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?	107.21B	29	
57	To meet the objectives in paragraph 21A of Ind AS 107 (Q 55), an entity shall (except as otherwise specified below) determine how much detail to disclose, how much emphasis to place on different aspects of the disclosure requirement, the appropriate level of aggregation or disaggregations, and whether users of financial statements need additional explanations to evaluate the quantitative information disclosed. Has the entity ensured the same level of aggregation/ disaggregation in the disclosure under Q 55 as it has in for related information between this standard and Ind AS 113, *Fair Value Measurement*?	107.21D	30	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
58	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	31	
	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?			
59	To meet the requirement in Q 58 above (paragraph 22A of Ind AS 107), has the entity ensured that the information includes a description of:	107.22B	32	
	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?			
60	Has the entity disclosed in addition to Q 58 and 59 (paragraph 22A and 22B of Ind AS 107), qualitative or quantitative information about the following, when it has designated a specific risk component as a hedged item:	107.22C	33	
	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)?			
61	a) 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?	107.23A 107..23B	34	
	b) To meet the above requirements the entity is required to provide a breakdown that discloses:			
	i. A profile of the timing of the nominal amount of the hedging instrument, and			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	ii. If applicable, the average price or rate (for example strike or forward prices, etc.) of the hedging instrument.			
62	a) 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 avails the exemption from providing the disclosure required by Q 61 above?	107.23C	35	
	b) In the case as Q 62(a), has the entity disclosed the following:			
	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?			
63	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	36	
64	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	37	
65	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	38	
66	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	39	
	a) The carrying amount of the hedging instruments (financial assets separately from financial liabilities),			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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?			
67	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	40	
	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:			
	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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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?			
68	Has the entity disclosed in a tabular format, the following amounts separately by risk category for the types of hedges as follows:	107.24C	41	
	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 OCI,			
	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)?			
69	Has the entity disclosed the fact and the reason, if the entity believes that the volume of hedging relationships to which Q 62(a) (paragraph 23C of Ind AS 107) 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	42	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
70	Has the entity provided a reconciliation of each component of equity and an analysis of OCI in accordance with Ind AS 1 that, taken together:	107.24E	43	
	a) Differentiates, at a minimum, between the amounts that relate to the disclosures in Q 68 (b)(i) and (b)(iv) (paragraphs 24C(b)(i) and 24C(b)(iv) of Ind AS 107) 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?			
71	Has the entity disclosed the information required in Q 70 (paragraph 24E of Ind AS 107) above separately by risk category?	107.24F	44	
	(Note: *Disaggregation by risk may be provided in notes to financial statements.*)			
	Option to designate a credit exposure as measured at FVTPL			
72	Has the entity disclosed the following (a-c), if the entity has designated a financial instrument, or a proportion of it, as measured at FVTPL because it uses a credit derivative to manage the credit risk of that financial instrument:	107.24G	45	
	a) For credit derivatives that have been used to manage the credit risk of financial instruments designated as measured at FVTPL 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 FVTPL in accordance with paragraph 6.7.1 of Ind AS 109, and			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	c) On discontinuation of measuring a financial instrument, or a proportion of it, at FVTPL, that financial instrument's fair value that has become the new carrying amount in accordance with paragraph 6.7.4 of Ind AS 109 and the related nominal or principal amount?			
	Uncertainty arising from interest rate benchmark reform			
73	Has the entity disclosed the following (a-e) in respect of the hedging relationships to which it applies the temporary exceptions under Ind AS 109 pursuant to interest rate benchmark reform (paragraph 6.8.4 to 6.8.12)[2]:	107.24H		
	a) The significant interest rate benchmarks to which the entity's hedging relationships are exposed			
	b) How the entity is managing the process to transition to alternative benchmark rates			
	c) A description of significant assumptions or judgements the entity made in applying paragraph 6.8.4 to 6.8.12 under Ind AS 109 (for example, assumptions or judgements about when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows) and a) A description of significant assumptions or judgements the entity made in applying paragraph 6.8.4 to 6.8.12 under Ind AS 109 (for example, assumptions or judgements about when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows) and			
	d) The nominal amount of the hedging instruments in those hedging relationships?			
74	Has the entity disclosed the following (a-e) to enable users to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy[3]:	107.24I, 107.24J		
	a) How it is managing the transition to alternative benchmark rates			
	b) Its progress at the reporting date			
	c) Risks to which it is exposed, arising from financial instruments because of the transition			

[2] Amendments made by MCA vide notification no. G.S.R. 463(E) dated 24 July 2020. An entity should apply these amendments when it applies the amendments to Ind AS 109.

[3] Amendments made by MCA vide notification no. G.S.R. 419(E) dated 18 June 2021. An entity should apply these amendments when it applies the amendments to Ind AS 109, Ind AS 104 and Ind AS 116.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	d) Disaggregated by significant interest rate benchmark subject to the IBOR reform, quantitative information about financial instruments that are yet to transition to an alternative benchmark as at the end of the reporting period, showing separately:	107.25		
	i. Non-derivative financial assets			
	ii. Non-derivative financial liabilities and			
	iii. Derivatives			
	iv. If risks identified in Q 74(c) have resulted in changes to an entity's risk management strategy (see Q 58), a description of those changes?			
	Fair value			
75	For each class of financial assets and financial liabilities, has the entity disclosed the fair value of that class of assets and liabilities in a way that permits it to be compared with its carrying amount other than as permitted by note to Q77 (para 29 of Ind AS 107)? (Also refer Ind AS 34 checklist where applicable)	107.25	46	
76	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? (Also refer Ind AS 34 checklist where applicable)	107.26	47	
77	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): (Also refer Ind AS 34 checklist where applicable)	107.28	48	
	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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 or for lease liabilities)*	107.29		
78	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: (Also refer Ind AS 34 checklist where applicable)	107.30	49	
	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			
	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			
79	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	50	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(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. The interaction between qualitative and quantitative disclosures contribute to disclosure of information in a way that better enables users to evaluate an entity's exposures to risks.*)			
80	**Qualitative disclosures**	107.33	51	
	Has the entity disclosed the following qualitative disclosures for each type of risk (credit risk, liquidity risk and market risk) arising from financial instruments:			
	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			
81	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	52	
	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 93 to 94, to the extent not provided in Q 81 (a) above, and			
	c) Concentrations of risk if not apparent from the disclosures made in accordance with Q 81 (a) and (b) above, which should include:	107.B8		
	i. A description of how management determines concentrations;			
	ii. A description of the shared characteristic that identifies each concentration (e.g. counterparty, geographical area, currency or market), and			
	iii. The amount of the risk exposure associated with all financial instruments sharing that characteristic?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
82	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	53	
	Credit risk – if impairment applicable			
83	Has the entity provided disclosures as required by Q 85 – 91, for financial instruments to which the impairment requirements in Ind AS 109 are applied?	107.35A	54	
84A	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 (next page):	107.35B	55	
	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: *An entity need not duplicate information that is already presented elsewhere, provided that the information is incorporated by cross reference from the financial statements to other statements, 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. Without the information incorporated by cross-reference, the financial statements are incomplete.*)	107.35C	56	
84B	If the disclosures provided in accordance with Q85 to Q92 (paragraph 35F to 35N of Ind AS 107) are insufficient to meet the objectives in Q84A (paragraph 35B of Ind AS 107), has the entity disclosed additional information that is necessary to meet those objectives?	107.35E	57	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
85	Has the entity disclosed explanation of its credit risk management practices including (a-f) and how they relate to the recognition and measurement of expected credit losses:	107.35F	58	
	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, which may include:	107.B8A		
	i. The qualitative and quantitative factors considered in defining default,			
	ii. Whether different definitions have been applied to different types of financial instruments, and			
	iii. Assumptions about the cure rate (i.e. the number of financial assets that return to a performing status) after a default occurred on the financial asset,			
	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 / Schedule III Ref.	ICAI checklist Q No	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?			
86	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: a) The basis of inputs and assumptions and the estimation techniques used to: i. Measure the 12-month and lifetime expected credit losses,	107.35G	59	
	ii. Determine whether the credit risk of financial instruments has 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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Quantitative and qualitative information about amounts arising from expected credit losses			
87	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	60	
	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),			
	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, and			
	c) 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?			
88	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 87 (a)-(c)? Examples of changes in the gross carrying amount of financial instruments that contributed to the changes in the loss allowance may include:	107.35I	61	
	a) Changes because of financial instruments originated or acquired during the reporting period,			
	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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	d) Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses?			
89	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:	107.35J	62	
	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			
	(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.)*	107.35A(a)		
	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?			
90	Has the entity disclosed the following by class of financial instrument, with the objective of enabling users of financial statement to understand the effect of collateral and other credit enhancements on the amounts arising from expected credit losses:	107.35K	63	
	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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 prescribed by Q 90(b) is not applicable to lease receivables.*)	107.35A(b)		
91	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	
92	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?	107.35M 107.35N	65	
	Has this information been provided separately for the following financial instruments:			
	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 (gross carrying amounts of financial instruments for which lifetime expected credit losses have been measured on a collective basis should be disclosed separately) 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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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?			
	(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 92 may be based on a provision matrix (see paragraph B5.5.35 of Ind AS 109.*)			
	Credit risk – if impairment not applicable			
93	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	66	
	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 93 (a) or represented by the carrying amount of a financial instrument)?			
	Credit risk – other disclosures			
94	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	67	
	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Liquidity risk			
95	Has the entity disclosed the following with reference to the liquidity risk of financial instruments:	107.39	68	
	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			
	c) A description of how it manages the liquidity risk inherent in Q 95 (a) and (b) above?			
	Market risk			
96	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	70	
	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? (Refer ITFG bulletin 13 issue 8 clarification)			
97	Has the entity disclosed the following (a-c), if Q 96 does not apply to the entity (i.e., the entity does not prepare a sensitivity analysis as described in Q 96):	107.40	69	
	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? (Refer ITFG bulletin 13 issue 8 clarification)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
98	If the entity believes that the sensitivity analyses disclosed in accordance with Q 96 or 97 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	71	
	Transfer of financial assets			
99	Has the entity presented, in a single note in the financial statements, the disclosures required by Q 100 to 104 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	72	
	(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* *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.*)			
100	Has the entity disclosed information to enable the users:	107.42B	73	
	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			
101	In case of financial assets satisfying the criteria in Q 99 above, have the following (a-f) been disclosed at each reporting date for each class of transferred financial assets that are not derecognised in their entirety, to meet the objectives set out in Q 100(a):	107.42D	74	
	a) The nature of the transferred assets,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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			
102	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 107.42F	75	
	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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 101 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.*)			
103	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	76	
	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			
	iii. The total amount of proceeds from transfer activity in that part of the reporting period?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
104	Have any additional disclosures which the entity deems necessary, to meet the objectives of Q 100 above, been disclosed?	107.42H	77	
	Disclosures in case of financial assets or liabilities through FVTPL			
105	Has the entity provided the following disclosures:	101.11		
	a) A detailed description of the methods used to comply with the disclosures for financial assets and liabilities measured at FVTPL (in case of change in the fair value of a financial asset or a financial liability attributable to changes in credit risk) including an explanation of why the method is appropriate,			
	b) If the disclosures given either in balance sheet or in the notes do not faithfully represent the change in the fair value of a financial asset or a financial liability attributable to changes in credit risk, the reasons for reaching this conclusion and the factors it believes are relevant,			
	c) A detailed description of the methodology/methodologies used to determine whether presenting the effects of changes in a liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss (refer paragraphs 5.7.7 and 5.7.8 of Ind AS 109),			
	d) In case an entity is required to present the effect of changes in a liability's credit risk in profit or loss (refer paragraph 5.7.8 of Ind AS 109), a detailed description of the economic relationship described in paragraph B5.7.6 of Ind AS 109?			

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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 Ministry of Corporate Affairs)

*Reference to Schedule III is with respect to Division II

Ind AS-108 Operating Segments

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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		
	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 the following:			
	• The combined reported profit of all operating segments that did not report a loss and			
	• The combined reported loss of all operating segments that reported a loss, or			
	iii. Its assets are 10 per cent or more of the combined assets of all operating segments?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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? 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.	108.17		
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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(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	1	
13	Has the entity disclosed the following:	108.21 108.22	2 3	
	a) General information including:			
	i. 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,			
	ii. 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,			
	iii. Types of products and services from which each reportable segment derives its revenues,			
	b) 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			
	c) 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 / Schedule III Ref.	ICAI checklist Q No	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	4	
	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 CODM,			
	c) The following about each reportable segment if the specified amounts are included in the measure of segment profit or loss reviewed by the CODM, or are otherwise regularly provided to the CODM, 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 in accordance with Para 97 of Ind AS 1, *Presentation of Financial Statements*,			
	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(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 CODM or are otherwise regularly provided to the chief operating decision maker, even if not included in the measure of segment assets:	108.24	5	
	a) The amount of investment in associates and joint ventures accounted for by the equity method, and			
	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.	108.27	6	
	Has the entity disclosed the following:			
	a) The basis of accounting for any transactions between reportable segments,			
	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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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:	108.28	7	
	a) The total of the reportable segments' revenues to the entity's revenue,			
	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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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?	108.28	7	
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	8	
	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	9	
	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?	108.31	10	
	(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.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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	11	
	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	12	
	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 has those revenues disclosed separately?			
	Additionally, has the basis for attributing revenues from external customers to individual countries disclosed?			
	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?			
	Also, if assets in an individual foreign country are material, then has those assets disclosed separately?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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	13	
	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: i. Disclosure of that fact,	108.34	14	
	ii. The total amount of revenues from each such customer, and			
	iii. The identity of the segment or segments reporting the revenues? (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? (Refer ITFG bulletin 13 issue 3 clarification)			

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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 CODM 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)

*Reference to Schedule III is with reference to Division II

Ind AS-109 Financial Instruments

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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: (Refer ITFG bulletin 14 issue 5 clarification)	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 116, *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 AS 104, *Insurance Contracts* or (ii) a contract that is within the scope of Ind AS 104 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 paragraph 2(h) to 2(j). Also, all loan commitments are subject to the impairment and derecognition requirements of this standard,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	h) Financial instruments, contracts and obligations under share-based payment transactions to which Ind AS 102, *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			
	j) Rights and obligations within the scope of Ind AS 115, *Revenue from Contracts with Customers* that are financial instruments, except for those that Ind AS 115 specifies are accounted for in accordance with this standard?			
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 finance lease receivables (i.e. net investments in finance leases) and operating lease receivables recognised by a lessor are subject to the derecognition and impairment requirements of this standard,	109.2.1		
	d) Under Q 1(b) above, the lease liabilities recognised by a lessee are subject to the derecognition requirements in paragraph 3.3.1 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 embedded derivatives 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, (Refer bulletins - (ITFG 12 issue 3), (ITFG 13 issue 2), (ITFG 16 issues 1 and 7) clarifications)	109.2.1		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(Note: *In this situation, the issuer may elect to apply either this standard or Ind AS 104 to such financial guarantee contracts.*)			
	h) Under Q 1(g) above, the entity has loan commitments that are designated as financial liabilities at FVTPL; 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		
	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)? (Refer ITFG bulletin 15 issue 3 clarification)			
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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Derecognition			
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 Q 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 Q 6 to Q 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.*)			
	Applicability to a part or all of a financial asset (or group of similar assets)			
6	Has the entity determined whether Q 7 to Q 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.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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		
	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.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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		
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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,	109.3.2.13		
	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			
	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 / Schedule III Ref.	ICAI checklist Q No	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?	109.3.2.15		
	(Note: *In subsequent periods, the entity shall recognise any income on the transferred asset and any expense incurred on the financial liability.*)			
	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?	109.3.2.16		
	(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.*))			
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	109.3.2.17		
	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?			
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 84)?	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		

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Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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		
	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? (Refer ITFG bulletin 16 issue 3 clarification)	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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 ('quantitative test'). However, a qualitative change in the terms may also be considered as a substantive modification in certain circumstances.) (Refer ITFG bulletin 16 issue 3 clarification)	109.B3.3.6		
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 155)? (Refer bulletins (ITFG 12, issue 4) clarification)	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? (Refer ITFG bulletin 16 issue 3 clarification)			
	Classification			
	Classification of financial assets			
22	Has the entity classified financial assets as subsequently measured at amortised cost, FVOCI or FVTPL on the basis of both: 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	109.4.1.1		
	b) The contractual cash flow characteristics of the financial asset?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 (Refer ICAI FAQ)			
	(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 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.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Fair value through other comprehensive income			
24	a) Has the entity classified a financial asset as measured at FVOCI 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.*) 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 FVTPL as per Q 25 below), as measured at FVOCI only if the entity has made an irrevocable election at initial recognition to do so for that particular investment? (Also refer Q 90)	109.4.1.3		
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 FVTPL?	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 FVTPL 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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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: (Refer ITFG bulletin 20 issue 3 clarification)	109.4.2.1		
	a) Financial liabilities at FVTPL, 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 62-68 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115 (Refer bulletins- (ITFG 12 issue 11) and (ITFG 16 issues 1 and issues 7) clarifications)			
	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 62-68 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115, or			
	e) Contingent consideration recognised by the entity (as acquirer) in a business combination to which Ind AS 103 applies, which is subsequently measured at fair value with changes recognised in profit or loss?			
	Option to designate a financial liability at FVTPL			
28	Has the entity, at initial recognition, irrevocably designated a financial liability as measured at FVTPL, 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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 / Schedule III Ref.	ICAI checklist Q No	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 FVTPL, 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 FVTPL 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 FVTPL 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 77 to 83 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 FVTPL?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Measurement			
	Initial measurement			
38	At initial recognition, has the entity measured a financial asset(s), except trade receivables within the scope of Q 44 or financial liability(s) at its fair value? (Refer bulletins- (ITFG 15 issue 7) and (ITFG 18 issue 3) clarifications)	109.5.1.1		
39	In the case of a financial asset except for trade receivables within the scope of Q 44 or a financial liability not at FVTPL, 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? (Refer bulletins- (ITFG 10 issue 2), (ITFG 12 issue 4) and (ITFG 17 issue 2) clarifications)	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 FVTPL form a separate classification from assets designated as measured at FVTPL. In addition, equity investments accounted for using the option provided in Q 90 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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
44	Has the entity measured trade receivables at their transaction price, if they do not contain a significant financing component in accordance with Ind AS 115 or if at the contract inception, the entity expects that the period between when the entity transfers the promised goods/services to a customer and when the customer pays for that good or service would be one year or less?	109.5.1.3		
	Subsequent measurement of financial asset			
45	After initial recognition, has the entity measured the financial asset in accordance with Q 22, 24 and 25, at amortised cost, FVOCI or FVTPL?	109.5.2.1		
46	Has the entity applied impairment requirements in Q 62 to 76 for financial assets that are measured at amortised cost in accordance with Q 23 and to financial assets that are measured at FVOCI in accordance with Q 24?	109.5.2.2		
47	If the entity has a financial asset that is designated as a hedged item, has the entity applied the hedge accounting requirements in Q 97 to 138 to such a financial asset?	109.5.2.3		
	Subsequent measurement of financial liabilities			
48	After initial recognition, has the entity measured a financial liability in accordance with Q 27?	109.5.3.1		
49	If the entity has a financial liability that is designated as a hedged item, has the entity applied the hedge accounting requirements in Q 97 to 157 to such a financial liability?	109.5.3.2		
	Amortised cost measurement			
50	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 51 and 52? (Refer bulletins- (ITFG 8 issue 9) and (ITFG 17 issue 4) clarifications)	109.5.4.1		
51	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? (Refer bulletins- (ITFG 8 issue 9) and (ITFG 17 issue 4) clarifications)	109.5.4.1 (a)		
52	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? (Refer bulletins- (ITFG 8 issue 9) and (ITFG 17 issue 4) clarifications)	109.5.4.1 (b)		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
53	If the credit risk on a financial instrument asset described in Q 52 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 52 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? (Refer bulletins- (ITFG 8 issue 9) and (ITFG 17 issue 4) clarifications)	109.5.4.2		
54	If an entity has a floating-rate financial asset or a floating-rate financial liability, have the periodic re-estimation of cash flows that reflect the movements in the market rates of interest, altered the effective interest rate?	109.B5.4.5		
	(Note: *If a floating-rate financial asset or a floating-rate financial liability is recognised initially at an amount equal to the principal receivable or payable on maturity, re-estimating the future interest payments normally has no significant effect on the carrying amount of the asset or liability.*)			
	Modification of contractual cash flows			
55	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? (Refer ITFG bulletin 13 issue 6 clarification)	109.5.4.3		
56	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 125? (Refer ITFG bulletin 13 issue 6 clarification)			
	(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.*)			
	Write-off			
57	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?	109.5.4.4		
	(Note: *A write-off constitutes a derecognition event.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Changes in the basis for determining contractual cash flows as a result of interest rate benchmark reform			
	Entities should answer Q58 to Q61 only if the basis for determining the contractual cash flows of its financial assets or financial liabilities changes as a result of interest rate benchmark reform.	109.5.4.5		
58	Has the basis for determining the contractual cash flows of a financial asset or a financial liability changed in any of the following manners:	109.5.4.6		
	a) By amending the contractual terms specified at the initial recognition of the financial instrument (Note: *For example, the contractual terms are amended to replace the referenced interest rate benchmark with an alternative benchmark rate.*)			
	b) In a way that was not considered by – or contemplated in – the contractual terms at the initial recognition of the financial instrument, without amending the contractual terms (Note: *For example, the method for calculating the interest rate benchmark is altered without amending the contractual terms.*)			
	c) Because of the activation of an existing contractual term? (Note: *For example, an existing fallback clause is triggered.*)			
59	Has it been assessed whether the change in the basis for determining the contractual cash flows of a financial asset or a financial liability is required by the interest rate benchmark reform? (Note: *A change in the basis for determining the contractual cash flows of a financial asset or a financial liability is required by the interest rate benchmark reform only if both the following conditions are met:* *a) The change is necessary as a direct consequence of interest rate benchmark reform, and* *b) The new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e., the basis immediately preceding the change)*	109.5.4.7		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	For example, *i) The replacement of an existing interest rate benchmark used to determine the contractual cash flows of a financial asset or financial liability with an alternative benchmark rate* *ii) Altering the method used to calculate the interest rate benchmark – with the addition of a fixed spread necessary to compensate for the basis difference between the existing interest rate benchmark and the alternative benchmark rate* *iii) Changes to the reset period, reset dates or the number of days between coupon payment dates in order to implement the reform of an interest rate benchmark, and* *iv) The addition of a fallback provision to the contractual terms of a financial asset or financial liability to enable any change described in (i)-(iii) above to be implemented.*)			
60	Has the entity applied Q54 as a practical expedient while accounting for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform?	109.5.4.7		
61	If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, has the entity ensured the following accounting treatment:	109.5.4.9		
	a. First applied the practical expedient i.e., the changes required by the interest rate benchmark reform given in Q54			
	b. Then applied the requirements of Ind AS 109 (on which practical expedient does not apply) on additional changes in the following manner:			
	i. If the additional change does not result in derecognition of a financial asset or a financial liability: Applied accounting in accordance with Q55 and Q56 or applied requirements of paragraph B5.4.6			
	ii. If the additional change results in derecognition of a financial asset or a financial liability: Applied applicable requirements of derecognition as given in Ind AS 109 in respect of derecognition of financial asset and financial liability?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Impairment			
62	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 contract asset, 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)? (Refer ITFG bulletin 12 issue 11 clarification)	109.5.5.1		
63	Has the entity applied the impairment requirements for the recognition and measurement of a loss allowance for financial assets measured at FVOCI and has such loss allowance been recognised in other comprehensive income?	109.5.5.2		
64	Subject to Q 73 and 74, 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		
65	Subject to Q 73 and 74, 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		
66	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		
67	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 59 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		
68	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 Ind AS 109?	109.5.5.8		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
69	In determining whether the credit risk on a financial instrument has increased significantly (refer Q 64 and 65) 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.*)			
70	Has the entity assumed that the credit risk on a financial instrument has not increased significantly (refer Q 64 and 65) since initial recognition, if the financial instrument determined to have low credit risk at the reporting date based on:	109.5.5.10 109.B5.5.2 2		
	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,			
	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?			
71	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
72	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 64), 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		
73	a) Despite the requirements in Q 64 and 65, 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?	109.5.5.14		
	(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.*)			
	Impairment for trade receivables, contract assets and lease receivables (Simplified approach)			
74	Despite the requirements in Q 64 and 65, has the entity measured the loss allowance at an amount equal to lifetime expected credit losses for:	109.5.5.15		
	a) Trade receivables or contract asset that result from transactions that are within the scope of Ind AS 115, and that:			
	i. Do not contain a significant financing component in accordance with Ind AS 115, or when the entity applies the practical expedient in accordance with paragraph 63 of Ind AS 115, or			
	ii. Contain a significant financing component in accordance with Ind AS 115, if the entity chooses as its accounting policy to measure the loss allowance at an amount equal to lifetime expected credit losses,			
	(Note: *That accounting policy should be applied to all such trade receivables or contract assets, but may be applied separately to trade receivables and contract assets.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) Lease receivables that result from transactions that are within the scope of Ind AS 116, if the entity chooses as its accounting policy to measure the loss allowance at an amount equal to lifetime expected credit losses? (This 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			
75	Has the entity measured the expected credit losses of a financial instrument in a way that reflects:	109.5.5.17		
	a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes,			
	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?			
76	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		
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Reclassification of financial assets			
77	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 78 to 83)	109.5.6.1		
78	If the entity has reclassified a financial asset out of the amortised cost measurement category into the FVTPL 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		
79	If the entity has reclassified a financial asset out of the FVTPL 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 62 to 76?	109.B5.6.2		
80	If the entity has reclassified a financial asset out of the amortised cost measurement category into the FVOCI 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		
81	If the entity has reclassified a financial asset out of the FVOCI 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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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?			
82	If the entity has reclassified a financial asset out of the FVTPL measurement category and into the FVOCI 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 62 to 76?	109.B5.6.2		
83	If the entity has reclassified a financial asset from FVOCI measurement category to the FVTPL 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			
84	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 FVTPL 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 92 to 94, or			
	d) It is a financial asset measured at FVOCI and the entity is required to recognise some changes in fair value in other comprehensive income in accordance with Q 96?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
85	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		
86	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 78, through the amortisation process or in order to recognise impairment gains or losses?	109.5.7.2		
87	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		
88	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 123 to 130?	109.5.7.3		
89	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 (OCI) in accordance with Q 84 for assets measured at fair value?			
90	Has the entity presented subsequent changes in the fair value of an investment in an equity instrument in OCI 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		
91	If Q 90 applies to an equity instrument, has the entity recognised the dividends in profit or loss in accordance with Q 85?	109.5.7.6		
92	Does the entity carry any financial liability that is designated as at FVTPL?	109.5.7.7		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
93	If the entity has a financial liability that is designated as at FVTPL, has the gain or loss on such financial liability been presented as follows:	109.5.7.7		
	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			
	b) The remaining amount of change in the fair value of the liability shall be presented in profit or loss?			
94	If the accounting treatment for the gain or loss on a financial liability at FVTPL described in Q 93 (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		
95	Has the entity presented all gains and losses on loan commitments and financial guarantee contracts that are designated as at FVTPL, in profit or loss?	109.5.7.9		
96	a) Has the entity recognised gain or loss other than impairment and exchange gains or losses, on a financial asset measured at FVOCI 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			
97	Has the entity designated only the following qualifying instruments as a hedging instrument in a hedge relationship:			
	a) A derivative measured at FVTPL, except for some written options,	109.6.2.1		
	b) A non-derivative financial asset or financial liability, measured at FVTPL, unless it is a financial liability designated as at FVTPL 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 93, or	109.6.2.2		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 90?	109.6.2.2		
98	Has the entity ensured that only contracts with a party external to the reporting entity are designated as hedging instruments?	109.6.2.3		
99	Has the qualifying instrument been designated in its entirety as a hedging instrument, subject to exceptions below:	109.6.2.4		
	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?			
100	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Hedged items			
101	Has the entity designated only items that qualify as hedged items based on the characteristics described in Q 102 to 107, in its hedging relationships? (Refer ITFG bulletin 3 issue 10 clarification)			
102	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		
103	Is the hedged item reliably measurable?	109.6.3.2		
104	If the hedged item is a forecast transaction, is it highly probable in nature?	109.6.3.3		
105	While determining whether the forecast transaction is highly probable in nature, has the entity assumed that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform[1]?	109.6.8.4		
	(Note: *An entity should prospectively cease applying the above exception to a hedged item at the earlier of the given scenarios:*			
	a. *The uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item and*	109.6.8.9		
	b. *The hedging relationship that the hedged item is part of is discontinued.*)			
106	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 Q102 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		

[1] This exemption has been provided to all hedging relationships that are directly affected by the interest rate benchmark reform (as part of Phase 1 of the IBOR reform). It is effective for annual reporting periods beginning on or after 1 April 2020.

Retrospective application is permitted only with respect to those hedging relationships that existed at the beginning of the reporting period in which an entity first applies these requirements or were designated thereafter, and to the amount accumulated in the cash flow hedge reserve that existed at the beginning of the reporting period in which an entity first applies these requirements. As and when the uncertainty ceases, and there are actual changes in the interest rate benchmarks, entities should apply Phase 2 of the IBOR reform. Refer section 'Temporary exceptions arising from interest rate benchmark reform-Phase 2'

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
107	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 FVTPL) will not be eliminated in the consolidated financial statements?	109.6.3.5		
108	a) As an exception to Q 107, 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		
109	Has an entity designated an item in its entirety as the hedged item in a hedging relationship, except as permitted in Q 110?	109.6.3.7		
110	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?			
111	In case of a hedge of a non-contractually specified benchmark component of interest rate risk, has the entity applied the requirement given in Q110 (a) only at the inception of the hedging relationship[2]?	109.6.8.7		

[2] This exemption has been provided to all hedging relationships that are directly affected by the interest rate benchmark reform (as part of Phase 1 of the IBOR reform). It is effective for annual reporting periods beginning on or after 1 April 2020.

As and when the uncertainty ceases, and there are actual changes in the interest rate benchmarks, entities should apply Phase 2 of the IBOR reform. Refer section on 'Temporary exceptions arising from interest rate benchmark reform-Phase 2'

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
112	In case an entity frequently resets (i.e., discontinues and restarts) a hedging relationship because both the hedging instrument and the hedged item frequently change (i.e., the entity uses a dynamic process in which both the hedged items and the hedging instruments used to manage that exposure do not remain the same for long), has it applied the requirement given in Q110 (a) only when it initially designates a hedged item in that hedging relationship[5]?	109.6.8.8		
	(Note: *A hedged item that has been assessed at the time of its initial designation in the hedging relationship, whether it was at the time of the hedge inception or subsequently, is not reassessed at any subsequent redesignation in the same hedging relationship.*)			
	(Note: *An entity should cease to apply Q 111 and Q 112 at the earlier of:* *a. When changes required by interest rate benchmark reform are made to the non-contractually specified risk component applying Q138, or* *a. When the hedging relationship in which the non-contractually specified risk component is designated is discontinued.*)	109.6.8.13		
	Qualifying criteria for hedge accounting	109.6.4.1		
113	Has the entity ensured that it applies hedge accounting only to qualifying hedge relationships that meet all the criteria in Q 113 (a) to 113 (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,			
	c) The documentation in Q 113 (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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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?			
114	While determining the hedge effectiveness in accordance with the requirements specified in Q 113 (d), has the entity assumed that the interest rate benchmark on which the hedged cash flows and/or the hedged risk (contractually or non-contractually specified) are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, is not altered as a result of interest rate benchmark reform[3]?	109.6.8.6		
	(Note: *An entity shall prospectively cease applying the above exception in the following manner:* *a. In case of a hedged item: When the uncertainty arising from interest rate benchmark reform is no longer present with respect to the hedged risk or the timing and the amount of the interest rate benchmark-based cash flows of the hedged item* *b. In case of a hedging instrument: When the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedging instrument.*	109.6.8.11		

[3] This exemption has been provided to all hedging relationships that are directly affected by the interest rate benchmark reform (as part of Phase 1 of the IBOR reform). It is effective for annual reporting periods beginning on or after 1 April 2020.

As and when the uncertainty ceases, and there are actual changes in the interest rate benchmarks, entities should apply Phase 2 of the IBOR reform. Refer section on 'Temporary exceptions arising from interest rate benchmark reform-Phase 2'

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	In case the hedging relationship that the hedged item and the hedging instrument are part of is discontinued earlier than the dates specified above, then an entity shall prospectively cease applying exception to that hedging relationship at the date of discontinuation.)			
	Accounting for qualifying hedge relationships			
115	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		
	(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.*)			
116	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 OCI?	109.6.5.3		
	(Note: *In this case, the hedged exposure referred to in Q 115 (a) must be one that could affect OCI.*)			
117	If a hedging relationship has ceased to meet the hedge effectiveness requirement relating to the hedge ratio (refer Q 113 (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		
118	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
119	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?			
120	Has the entity applied the requirements in Q 124 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		
121	Has the entity applied the requirements in Q 126 when it discontinues hedge accounting for a cash flow hedge?	109.6.5.7		
	Fair value hedges			
122	If a fair value hedge continues to meet the qualifying criteria as mentioned in Q 113, has the entity accounted for the hedging relationship as follows:	109.6.5.8		
	a) Has the entity recognised the gain or loss on the hedging instrument in profit or loss (or OCI, if the hedging instrument hedges an equity instrument for which the entity has elected to present changes in fair value in OCI,			
	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 FVOCI in accordance with Q 24(a).*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	c) Has the entity ensured that the hedging gain or loss remains in OCI if the hedged item is an equity instrument for which the entity has elected to present changes in fair value in OCI 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)?			
123	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		
124	Has the entity amortised any adjustment arising from Q 122 (b) to 122 (d) to profit or loss if the hedged item is a financial instrument (or a component thereof) measured at amortised cost? (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.*)	109.6.5.10		
	Cash flow hedges			
125	If a cash flow hedge continues to meet the qualifying criteria in Q 113, 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,			
	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 OCI,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 125 (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 125 (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 125(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?			
126	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 125 (d) (iii) applies or the future cash flows occur and Q 125 (d) applies, and			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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?			
127	While determining whether the hedged future cash flows are expected to occur, has the entity assumed that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform[4]?	109.6.8.5		
	(Note: *An entity shall prospectively cease applying the above exception at the earlier of the following events:* *a. The uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item* *b. The entire amount accumulated in the cash flow hedge reserve with respect to that discontinued hedging relationship has been reclassified to profit or loss.*)	109.6.8.10		
	Hedges of a net investment in a foreign operation			
128	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: 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	109.6.5.13		
	b) Has the entity recognised the ineffective portion in profit or loss?			
129	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		

[4] This exemption has been provided to all hedging relationships that are directly affected by the interest rate benchmark reform (as part of Phase 1 of the IBOR reform). It is effective for annual reporting periods beginning on or after 1 April 2020.

As and when the uncertainty ceases, and there are actual changes in the interest rate benchmarks, entities should apply Phase 2 of the IBOR reform. Refer section 'Temporary exceptions arising from interest rate benchmark reform-Phase 2.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Accounting for time value of options/forward element of forward contracts			
130	If the entity has availed of the exception in Q 99 (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 130 (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,			
	ii. For hedging relationships that are not covered by Q 130 (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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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?			
131	If the entity avails of the exception in Q 99 (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 130 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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Hedges of a group of items			
132	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		
	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		
133	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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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)?			
134	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		
135	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 122 above?	109.6.6.5		
136	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Additional temporary exceptions arising from interest rate benchmark reforms - Phase 2			
137	As and when the requirements of paragraph 6.8.4-6.8.8 of Ind AS 109 (given in Q105, Q111, Q112, Q114, Q127) cease to apply to a hedging relationship (see notes to Q105, Q111, Q112, Q127), has the entity amended the formal designation of that hedging relationship to make one or more of the following changes, (as required by the IBOR-Phase 2 reform):	109.6.9.1		
	a) Designating an alternative benchmark rate (contractually or non-contractually specified) as a hedged risk			
	b) Amending the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged, or			
	c) Amending the description of the hedging instrument?			
	(Note: *The requirements in Q105, Q111, Q112, Q114, Q127 may cease to apply at different times. Therefore, in applying Q137, an entity may be required to amend the formal designation of its hedging relationships at different times or may be required to amend the formal designation of a hedging relationship more than once. Entities should apply Q141 – Q147 (as applicable) when such a change is made to the hedge designation.* *Entities should amend the hedging relationship by the end of the reporting period during which a change required by IBOR-Phase 2 reform is made to the hedged risk, hedged item or hedging instrument. An amendment to the formal designation of a hedging relationship constitutes neither the discontinuation of the hedging relationship nor the designation of a new hedging relationship.*)	109.6.9.3 109.6.9.4		
138	Has the entity applied the requirement in Q 137(c) if all the given conditions are met:	109.6.9.2		
	a) The entity makes a change required by interest rate benchmark reform using an approach other than changing the basis for determining the contractual cash flows of the hedging instrument (as described in Q58)			
	b) The original hedging instrument is not derecognised, and			
	c) The chosen approach is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument (as per Q59 and Q60)?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
139	Has the entity applied Q122 (for a fair value hedge) or Q125 (for a cash flow hedge) to account for any change in the fair value of the hedged item or the hedging instrument?	109.6.9.3		
140	If changes are made in addition to those changes required by IBOR-Phase 2 reform to the financial asset or financial liability designated in a hedging relationship (as described in Q58 – Q60) or to the designation of the hedging relationship (as required by Q137), then, has the entity ensured the following:	109.6.9.5		
	a) *If the additional changes result in discontinuation of hedge accounting:* Applied the applicable requirements of Ind AS 109			
	b) *If the additional changes do not result in discontinuation of hedge accounting:* Amended the formal designation of the hedging relationship as specified in Q137?			
	Accounting for qualifying hedging relationships			
	(Note: *Q141-Q148 provide exceptions to certain requirements of hedge accounting. An entity should apply all other hedge accounting requirements of Ind AS 109, including the qualifying criteria in Q113, to hedging relationships that were directly affected by IBOR reform.*)	109.6.9.6		
	Cash flow hedges			
141	When an entity amends the description of a hedged item as required in Q137(b), for the purpose of applying Q113, has the entity deemed that the amount accumulated in the cash flow hedge reserve would be based on the alternative benchmark rate on which the hedged future cash flows are determined?	109.6.9.7		
142	In case of a discontinued hedging relationship pursuant to the interest rate benchmark on which the hedged future cash flows had been based is changed as required by IBOR reform, has the entity deemed that the amount accumulated in cash flow hedge reserve for that hedging relationship would be based on the alternative benchmark rate on which the hedged future cash flows will be based?	109.6.9.8		
	Groups of items			
143	When an entity applies Q137 to groups of items designated as hedged items in a fair value or cash flow hedge, has the entity allocated the hedged items to subgroups based on the benchmark rate being hedged and designated the benchmark rate as the hedged risk for each subgroup?	109.6.9.9		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(Note: *For example, the entity designates the alternative benchmark rate as hedged risk for one sub-group of hedged items whose hedged cash flows or fair value are changed to reference the alternative benchmark rate, and continue to designate the existing interest rate benchmark as the hedged risk for the other subgroup of hedged items until their hedged cash flows or fair value undergo a change to reference the alternative benchmark rate or the items expire and are replaced with hedged items that reference the alternative benchmark rate.)*	109.6.9.9		
144	a) Has the entity assessed separately whether each subgroup meets the requirements given in Q132 to be an eligible hedged item?	109.6.9.10		
	b) If any subgroup fails to meet the requirements given in Q132, has the entity discontinued hedge accounting prospectively in its entirety?			
145	Has the entity also applied the requirements in Q122 and Q125 to account for ineffectiveness related to the hedging relationship in its entirety?	109.6.9.10		
	Designation of risk components			
146	Where an alternative benchmark rate is designated as a non-contractually specified risk component that is not separately identifiable (see Q110(a) and paragraph B6.3.8 of Ind AS 109) at the date it is designated, then has the entity deemed that it has met that requirement at that date, provided the entity reasonably expects the alternative benchmark rate will be separately identifiable within 24 months?	109.6.9.11		
	(Note: *The 24-month period applies to each alternative benchmark rate separately and starts from the date the entity designates the alternative benchmark rate as a non-contractually specified risk component for the first time.*)			
147	If subsequently, the entity reasonably expects that the alternative benchmark rate will not be separately identifiable within 24 months from the date the entity designated it as a non-contractually specified risk component for the first-time, has the entity ceased applying the requirement in Q146 to that alternative benchmark rate and discontinued hedge accounting prospectively from the date of that reassessment for all hedging relationships in which the alternative benchmark rate was designated as a non-contractually specified risk component?	109.6.9.12		
148	Have the requirements of Q146 and Q147 been applied to:	109.6.9.13		
	a) Hedging relationships specified in Q137 and			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) New hedging relationships in which an alternative benchmark rate is designated as a non-contractually specified risk component (see Q110(a) and paragraph B6.3.8 of Ind AS 109), when because of interest rate benchmark reform, that risk component is not separately identifiable at the date it is designated?			
	Transition for IBOR reform – Phase 2			
	An entity should apply the IBOR reform – Phase 2 amendments retrospectively in accordance with Ind AS 8, except as specified in Q149– Q151.	109.7.2.43		
149	Has the entity ensured that it has designated a new hedging relationship only prospectively, and not in prior periods?	109.7.2.44		
150	Has the entity reinstated a discontinued hedging relationship if the following conditions are met:	109.7.2.44		
	a) The entity had discontinued that hedging relationship solely due to changes required by IBOR reform and the entity would not have been required to discontinue that hedging relationship if these amendments had been applied at that time and			
	b) At the beginning of the reporting period in which an entity first applies these amendments (date of initial application of these amendments), that discontinued hedging relationship meets the qualifying criteria for hedge accounting (after taking into account these amendments)?			
	(Note: *When an entity reinstates a discontinued hedging relationship, the 24-month period as referred to in Q146 and Q147 for that alternative benchmark rate designated as a non-contractually specified risk component would begin from the date of initial application of these amendments.*)	109.7.2.45		
151	If the entity does not restate prior period, does it recognise the difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application of the IBOR-Phase 2 amendments in the opening retained earnings (or other component of equity, as appropriate) of the annual reporting period that includes the date of initial application of the IBOR-Phase 2 amendments?	109.7.2.46		
	(Note: *Entities are not required to restate prior period to reflect the application of the IBOR-Phase 2 amendments. The entity may restate prior period if it is possible without the use of hindsight.*)	109.7.2.46		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Option to designate of credit exposure as measured at FVTPL			
152	If the entity uses a credit derivative that is measured at FVTPL 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 FVTPL 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.*)			
153	a) If a financial instrument has been designated in accordance with Q 152 as measured at FVTPL after its 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 FVOCI in accordance with Q 24, has the cumulative gain or loss previously recognised in OCI immediately been reclassified from equity to profit or loss as a reclassification adjustment?			
154	Has the entity discontinued measuring the financial instrument that gave rise to the credit risk, or a proportion of that financial instrument, at FVTPL if the both the following conditions are met:	109.6.7.3		
	a) The qualifying criteria in Q 152 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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 FVTPL (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 FVTPL, 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 FVTPL 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 FVTPL.*)	109.6.7.4		
	Extinguishing financial liabilities with equity instruments			
155	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		
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 154(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 155(f) and (g) as a separate line item in profit or loss or in the notes?	109.D11		
	Prepayment Features with Negative Compensation			
	Transition			
	An entity should apply this standard retrospectively, in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, except as specified in Q 156-160 below. This standard should not be applied to items that have already been derecognised at the date of initial application.			
	Transition for classification and measurement			
156	At the date of initial application, has the entity assessed whether a financial asset meets the condition in Q 23(a) or Q 24(a) on the basis of the facts and circumstances that exist at that date?	109.7.2.3		
	(Note: *The resulting classification should be applied retrospectively irrespective of the entity’s business model in prior reporting periods.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
157	If, at the date of initial application, it is impracticable (as defined in Ind AS 8) for an entity to assess:			
	a) A modified time value of money element in accordance with paragraphs B4.1.9B–B4.1.9D on the basis of the facts and circumstances that existed at the initial recognition of the financial asset, then has the entity assessed the contractual cash flow characteristics of that financial asset on the basis of the facts and circumstances that existed at the initial recognition of the financial asset without taking into account the requirements related to the modification of the time value of money element in paragraphs B4.1.9B–B4.1.9D?	109.7.2.4		
	b) Whether the fair value of a prepayment feature was insignificant in accordance with paragraph B4.1.12(c) on the basis of the facts and circumstances that existed at the initial recognition of the financial asset, then has the entity assessed the contractual cash flow characteristics of that financial asset on the basis of the facts and circumstances that existed at the initial recognition of the financial asset without taking into account the exception for prepayment features in paragraph B4.1.12?	109.7.2.5		
158	At the date of initial application, has the entity, based on facts and circumstances that exist on that date, designated and classified retrospectively:			
	a) A financial asset as measured at FVTPL in accordance with Q26, or	109.7.2.8		
	(Note: *Based on facts and circumstances that exist on the date of initial application, an entity:* i) *Should revoke its previous designation of a financial asset as measured at FVTPL if that financial asset does not meet the condition in Q 26 and apply such classification retrospectively,* *ii) May revoke its previous designation of a financial asset as measured at FVTPL if that financial asset meets the condition in Q 26 and apply such classification retrospectively.*)	109.7.2.9		
	b) An investment in an equity instrument as at fair value through other comprehensive income in accordance with Q90,	109.7.2.8		
	c) A financial liability as measured at fair value through profit or loss in accordance with Q 28(a)?	109.7.2.10		
	(Note: *Based on facts and circumstances that exist at the date of initial application, an entity:*	109.7.2.10		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	i. *Should revoke its previous designation of a financial liability as measured at FVTPL if such designation was made at initial recognition in accordance with the condition now in Q 28(a) and such designation does not satisfy that condition at the date of initial application,*			
	ii. *May revoke its previous designation of a financial liability as measured at FVTPL if such designation was made at initial recognition in accordance with the condition now in Q 28(a) and such designation satisfies that condition at the date of initial application.*			
	The above classification would be applied retrospectively.)			
159	If it is impracticable (as defined in Ind AS 8) for an entity to apply retrospectively the effective interest method, then has the entity treated:	109.7.2.11		
	a) The fair value of the financial asset or the financial liability at the end of each comparative period presented as the gross carrying amount of that financial asset or the amortised cost of that financial liability if the entity restates prior periods, and			
	b) The fair value of the financial asset or the financial liability at the date of initial application as the new gross carrying amount of that financial asset or the new amortised cost of that financial liability at the date of initial application of this standard?			
160	a) At the date of initial application, has the entity determined whether the treatment in Qs 92-94 would create or enlarge an accounting mismatch in profit or loss on the basis of the facts and circumstances that exist at that date?	109.7.2.14		
	b) Has the standard been applied retrospectively on the basis of that determination?			
	Transition for prepayment features with negative compensation			
	An entity should apply Prepayment Features with Negative Compensation (Amendments to Ind AS 109) retrospectively in accordance with Ind AS 8, except as specified in Q161-165 below:	109.7.2.29		
161	Has the entity that first applies these amendments at the same time that it first applies this standard (i.e. a first-time adopter of Ind AS), applied relevant transition provisions of Ind AS 101?	109.7.2.30		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
162	Has the entity that first applies these amendments after it first applies this standard, applied Q 163-165 below? (Note: *The entity should also apply the other transition requirements in this standard necessary for applying these amendments. For that purpose, references to the date of initial application should be read as referring to the beginning of the reporting period in which an entity first applies these amendments (date of initial application of these amendments).*)	109.7.2.31		
163	Based on facts and circumstances that exist at the date of initial application of the amendments, has an entity designated a financial asset or financial liability as measured at fair value through profit and loss or revoked such designation and applied such classification retrospectively, as below:	109.7.2.32		
	a) Entity has revoked its previous designation of a financial asset as measured at FVTPL if that designation was previously made in accordance with the condition in Q 26 but that condition is no longer satisfied as a result of the application of these amendments,			
	b) Entity may designate a financial asset as measured at FVTPL if that designation would not have previously satisfied the condition in Q 26 but that condition is now satisfied as a result of the application of these amendments,			
	c) Entity has revoked its previous designation of a financial liability as measured at FVTPL if that designation was previously made in accordance with the condition in Q 28(a) but that condition is no longer satisfied as a result of the application of these amendments, and			
	d) Entity may designate a financial liability as measured at FVTPL if that designation would not have previously satisfied the condition in Q 28(a) but that condition is now satisfied as a result of the application of these amendments?			
164	If an entity does not restate prior periods, then has it recognised any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application of these amendments in the opening retained earnings (or other component of equity, as appropriate) of the annual reporting period that includes the date of initial application of these amendments?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(Note: *An entity is not required to restate prior periods to reflect the application of these amendments. The entity may restate prior periods if, and only if, it is possible without the use of hindsight and the restated financial statements reflect all the requirements in this standard.*)	109.7.2.33		
165	In the reporting period that includes the date of initial application of these amendments, has the entity disclosed the following information as at that date of initial application for each class of financial assets and financial abilities that were affected by these amendments	109.7.2.34	1	
	a) The previous measurement category and carrying amount determined immediately before applying these amendments,			
	b) The new measurement category and carrying amount determined after applying these amendments,			
	c) The carrying amount of any financial assets and financial liabilities in the balance sheet that were previously designated as measured at FVTPL but are no longer so designated, and			
	d) The reasons for any designation or de-designation of financial assets or financial liabilities as measured at FVTPL?			

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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 AS 115, *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:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- 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;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- 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:

- 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').
- 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.
- It is settled at a future date.

Contract assets: Those rights that Ind AS 115 specifies are accounted for in accordance with this Standard for the purposes of recognising and measuring impairment gains or losses.

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

Effective interest method: The method that is used in the calculation of the amortised cost of a financial asset or a financial liability and in the allocation and recognition of the interest revenue or interest expense in profit or loss over the relevant period.

Effective interest rate: 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 FVTPL: A financial liability that meets one of the following conditions:

- It meets the definition of held for trading.
- Upon initial recognition it is designated by the entity as at FVTPL in accordance with paragraph 4.2.2 or 4.3.5.
- It is designated either upon initial recognition or subsequently as at FVTPL 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:

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

*Reference to Schedule III is with respect to Division II.

Ind AS-110 Consolidated Financial Statements

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS/ Schedule III Ref.	ICAI checklist Q No*	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? (Refer ITFG 5 issue 1 clarification)	110.4B		
2	**Control**			
	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: (Refer FAQ by ICAI)	110.5 110.7		
	i. Power over the investee (refer Q4 and 5),			

*Disclosures requirement for Ind AS 110 has been covered in Ind AS 112 in the ICAI checklist.

Sr. no.	Particulars	Ind AS/ Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
	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)?			
	b) In identifying the investees that it controls, has the entity also considered the following other factors:	110.B3, 110.B5-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		

Sr. no.	Particulars	Ind AS/ Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
	Power			
4	Has the entity determined whether it has power over 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 NCI 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		
	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		

Sr. no.	Particulars	Ind AS/ Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
	h) Rights are exercisable when decision on relevant activities are to be made, thus, to be substantive, rights should be currently exercisable, and	110.B24		
	i. Having only protective rights does not give power to investor. Example of protective rights includes:	110.B13, 110.B27		
	a. 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		
	b. 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			
	c. 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		
	(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, 110.B56		

Sr. no.	Particulars	Ind AS/ Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
	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?	110.18, 110.B59		
	(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*).			
	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		
	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		

Sr. no.	Particulars	Ind AS/ Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
	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? (Refer bulletins – (ITFG 11 issue 6) and (ITFG 15 issue 9) clarifications)	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 recognised 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 AS 12, *Income Taxes*, applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions, (Refer ITFG bulletin 12 issue 5 clarification)			

Sr. no.	Particulars	Ind AS/ Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
	d) The financial statements of the parent and its subsidiaries shall have the same reporting date unless it is impracticable to do 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, (Refer ITFG bulleting 11 issue 7 clarification)	110.B87		
	f) Income, expenses, assets and 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 NCI, 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 NCI 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		
	(Note: *Profit and loss and other comprehensive income attributable to 'non-controlling interest' and to 'owners of the parent' should be presented as such in the statement of profit and loss as allocation for the period. Similar disclosures for total comprehensive income should also be presented in the statement of changes in equity.*)	Sch III Part III Para 1(i)		

Sr. no.	Particulars	Ind AS/ Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
	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 (Refer ITFG bulletin 8 issue 6 clarification)	110.B94		
	k) In case a subsidiary has outstanding cumulative preference shares that are classified as equity and are held by NCI, 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 NCI in the consolidated balance sheet and in the consolidated statement of changes in equity, within equity, separately from the equity of the owners of the parent?	110.22 Sch III Part III Para 1 (ii)		
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? (Refer bulletins-(ITFG 13 issue 7) and (ITFG 19 issue 1) clarifications) (Note: *When the proportion of the equity held by non-controlling interest 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		
	Loss of control			
12	If the entity has lost control of its subsidiary, has it ensured that it: (Refer ITFG bulletin 17 issue 5 clarification)	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 NCI 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,			

Sr. no.	Particulars	Ind AS/ Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
	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?			
	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: (Refer ITFG bulletin 20 issue 2 clarification)	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:			

Sr. no.	Particulars	Ind AS/ Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
	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		

Sr. no.	Particulars	Ind AS/ Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
	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		
	(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, Investment in Associates and Joint Ventures 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.*) 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?	110.B85L		
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: a) It has more than one investment,	110.28		
	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?			

Sr. no.	Particulars	Ind AS/ Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
	(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?			
	(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		

Sr. no.	Particulars	Ind AS/ Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
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? (Refer ITFG 20 bulletin 20 issue 2 clarification)	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? (Refer ITFG bulletin 20 issue 2 clarifications)	110.33		
	Additional information			
22	Has the following additional information been disclosed in the consolidated financial statements for:	Sch III Part III Para 2		
	a) The parent			
	b) The Indian and foreign subsidiaries			
	c) The Indian and foreign associates			
	d) The Indian and foreign joint ventures and			
	e) Non-controlling interest in all subsidiaries:			
	i. Net assets – amount and as a percentage of consolidated net assets,			
	(Note: *Net assets is total assets minus total liabilities.*)			
	ii. Share in profit or loss – amount and as a percentage of the consolidated profit or loss,			
	iii. Share in other comprehensive income – amount and as a percentage of the consolidated other comprehensive income, and			
	iv. Share in total comprehensive income – amount and as a percentage of the consolidated total comprehensive income?			
	(Note: *Disclosures will be made separately for Indian subsidiaries, associates and joint ventures and for foreign subsidiaries, associates and joint ventures.*)			
23	Have the entities disclosed the following in accordance with Schedule III of the 2013 Act:	Sch III Part III Para 1 (iii) and Para 4		
	a) List of investments consolidated using the equity method			
	b) List of subsidiaries, associates and joint ventures which have not been consolidated in the consolidated financial statements			
	c) Reasons for not consolidating entities in Q 23(b)?			

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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.

*Paren*t: 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, Ind AS 28 or Ind AS 24, 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 Ministry of Corporate Affairs)

*Reference to Schedule III is with respect to Division II

Ind AS-111 Joint Arrangements

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No*	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 a 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 Q 4 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			

*Disclosure requirements relating to Ind AS 111 has been covered under Ind AS 112 in the ICAI checklist.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
	v. How the parties share assets, liabilities, revenues, expenses or profit or loss relating to the joint arrangement?			
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
5	If there are any changes in facts and circumstances at the reporting date described in Q 4, has the entity reassessed whether it still has joint control of the arrangement?	111.13		
	Types of joint arrangement			
6	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? (Note: *Joint operations and joint ventures can coexist when the parties undertake different activities that form part of the same framework agreement.*)	111.8		
	Joint operations			
7	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		
	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		
8	In case of a 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:			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
	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		
	Joint venture			
9	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
	b) It does not have any of the characteristics described in Q 8 above?	111.B33		
10	If there are any changes in facts and circumstances at the reporting date as mentioned in Q 6 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 7 and Q 8, 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*[1], has the entity applied, to the extent of its share, the requirements of Ind AS 103 (as mentioned in Q 14) and other Ind AS, including disclosure requirements, to the extent they do not conflict with the requirements of this Ind AS?	111.21A		
13	Has the party that participates in a joint operation (but does not have joint control) subsequently obtained joint control over the joint operation (which constitutes a business as defined in Ind AS 103)?			
	If yes, then it would not be required to remeasure its previously held interests in the joint operation?			
	(Note: A party that participates in a joint operation but does not have joint control and subsequently obtains joint control over the joint operation (which constitutes a business as defined in Ind AS 103) would not be required to remeasure its previously held interests in the joint operation.)	111.B33CA		

[1] Amendments to Ind AS vide MCA notification dated 18 June 2021 has included term 'Business Combination' after Ind AS 103.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
14	Where the entity is required to apply the guidance in Ind AS 103, as per Q 12, has the entity complied with the principles on business combinations accounting that do not conflict with this Ind AS, including, but not limited to: 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,	111.B33A		
	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,			
	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 14 apply. However, Q 14 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,	111.B33C		
	iii. The requirements in Q 14 do not apply to acquisition of interest in a joint operation	111.B33D		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
	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 to Ind AS 103 shall be applicable.)	111.B33D		
15	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		
	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		
	Accounting by party that participates in, but does not have joint control			
	If the entity is a party that participates in, but does not have joint control of, a joint operation:	111.23		
16	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 15 above, and			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
	b) If it does not 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?			
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		
	Financial statements of parties to a joint arrangement - joint venture			
18	If the joint arrangement is a joint venture as per Q 6 and Q 8, 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, unless the entity is exempted from applying the equity method as specified in that standard?	111.24		
	Separate financial statements of the joint operator or joint venture			
19	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 15, 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)?			
20	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 16 and Q 17, 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?			

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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

Party to a joint arrangement: 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 recognised by statute, regardless of whether those entities have a legal personality.

The following terms are defined in Ind AS 27, Ind AS 28 or Ind AS 110, 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)

* Reference to Schedule III is with respect to Division II

KPMG

Ind AS-112 Disclosure of Interest in Other Entities

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS/ Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	Applicability			
1	If the entity has an interest in any of the following:	112.5		
	• Subsidiaries,			
	• Joint arrangements (Joint operations or ventures),			
	• Associates,			
	• Unconsolidated structured entities,			
	a) Has the entity disclosed information that enables users of its financial statements to evaluate:	112.1	1	
	i. The nature of, and risks associated with, its interests in other entities and			
	ii. The effects of those interests on its financial position, financial performance and cash flows.			
	b) Has the entity disclosed the following:			
	i. The significant judgements and assumptions it has made in determining:	112.2(a)	2	
	- 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)	2	
	- 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)?			
	(Note: *These requirements would also apply (except as specified in Q 32) where an entity has an interest in subsidiaries, joint arrangements, associates and unconsolidated structured entities that are classified (or included in a disposal group that is classified) as held for sale or discontinued operations in accordance with Ind AS 105.*)	112.5A		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
2	a) Has the entity disclosed information about significant judgements and assumptions it has made (and changes to those judgements and assumptions) in determining:	112.7	4	
	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 judgements and assumptions made in determining that:	112.9	5	
	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,			
	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 judgements and assumptions it has made in determining that it is an investment entity in accordance with paragraph 27 of Ind AS110,		6(a)	
	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,		6(b)	
	c) In case an entity becomes or ceases to be an investment entity, has it disclosed the change of investment entity status and the reasons for the change, and (Refer Ind AS 34 checklist)	112.9B	7	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	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: (Refer Ind AS 34 checklist)	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:	112.10	8	
	a) To understand the composition of the group and the interest that NCI have in the group's activities and cash flows (Refer Q 8 to Q 15)?			
	b) To evaluate:			
	i. The nature and extent of significant restrictions on its ability to access or use assets, and settle liabilities, of the group (Refer Q 8)			
	ii. The nature of, and changes in, the risks associated with its interests in consolidated structured entities (Refer Q 10-13)			
	iii. The consequences of changes in its ownership interest in a subsidiary that do not result in a loss of control (Refer Q 14) and			
	iv. The consequences of losing control of a subsidiary during the reporting period (Refer Q 15).			
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	9	
6	Has the entity disclosed the following for each of its subsidiaries that have NCI that are material to the reporting entity:	112.12	10	
	a) The name of subsidiary and principal place of business (and country of incorporation if different from principal place of business),			
	b) The proportion of ownership interests and/or voting rights held by NCI,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	c) The profit or loss allocated to NCI of the subsidiary during the reporting period,			
	d) Accumulated NCI of the subsidiary at the end of the reporting period, and			
	e) Summarised financial information about the subsidiary?			
7	For each subsidiary that has NCI that are material to the reporting entity, has the entity disclosed:	112.B10	37	
	a) Dividends paid to NCI, 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 NCI 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	11	
	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 NCI can significantly restrict the entity's ability to access or use the assets and settle the liabilities of the group			
	c) The carrying amounts in the consolidated financial statements of the assets and liabilities to which above restrictions apply?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
9	Has the entity disclosed carrying amounts in the consolidated financial statements of the assets and liabilities to which above restrictions apply?	112.13		
	Nature of the risks associated with an entity's interests in consolidated structured entities			
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	12	
11	If there is financial or other support to a consolidated structured entity without contractual obligation, has the entity disclosed:	112.15	13	
	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			
	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	14	
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	15	
	Consequences of changes in a parent's ownership interest in a subsidiary that do not result in a loss of control			
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? (Refer ITFG bulletin 13 issue 7 clarification)	112.18	16	
	Consequences of losing control of a subsidiary during the reporting period			
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	17	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	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	18	
17	For each unconsolidated subsidiary, has an investment entity disclosed:	112.19B	19	
	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?	112.19C	20	
	(Note: *The disclosure may be provided by including, in the financial statements of the parent, the financial statements of the subsidiary (or subsidiaries) that contain the above information.*)			
19	Has the entity disclosed:	112.19D	21	
	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	22	
	a) The type and amount of support provided to each unconsolidated subsidiary, and			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	b) The reasons for providing the support? (Note: *Examples of financial or other support include purchasing assets of, or instruments issued by the subsidiary or assisting the subsidiary in obtaining financial 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	23	
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	24	
	Interests in joint arrangements and associates			
23	Has the entity disclosed:	112.20	25	
	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	26(a)	
	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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	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:		26(b)	
	i. Whether the investment in the joint venture or associate is measured using the equity method or at fair value,			
	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	38	
	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	39	
	a) Cash and cash equivalents included in Q 25(b)(i),			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	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	40	
	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	41	
	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.B15	42	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
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	43	
31	Has the entity also disclosed separately the aggregate amount of its share of those joint ventures' or associates':	112.B16	43	
	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 7 and Q 25 to Q 31 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 (or included in a disposal group that is classified) as held for sale in accordance with Ind AS 105?	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	26(c)	
	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.*)	112.21A		
34	Has an investment entity provided disclosures required by Q 24(b) and Q 33?	112.21A	27	
35	Has the entity disclosed:	112.22	28	
	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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	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			
36	Has the entity disclosed the following information:	112.23	29	
	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?			
37	Has the entity disclosed the total commitments made but not recognised at the reporting date (including its share of commitments made jointly with other investors with joint control of a joint venture) relating to its interests in joint ventures? (Note: *Commitments are those that may give rise to a future outflow of cash or other resources*.)	112.B18	45	
	Interest in unconsolidated structured entities			
38	Has the entity disclosed the following information:			
	a) The nature and extent of its interests in unconsolidated structured entities,	112.24(a)	30	
	b) The nature of, and changes in, the risks associated with its interests in unconsolidated structured entities, and	112.24(b)	30	
	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?	112.25	31	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	(Note: *An investment entity need not provide the disclosures required by Q 38 for an unconsolidated structured entity that it controls and for which it presents the disclosures required by Q 16 – Q 22.*)	112.25A		
39	Has the entity disclosed :			
	a) Qualitative and quantitative information about its interests in unconsolidated structured entities, including, but not limited to, the nature, purpose, size and activities of the structured entity and how the structured entity is financed, and	112.26	32	
	b) If the entity has sponsored an unconsolidated structured entity for which it does not provide information required:	112.27	32	
	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			
40	Has the entity disclosed the following (to be presented in tabular format preferably):	112.29	33	
	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
41	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	34	
	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?			
42	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	35	
43	In addition to the disclosures required under Q 40 to 42, has the entity disclosed any additional information that is necessary to meet the disclosure objective in Q 38(b)?	112.B25	46	
44	If the disclosures required by this Ind AS, together with disclosures required by other Ind ASs, do not meet the objective given in Q1(a), has the entity disclosed whatever additional information is necessary to meet that objective?	112.3	3	
	Aggregation			
45	An entity shall aggregate or disaggregate disclosures so that useful information is not obscured by either the inclusion of a large amount of insignificant detail or the aggregation of items that have different characteristics. While aggregating the disclosures, has the entity separately presented interests in:	112.B4	36	
	a. Subsidiaries			
	b. Joint ventures			
	c. Joint operations			
	d. Associates and			
	e. Unconsolidated structured entities?			

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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)

*Reference to Schedule III is with respect to Division II

KPMG

Ind AS-113 Fair Value Measurement

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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 116, *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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
5	The asset or liability measured at fair value might be either of the following: 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? (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.*)	113.13 113.14		
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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 AS?			
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:			
	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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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?			
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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 / Schedule III Ref.	ICAI checklist Q No	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? (Refer ITFG bulletin 16 issue 1 clarification)			
	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? (Refer bulletins- (ITFG 15 issue 9) and (ITFG 17 issue 9) clarifications)	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	113.48		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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)?			
29	Has the entity applied the exception in Q28 only when it has satisfied all the following conditions: (Note*: This exception does not pertain to financial statement presentation.*)	113.49 113.50		
	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,			
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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		
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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*?	113.66		
	(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.*)			
	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?	113.69		
	(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.*)			
41	Has entity considered the following markets in identifying the observable inputs for assets and liabilities:	113.68		
	a) Exchange markets,			
	b) Dealer markets,			
	c) Brokered markets, and			
	d) Principal-to-principal markets?			
	(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.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 / Schedule III Ref.	ICAI checklist Q No	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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		
	Disclosure			
53	Has the entity disclosed the following:	113.91	1	
	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	2	
	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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 recognised,			
	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,			
	h) For recurring fair value measurements categorised 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 and the line item(s) in profit or loss in which those unrealised gains or losses are recognised,			
	i) A description of valuation processes used by the entity for recurring and non-recurring fair value measurements categorised 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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
55	Has the entity determined the appropriate classes of assets and liabilities based on the following:	113.94	3	
	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	4	
57	If an entity has made an accounting policy decision to use the exception in Q 28, has it disclosed the same?	113.96	5	
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	6	
	(Note : *The entity is not required to provide the quantitative disclosures about significant unobservable inputs used in fair value measurements categorised within Level 3 of the fair value hierarchy required in Q 54(d). For such assets and liabilities, the entity does not need to provide the other disclosures required by this Ind AS.*)			
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	7	
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	8	
	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 113.B6		
62	Has the entity used matrix pricing to value financial instruments such as debt securities, etc.?	113.B7		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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	9	
	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			
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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: a) Discount rate adjustment technique, that uses a risk-adjusted discount rate,	113.B17		
	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: a) By adjusting the cash flows, or	113.B33		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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,			
	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		

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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 maximise 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 inherent 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 minimises 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.

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

*Reference to Schedule III is with respect to Division II

Ind AS-114 Regulatory Deferral Accounts

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 Q 9?	114.11		
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 Q 6 consistently, except for changes permitted in Q 8 and Q 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 the recognition, measurement, impairment and derecognition of 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[1]? (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		

[1] Amendments to Ind AS vide MCA notification dated 18 June 2021 clarified that the term 'faithful representation' which is usedin the Conceptual Framework for Financial Reporting under Ind AS issued by ICAI, encompasses the main characteristics that the Framework for the Preparation and Presentation of Financial Statements in accordance with Ind AS called 'reliability'. However, for the purpose of Ind AS 114, the term 'reliable' would be based on the requirements of Ind AS 8.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 • As a separate line item alongside the related regulatory deferral account debit balances and credit balances?	114.B11		
	ii. Has the entity presented 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 • 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,	114.B12		
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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) If an entity chooses to include the regulatory deferral account balances and movements in those balances that are related to the disposal group or discontinued operation within the related regulated deferral account line items, then has the entity disclosed them separately as part of the analysis of the regulatory deferral account line items as required by Q 28.	114.B22	16	
	h) 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, has the entity applied 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		
	i) Has the entity disclosed the profit and loss that was allocated to non-controlling interests of the subsidiary during the reporting period in accordance with paragraph 2(e) of Ind AS 112, *Disclosure of Interests in Other Entities,* in respect of each of subsidiaries with non-controlling interests that are material to the reporting entity?	114.B25	17(a)	
	j) Has the entity separately disclosed the net movement in regulatory deferral account balances that is included within amounts that are required to be disclosed by Ind AS 112? (Refer Q 30 and Q 31)	114.B25 114.B26	17(b)	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	k) In case an entity recognises regulatory deferral account balances in accordance with Ind AS 114, has the entity provided following disclosures in addition to the information required under Ind AS 112 (paragraph 12, 21, B10, B12, B13 and B16)?	114. B27	18	
	i. Total regulatory deferral account debit balance,			
	ii. Total regulatory deferral account credit balance and			
	iii. Net movements in those balances, split between amounts recognised in profit or loss and amounts recognised as other comprehensive income, for each entity for which disclosures under Ind AS 112 are required.			
	l) In case of recognising gain or loss on losing control of a subsidiary, has the entity disclosed information required under paragraph 19 of Ind AS 112?	114.B28	19(a)	
	m) In addition to the disclosure required under Q 10(l), has the entity disclosed the portion of that gain or loss that is attributable to derecognising regulatory deferral account balances in the former subsidiary at the date when control is lost?	114.B28	19(b)	
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		
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
13	With respect to classification of regulatory deferral account balances, has the entity presented separate line items in the balance sheet for:	114.20	1	
	a) The total of all regulatory deferral account debit balances, and			
	b) 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	2	
	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	3(a)	
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	3(b)	
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:	114.24	4(a)	
	a) The resulting deferred tax asset (liability) and the related movement in that deferred tax asset (liability) with the related regulatory deferral account balances and			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) Movements in those balances, instead of within the total presented in accordance with Ind AS 12 for deferred tax assets (liabilities) and the tax expense (income)?		4(b)	
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	5(a-c)	
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	6	
	Disclosure			
21	Has the entity in accordance with this standard disclosed the following information for the users:	114.27	7	
	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 Q 32 are not considered relevant to meet the objective in Q 21, have they been omitted from the financial statements?	114.28	8	
23	If the disclosures provided in accordance with Q 25 to Q 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	8	
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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
25	With respect to explanation of activities subject to rate regulation, has the entity disclosed for each type of rate-regulated activity:	114.30	9	
	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			
	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.?			
	(Note: *Few examples of demand risk, regulatory risk and other risks are given as follows:* *i. Demand risk: Changes in consumer attitudes, the availability of alternative sources of supply or the level of competition* *ii. Regulatory risk: The submission and approval of a rate-setting application or the entity's assessment of the expected future regulatory actions and* *iii. Other risks: Currency or other market risks.*)			
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	10	
27	Has the entity disclosed the basis on which regulatory deferral account balances are recognised and derecognised, 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	11	
28	Has the entity, for each type of rate-regulated activity, disclosed the following information for each class of regulatory deferral account balance:	114.33	12	
	a) A reconciliation of the carrying amount at the beginning and the end of the period, in a table including the following components:			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	i. The amounts that have been recognised in the current period in the balance sheet as regulatory deferral account balances,			
	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	13	
	b) In addition, has the entity separately disclosed any regulatory deferral account balance that relates to taxation and the related movement in that balance?			
30	Has the entity provided disclosures in accordance with Ind AS 112 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	14	
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? (Refer Q 10 (h))	114.35	14	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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	15	

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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)

*Reference to Schedule III is with respect to Division II.

Ind AS-115 Revenue from Contracts with Customers

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Applicability			
1	a) Has the entity applied the requirements of this standard separately to each individual contract with a customer?	115.4		
	b) Has the entity applied this standard to a portfolio of contracts (or performance obligations) with similar characteristics?			
	c) If answer to Q 1 (b) is yes, then has the entity used estimates and assumptions that reflect the size and composition of the portfolio?			
2	Has the entity applied this standard to all contracts with customers, except revenue arising from the following transactions or events, for which relevant guidance has been provided in another Ind AS:	115.5		
	a) Lease contracts within the scope of Ind AS 116, *Leases*,			
	b) Insurance Contracts within the scope of Ind AS 104, *Insurance Contracts*,			
	c) Financial instruments and other contractual rights or obligations within the scope of Ind AS 109, *Financial Instruments*, Ind AS 110, *Consolidated Financial Statements*, Ind AS 111, *Joint Arrangements*, Ind AS 27, *Separate Financial Statements* and Ind AS 28, *Investments in Associates and Joint Ventures,* and			
	d) Non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers? (Note: *For example, this standard would not apply to a contract between two oil companies that agree to an exchange of oil to fulfil demand from their customers in different specified locations on a timely basis.*)			
3.	Has the entity applied this standard to a contract (other than a contract listed in Q 2 above) only if the counter party to the contract is a customer? (Refer ITFG bulletin 22 issue 4 clarification) (Note: *A customer is a party that has contracted with an entity to obtain goods or services that are an output of an entity's ordinary activities in exchange for consideration. A counterparty to the contract would not be a customer if, for*	115.6		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	example, it has contracted with the entity to participate in an activity or a process in which the parties to the contract share in the risks and benefits that result from the activity or process (such as developing an asset in a collaboration arrangement) rather than to obtain the output of the entity's ordinary activities.)			
4	In case a contract with a customer is partially within the scope of this standard and partially within the scope of other standards listed in Q 2 then:	115.7		
	a) In case those other standards specify how to separate and/or initially measure one or more parts of the contract, has the entity first applied the separation and/or measurement requirements in those standards,			
	b) If answer to Q 4(a) is yes, then has the entity excluded from the transaction price the amount of the part (or parts) of the contract that are initially measured in accordance with other standards and applied Q 70-80 to allocate the amount of the transaction price that remains (if any) to each performance obligation within the scope of this standard and to any other parts of the contract identified in Q 4(c) below,			
	c) In case those other standards do not specify how to separate and/or initially measure one or more parts of the contract, then has the entity applied this standard to separate and/or initially measure the part (or parts) of the contract?			
	Recognition			
	Identifying the contract			
5	Has the entity accounted for a contract with a customer only when all of the following criteria are met:	115.9		
	a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,			
	b) The entity can identify each party's rights regarding the goods or services to be transferred,			
	c) The entity can identify the payment terms for the goods or services to be transferred,			
	d) The contract has commercial substance (i.e., the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract), and			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	e) It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer?			
	(Note: *In evaluating whether the collectability of an amount of consideration is probable, the entity should consider only the customer's ability and intention to pay that amount of consideration when it is due. Further, if the consideration is variable, the amount that the entity will be entitled to, may be less than the price stated in the contract, because the entity may offer the customer a price concession (refer Q 40).*			
	If a contract meets the criteria specified in Q 5 at the contract inception, it shall not reassess those criteria unless there is an indication of a significant change in facts and circumstances. If on the other hand, the contract does not meet the criteria in Q 5, then the entity shall continue to assess the contract to determine whether the criteria are subsequently met.)	115.13 115.14		
6	Has the entity considered *all* the practices and processes in determining whether and when an agreement with a customer creates enforceable rights and obligations? (Refer ITFG bulletin 22 issue 4 clarification)	115.10		
	(Note: *The practices and processes for establishing contracts with customers vary across legal jurisdictions, industries and entities. Also, these may vary within an entity e.g., may depend upon class of customer or the nature of promised goods or services.*			
	A contract does not exist if each party to the contract has the unilateral enforceable right to terminate a wholly unperformed contract without compensating the other party (or parties). A contract is wholly unperformed if both of the following criteria are met: *a) The entity has not yet transferred any promised goods or services to the customer, and* *b) The entity has not yet received, and is not yet entitled to receive, any consideration in exchange for promised goods or services.*)	115.12		
7	Has the entity applied this standard to the duration of the contract (i.e., the contractual period) in which the parties to the contract have present enforceable rights and obligations?	115.11		
8	When a contract with a customer does not meet the criteria in Q 5 and the entity receives consideration from the customer,	115.15		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	then has the entity recognised the consideration received as revenue only when either of the following events has occurred:			
	a) The entity has no remaining obligations to transfer goods or services to the customer and all or substantially all, of the consideration promised by the customer has been received and is non-refundable, or			
	b) The contract has been terminated and the consideration received is non-refundable?			
9	a) Has the entity recognised the consideration received from a customer as a liability until one of the events mentioned in Q 8 occur or until the criteria in Q 5 are subsequently met? (Note: *Depending on the facts and circumstances relating to the contract, the liability recognised represents the entity's obligation to either transfer goods or services in the future or refund the consideration received.*)	115.16		
	b) Has the liability been measured at the amount of consideration received from the customer?			
	Combination of contracts			
10	Has the entity combined two or more contracts entered into at or near the same time with the same customer (or related parties of the customer) and accounted for the contracts as a single contract if one or more of the following criteria are met:	115.17		
	a) The contracts are negotiated as a package with a single commercial objective,			
	b) The amount of consideration to be paid in one contract depends on the price or performance of the other contract, or			
	c) The goods or services promised in the contracts (or some goods or services promised in each of the contracts) are a single performance obligation in accordance with Q 15-18?			
	Contracts modification			
	A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. In some industries and jurisdictions, it may be described as a change order, a variation or an amendment.			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
11	a) Have the parties to a contract approved a modification that either creates new or changes existing enforceable rights and obligations of the parties? (Note: *A contract modification could be approved in writing, by oral agreement or implied by customary business practices*.)	115.18		
	b) If the parties to the contract have not approved a contract modification, has the entity continued to apply this standard to the existing contract until the contract modification is approved?			
	(Note: *A contract modification may exist even though the parties to the contract have a dispute about the scope or price (or both) of the modification or the parties have approved a change in the scope of the contract but have not yet determined the corresponding change in price.*)	115.19		
12	a) In determining whether the rights and obligations that are created or changed by a modification are enforceable, has the entity considered all relevant facts and circumstances including the terms of the contract and other evidence?	115.19		
	b) If the parties to a contract have approved a change in the scope of the contract but have not yet determined the corresponding change in price, has the entity estimated the change to the transaction price arising from the modification that relate to estimating variable consideration (Q 42-45) and that relate to constraining estimates of variable consideration (Q 52)?			
13	Has the entity accounted for a contract modification as a separate contract if both of the following conditions are met: a) The scope of the contract increases because of the addition of promised goods or services that are distinct (in accordance with Q 16-18), and	115.20		
	b) The price of the contract increases by an amount of consideration that reflects the entity's stand-alone selling prices of the additional promised goods or services and any appropriate adjustments to that price, to reflect the circumstances of the particular contract?			
	(Note: *For example, an entity may adjust the stand-alone selling price of an additional good or service for a discount that the customer receives, because it is not necessary for the entity to incur the selling-related costs that it would incur when selling a similar good or service to a new customer.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
14	If a contract modification is not accounted for as a separate contract in accordance with Q 13, has the entity accounted for the remaining promised goods or services at the date of contract modification in one of the following ways (based on the facts and circumstances): a) If the remaining goods or services are distinct from the goods or services transferred on or before the date of the contract modification, then the contract modification is accounted as if it were a termination of the existing contract and the creation of a new contract, (Note: *The amount of consideration to be allocated to the remaining performance obligations (or to the remaining distinct goods or services in a single performance obligation identified) is the sum of:* *i. The consideration promised by the customer (including amounts already received from the customer) that was included in the estimate of the transaction price and that had not been recognised as revenue, and* *ii. The consideration promised as part of the contract modification.*) b) If the remaining goods or services are not distinct and, therefore, form part of a single performance obligation that is partially satisfied at the date of the contract modification, then, the contract modification is accounted for as if it were a part of the existing contract, or (Note: *The effect that the contract modification has on the transaction price, and on the entity's measure of progress towards complete satisfaction of the performance obligation, is recognised as an adjustment to revenue (either as an increase in or a reduction of revenue) at the date of the contract modification (i.e., the adjustment to revenue is made on a cumulative catch-up basis.).)* c) If the remaining goods or services are a combination of Q 14(a) and (b) above, then the effects of the modification on the unsatisfied (including partially unsatisfied) performance obligations in the modified contract are accounted in a manner that is consistent with Q 14(a) and Q 14(b)?	115.21		
	Identifying performance obligations			
15	a) Does the contract with the customer explicitly state the goods or services that the entity promises to transfer to the customer?	115.24		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) Does the contract with the customer include promises that are implied by the entity's customary business practice, published policies or specific statements, if at the time of entering into the contract, those promises create a valid expectation of the customer that the entity will transfer a good or service to the customer?			
	(Note: *Performance obligations do not include activities that are undertaken to fulfil a contract unless those activities transfer a good or service to the customer. For example, a service provider may need to perform various administrative tasks to set up a contract, and performance of those tasks does not transfer a service to the customer as the tasks are performed. Therefore, those set up activities would not be considered as a performance obligation.*)	115.25		
16	At contract inception, while identifying performance obligations has the entity determined whether it promises to transfer either:	115.22		
	a) A good or service (or a bundle of goods or services) that is distinct, or			
	b) A series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer?			
	(Note: *A series of distinct goods or services has the same pattern of transfer to the customer if both of the following criteria are met:* *i. Each distinct good or service in the series that the entity promises to transfer to the customer would meet the criteria in Q 85 to be a performance obligation satisfied over time, and* *ii. In accordance with Q 88, the same method would be used to measure the entity's progress towards complete satisfaction of the performance obligation to transfer each distinct good or service in the series to the customer.*)	115.23		
17	When an entity considered that a good or service is distinct, does the entity fulfil the two criteria given below:	115.27		
	a) The customer can benefit from the good or service either on its own or together with other readily available resources, and			
	(Note: *For example, the fact that the entity regularly sells a good or service separately would indicate that a customer can benefit from the good or service on its own or with other readily available resources.*)	115.28		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) The promise to transfer the good or service to the customer is separately identifiable from other promises in the contract?			
	(Note: *Few factors that indicate that two or more promises to transfer goods or services are not separately identifiable include (but are not limited) to the following:* *i. The goods or services are used as inputs to produce or deliver the combined output or outputs specified by the customer. A combined output or outputs might include more than one phase element or unit,* *ii. Either one or more of the goods or services significantly modify or customise, or are significantly modified or customised by, one or more of the other goods or services promised,* *iii. The goods or services are highly interdependent or highly interrelated.*)	115.29		
18	If a promised good or service is not distinct, has the entity combined that good or service with other promised goods or services until it identifies a bundle of goods or services that is distinct?	115.30		
	(Note: *In some cases, that would result in the entity accounting for all the goods or services promised in a contract as a single performance obligation.*)			
	Warranties as a separate performance obligation			
19	If a customer has the option to purchase a warranty separately, then has the entity accounted for the promised warranty as a performance obligation in accordance with Q 15-18 and allocated a portion of the transaction price to that performance obligation in accordance with Q 70-80?	115.B29		
	(Note : *If a customer has the option to purchase a warranty separately, (e.g., the warranty is priced or negotiated separately), it is a distinct service because the entity promises to provide the service to the customer in addition to the product that has the functionality described in the contract.*)			
20	In assessing whether a warranty provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications, has the entity considered	115.B31		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	factors such as:	115.B31		
	a) Whether the warranty is required by law, (Note: *If the entity is required by law to provide a warranty, the existence of that law indicates that the promised warranty is not a performance obligation because such requirements typically exist to protect customers from the risk of purchasing defective products.*)			
	b) The length of the warranty coverage period, (Note: *The longer the coverage period, the more likely it is that the promised warranty is a performance obligation because it is more likely to provide a service in addition to the assurance that the product complies with agreed-upon specifications.*)			
	c) The nature of the tasks that the entity promises to perform? (Note: *If it is necessary for an entity to perform specified tasks to provide the assurance that a product complies with agreed-upon specifications (e.g., a return shipping service for a defective product), then those tasks likely do not give rise to a performance obligation.)* *A law that requires an entity to pay compensation if its products cause harm or damage does not give rise to a performance obligation. Similarly, an entity's promise to indemnify the customer for liabilities and damages arising from claims of patent, copyright, trademark or other infringement by the entity's products does not give rise to a performance obligation. The entity shall account for such obligations in accordance with Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets.*)	115.B33		
21	a) If a warranty, or a part of a warranty, provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications, has the entity considered the promised service as a performance obligation, and allocated the transaction price to the product and the service?	115.B32		
	b) If the entity promises both an assurance-type warranty and a service-type warranty but cannot reasonably account for them separately, has it accounted for both of the warranties together as a single performance obligation?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Assurance type warranty			
22	If a customer does not have the option to purchase a warranty separately, then has the entity accounted for the warranty in accordance with Ind AS 37 unless the promised warranty, or a part of the promised warranty, provides the customer with a service in addition to the assurance that the product complies with agreed-upon specifications?	115.B30		
	Consignment arrangements			
23	a) In contracts where the entity transfers control of a product to a customer with an unconditional right of return, has the revenue been recognised as per the substance of the arrangement?	115.B20AA		
	b) Where the substance is that of a consignment sale has the entity accounted such a contract in accordance with Q 24 (in other cases refer Q 47-51)?			
	(Note: *Exchanges by customers of one product for another of the same type, quality, condition and price (for example, one colour or size for another) are not considered returns.*)	115.B26		
24	a) When an entity has delivered a product to another party (such as a dealer or a distributor), has it evaluated whether that other party has obtained control of the product at that point in time?	115.B77		
	b) If the other party mentioned in Q 24(a) has not obtained control of the product, and holds the product on consignment, then has the entity ensured that no revenue is recognised upon delivery of the product to that party?			
	(Note: *Indicators of a consignment arrangement include, but are not limited to the following:* *i. The product is controlled by the entity until a specified event occurs, such as the sale of the product to a customer of the dealer or until a specified period expires,* *ii. The entity is able to require the return of the product or transfer the product to a third party (such as another dealer), and* *iii. The dealer does not have an unconditional obligation to pay for the product (although it might be required to pay a deposit.*)	115.B78		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Licensing			
25	If the entity has promised to transfer other goods or services to the customer in addition to a promise to grant a licence to the customer, then has the entity identified each of the performance obligation in the contract, in accordance Q 15 – 18? (Note: *Those promises may be explicitly stated in the contract or implied by an entity's customary business practices, published policies or specific statements - refer Q 15*)	115.B53		
26	If the promise to grant a licence is not distinct from other promised goods or services in the contract in accordance with Q 16-18, then has the entity accounted for the promise to grant a licence and those other promised goods or services together as a single performance obligation? (Note: *Examples of licences that are not distinct from other goods or services promised in the contract include the following:* *a) A licence that forms a component of a tangible good and that is integral to the functionality of the good, and* *b) A licence that the customer can benefit from only in conjunction with a related service (such as an online service provided by the entity that enables, by granting a licence, the customer to access content).*)	115.B54		
27	If the licence is not distinct, then has the entity applied Q 83-87 and Q 97 to determine whether the performance obligation (which includes the promised licence) is a performance obligation that is satisfied over time or satisfied at a point in time?	115.B55		
28	a) If the promise to grant the licence is distinct from the other promised goods or services in the contract and, therefore, the promise to grant the licence is a separate performance obligation, then has the entity determined whether the licence transfers to a customer either at a point in time or over time?	115.B56		
	b) In making the above determination, has the entity considered whether the nature of the entity's promise in granting the licence to a customer is to provide the customer with either: i. A right to access the entity's intellectual property as it exists throughout the licence period, or ii. A right to use the entity's intellectual property as it exists at the point in time at which the licence is granted?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Determining the nature of the entity's promise			
29	If the nature of an entity's promise in granting a licence has been considered as a promise to provide a right to access the entity's intellectual property, then has the entity satisfied all of the following criteria: a) The contract requires, or the customer reasonably expects, that the entity will undertake activities that significantly affect the intellectual property to which the customer has rights,	115.B58		
	(Note: *Factors that may indicate that a customer could reasonably expect that an entity will undertake activities that significantly affect the intellectual property include the entity's customary business practices, published policies or specific statements. Although not determinative, the existence of a shared economic interest (for example, a sales-based royalty) between the entity and the customer related to the intellectual property to which the customer has rights may also indicate that the customer could reasonably expect that the entity will undertake such activities.*	115.B59		
	An entity's activities significantly affect the intellectual property to which the customer has rights when either: *i. Those activities are expected to significantly change the form or the functionality of the intellectual property, or* *ii. The ability of the customer to obtain benefit from the intellectual property is substantially from, or dependent upon, those activities.*) b) The rights granted by the licence directly expose the customer to any positive or negative effects of the entity's activities identified in Q 29(a) above, and	115.B59A		
	c) Those activities do not result in the transfer of a good or a service to the customer as those activities occur (refer Q 15)?			
30	a) If the criteria in Q 29 are met, then has the entity accounted for the promise to grant a licence as a performance obligation satisfied over time, because the customer simultaneously receives and consumes the benefit from its performance of providing access to its intellectual property as the performance occurs (please refer Q 85(a))?	115.B60		
	b) as the entity applied Q 88-96 to select an appropriate method to measure its progress towards complete satisfaction of that performance obligation to provide access?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
31	a) If the criteria in Q 29 are not met, then has the entity considered the nature of its promise, as a promise to provide a right to use the entity's intellectual property as it exists at the point in time at which the license is granted to the customer, and account for the promise as a performance obligation satisfied at a point in time?	115.B61		
	b) Has the entity applied Q 97 to determine the point in time at which the licence transfers to the customer?			
	(Note: *However, revenue cannot be recognised for a licence that provides a right to use the entity's intellectual property before the beginning of the period during which the customer is able to use and benefit from the licence. For example, if a software licence period begins before an entity provides (or otherwise makes available) to the customer a code that enables the customer to immediately use the software, the entity would not recognise revenue before that code has been provided (or otherwise made available).*)			
32	Has the entity disregarded the following factors when determining whether a licence provides a right to access or a right to use the entity's intellectual property:	115.B62		
	a) Restrictions of time, geographical region or use			
	(Note: *Those restrictions define the attributes of the promised licence, rather than define whether the entity satisfies its performance obligation at a point in time or over time.*)			
	b) Guarantees provided by the entity that it has a valid patent to intellectual property and that it will defend that patent from unauthorised use?			
	(Note: *A promise to defend a patent right is not a performance obligation because the act of defending a patent protects the value of the entity's intellectual property assets and provides assurance to the customer that the licence transferred meets the specifications of the licence promised in the contract.*)			
	Customer options for additional goods or services			
33	a) Has the entity provided its customers, in a contract the option to acquire additional goods or services for free or at a discount?	115.B39		
	(Note: *Such an option gives rise to a performance obligation in the contract only if the option provides a material right to the customer that it would not receive without entering into that contract.*)	115.B40		

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	b) Where the option gives a material right to the customer, has the entity recognised revenue when those future goods or services are transferred or when the option expires? (Note: *If an option provides a material right to the customer, the customer in effect pays the entity in advance for future goods or services.*)	115.B40		
34	If a customer has the option to acquire an additional good or service at a price that would reflect the stand-alone selling price for that good or service, in such cases, has the entity accounted for such a marketing offer in accordance with this standard only when the customer exercises the option to purchase the additional goods or services? (Note: *An option to acquire an additional good or service at a price that would reflect the stand-alone selling price for that good or service does not provide the customer with a material right even if the option can be exercised only by entering into a previous contract.*)	115.B41		
35	a) While allocating the transaction price to performance obligations on a relative stand-alone selling price basis, if the stand-alone selling price for a customer's option to acquire additional goods or services is not directly observable, has the entity estimated it?			
	b) Does the estimate reflect the discount that the customer would obtain when exercising the option, and adjusted for: i. Any discount that the customer could receive without exercising the option, and			
	ii. The likelihood that the option will be exercised?			
36	If a customer has a material right to acquire future goods or services and those goods or services are similar to the original goods or services in the contract and are provided in accordance with the terms of the original contract then as a practical alternative to estimating the stand-alone selling price of the option, then has the entity allocated the transaction price to the optional goods or services by reference to the goods or services expected to be provided and the corresponding expected consideration? (Note: *Typically, these types of options are for contract renewals.*)	115.B43		

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	Non-refundable upfront fees (and some related costs)			
37	To identify performance obligations in contracts, where an entity charges a customer, a non-refundable upfront fee at or near contract inception, has the entity assessed whether the fee relates to the transfer of a promised good or service?	115.B48		
	(Note: *In many cases, even though a non-refundable upfront fee relates to an activity that the entity is required to undertake at or near contract inception to fulfil the contract, that activity does not result in the transfer of a promised good or service to the customer (refer Q 15) but is an advance payment for future goods or services and, therefore, would be recognised as revenue when those future goods or services are provided. The revenue recognition period would extend beyond the initial contractual period if the entity grants the customer the option to renew the contract and that option provides the customer with a material right that the customer would not have received without entering into that contract.*)	115.B49 115.B40		
38	If the non-refundable upfront fee relates to a good or service, then has the entity evaluated whether to account for the good or service as a separate performance obligation in accordance with Q 15-18?	115.B50		
39	a) Where an entity charges a non-refundable fee in part as compensation for costs incurred in setting up a contract or for other administrative tasks, and those setup activities do not satisfy a performance obligation, has the entity disregarded those activities (and related costs) when measuring progress in accordance with input method (since such costs of setup activities do not depict the transfer of services to the customer)?	115.B51		
	b) Has the entity assessed whether costs incurred in setting up a contract have resulted in an asset that will be recognised in accordance with Q 111?			
	Measurement			
	When (or as) a performance obligation is satisfied, an entity shall recognise the amount of the transaction price (which excludes estimates of variable consideration that are constrained) that is allocated to that performance obligation.	115.46		
	The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties for example, some sales tax.	115.47		

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	Determining the transaction price			
40	Has the entity considered the terms of the contract and its customary business practices to determine the transaction price?	115.47		
	(Note: *The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.*			
	For the purpose of determining the transaction price, the entity shall assume that the goods or services will be transferred to the customer as promised in accordance with the existing contract and that the contract will not be cancelled, renewed or modified.)	115.49		
41	When determining the transaction price, does the entity consider the effects of all of the following:	115.48		
	a) Variable consideration (refer Q 42-46 and Q 54),			
	b) Constraining estimates of variable consideration (refer Q 52-53),			
	c) The existence of a significant financing component in the contract (refer Q 55-57 and Q 120),			
	d) Non-cash consideration (refer Q 58-61), and			
	e) Consideration payable to a customer (refer Q 62 – 64)			
	(Note: *The nature, timing and amount of consideration promised by a customer affects the estimate of the transaction price.*)			
	Variable consideration			
	If the consideration promised in a contract includes a variable amount, an entity needs to estimate the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer.	115.50		
	An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, or other similar items. It can also vary if an entity's entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event e.g., if either a product was sold with a right of return or a fixed amount is promised as a performance bonus on achievement of a specified milestone.	115.51		

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42	Has the entity determined the variability of the consideration promised by the customer by considering the following:	115.52		
	a) The terms of the contract explicitly state that the promised consideration is variable,			
	b) The customer has a valid expectation arising from an entity's customary business practices, published policies or specific statements that it will accept an amount of consideration that is less than the price stated in the contract, i.e. it is expected that the entity will offer a price concession. This offer may be referred to as a discount, rebate, refund or credit,			
	c) Other facts and circumstances indicate that the entity's intention, when entering into the contract with the customer, is to offer a price concession to the customer?			
43	Has the entity estimated the amount of variable consideration by using either of the following methods, depending on which method is expected to better predict the amount of consideration to which it will be entitled:	115.53		
	a) The expected value, which is the sum of probability-weighted amounts in a range of possible consideration amounts, or			
	(Note: *The expected value may be an appropriate estimate of the amount of variable consideration if an entity has a large number of contracts with similar characteristics*.			
	b) The most likely amount, which is the single most likely amount in a range of possible consideration amounts (i.e., the single most likely outcome of the contract)?			
	(Note: *The most likely amount may be an appropriate estimate of the amount of variable consideration if the contract has only two possible outcomes (e.g., an entity either achieves a performance bonus or does not).*)	115.53		
44	a) Has the entity applied one method consistently throughout the contract when estimating the effect of an uncertainty on an amount of variable consideration to which it will be entitled?	115.54		
	b) In addition, has the entity considered all the information (historical, current and forecast) that is reasonably available to it and identified a reasonable number of possible consideration amounts?			

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	(Note: *The information that an entity uses to estimate the amount of variable consideration would typically be similar to the information that its management uses during the bid-and-proposal process and in establishing prices for promised goods or services.*)			
45	a) In contracts where penalties are specified, have those been accounted for as per the substance of the contract?			
	b) In cases where the penalty is inherent in determination of transaction price, does it form part of variable consideration in the contract?			
	(Note: *For example, where an entity agrees to transfer control of a good or service in a contact with customer at the end of 30 days for INR 100,000 and if it exceeds 30 days, the entity is entitled to receive only INR95,000, the reduction of INR5,000 shall be regarded as variable consideration. In other cases, the transaction price shall be considered as fixed.*)	115.51AA		
	Variable consideration: Refund liabilities			
46	a) If the entity receives a consideration from a customer and expects to refund some or all of that consideration, has it recognised a refund liability, and measured it at the amount of consideration received (or receivable) that the entity does not expect to be entitled (i.e., amounts not included in the transaction price)?	115.55		
	b) If there is a change in refund liability at the end of the reporting period, then has the refund liability (and corresponding change in the transaction price and, therefore, the contract liability) been updated?			
	Sale with a right of return			
47	Has the entity transferred control of a product with a right to return?	115.B20		
	(Note*: In some contracts, an entity transfers control of a product to a customer and also grants the customer the right to return the product for various reasons (such as dissatisfaction with the product) and receive any combination of the following:* *a) A full or partial refund of any consideration paid,* *b) A credit that can be applied against amounts owed, or that will be owed , to the entity, and* *c) Another product in exchange.*)			

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48	To account for the transfer of products with a right of return (and for some services that are provided subject to a refund), has the entity recognised all of the following:	115.B21		
	a) Revenue for the transferred products in the amount of consideration to which it expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned),			
	(Note: *An entity shall apply the requirements specified in Q 40-64 (including the requirements for constraining estimates of variable consideration in Q 52-53 to determine the amount of consideration to which it expects to be entitled (i.e., excluding the products expected to be returned.*)	115.B23		
	b) A refund liability, and			
	(Note: *For any amounts received (or receivable) for which an entity does not expect to be entitled, has it recognised those amounts received (or receivable) as a refund liability instead of recognising revenue when it transfers products to customers.*)	115.B23		
	c) An asset (and corresponding adjustment to cost of sales) for its right to recover products from customers on settling the refund liability?			
	(Note: *The entity's promise to stand ready to accept a returned product during the return period shall not be accounted for as performance obligation in addition to the obligation to provide a refund.*)	115.B22		
49	At the end of each reporting period has the entity updated its assessment of amounts for which it expects to be entitled in exchange for the transferred products and make a corresponding change to the transaction price and, therefore, in the amount of revenue recognised?	115.B23		
50	At the end of each reporting period, has the entity updated the measurement of the refund liability, for changes in expectations about the amount of refunds and the corresponding adjustments been recognised as revenue (or reductions of revenue)?	115.B24		

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51	a) For the asset recognised for an entity's right to recover products from a customer on settling a refund liability has the entity initially measured the asset by reference to the former carrying amount of the product (e.g., inventory) less any expected costs to recover those products (including potential decreases in the value to the entity of returned products)?	115.B25		
	b) At the end of each reporting period, has the entity updated the measurement of the asset, arising from changes in expectations about products to be returned?			
	c) Has the asset been presented separately from the refund liability?			
	(Note: *Contracts in which a customer may return a defective product in exchange for a functioning product will be evaluated in accordance with guidance on warranties given in Q 19-22 above.*)	115.B27		
	Constraining estimates of variable consideration			
52	When the transaction price includes some or all of the amount of variable consideration estimated in accordance with Q 43, has the entity considered both the likelihood and the magnitude of the revenue reversal?	115.56		
	(Note: *Factors that could increase the likelihood or the magnitude of a revenue reversal include, but are not limited to, any of the following:*	115.57		
	a) The amount of consideration is highly susceptible to factors outside the entity's influence. Those factors may include volatility in a market, the judgement or actions of third parties, weather conditions and a high risk of obsolescence of the promised good or service,			
	b) The uncertainty about the amount of consideration is not expected to be resolved for a long period of time,			
	c) The entity's experience (or other evidence) with similar types of contracts is limited, or that experience(or other evidence) has limited predictive value,			
	d) The entity has a practice of either offering a broad range of price concessions or changing the payment terms and conditions of similar contracts in similar circumstances,	115.57		
	e) The contract has a large number and broad range of possible consideration amounts.)			

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	Sales-based or usage-based royalties			
53	a) When the sales-based or usage-based royalty relates only to a licence of intellectual property, or when intellectual property is the predominant item to which the royalty relates, has the entity recognised revenue for the royalty only when (or as) the later of the following events occur:	115.B63 115.B63A		
	i. The subsequent sale or usage occurs, and			
	ii. The performance obligation to which some or all of the sales-based or usage-based royalty has been allocated is satisfied (or partially satisfied)?			
	b) If the sales-based or usage-based royalty does not relate to licences specified in Q 53(a), have the requirements on variable consideration specified in Q 42-46 and Q 54 been applied?	115.B63B		
	Reassessment of variable consideration			
54	a) Has the entity updated the estimated transaction price (including its assessment of whether an estimate of variable consideration is constrained) at the end of each reporting period?			
	(Note: *Estimation should represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.*)	115.59		
	b) If answer to Q54 (a) above is yes, then has the entity accounted for changes in transaction price in accordance with Q 81-82?			
	The existence of a significant financing component in the contract			
55	In determining the transaction price, has the entity considered all relevant facts and circumstances in assessing whether a contract contains a financing component and whether that	115.61		

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	financing component is significant to the contract including the following:	115.61		
	a) The difference, if any, between the amount of promised consideration and the cash selling price of the promised goods or services, and			
	b) The combined effect of both of the following:			
	i. The expected length of time between when the entity transfers promised goods or services to the customer and when the customer pays for those goods or services, and			
	ii. The prevailing interest rates in the relevant market?			
	(Note: *The timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides either the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer.*	115.60		
	The objective when adjusting the promised amount of consideration for a significant financing component is for the entity to recognise revenue at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer (i.e., the cash selling price.	115.61		
	As a practical expedient, an entity need not adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.)	115.63		
56	Notwithstanding the assessment in Q 55, has the entity considered that a contract with a customer would not have a significant financing component if any of the following factors exist:	115.62		
	a) The customer paid for the goods or services in advance and the timing of the transfer of those goods or services is at the discretion of the customer,			
	b) A substantial amount of the consideration promised by the customer is variable and the amount or timing of that consideration varies on the basis of the occurrence or non-occurrence of a future event that is not substantially within the control of the customer or the entity (e.g., if the consideration is a sales-based royalty),			

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	c) The difference between the promised consideration and the cash selling price of the good or service (as described in Q 55) arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference?			
	(Note: *For example, the payment terms might provide the entity or the customer with protection from the other party failing to adequately complete some or all of its obligations under the contract.*)			
57	a) When adjusting the promised amount of consideration for a significant financing component, has the entity used the discount rate that would be reflected in a separate financing transaction between the entity and its customer at contract inception?	115.64		
	b) Does the discount rate reflect the credit characteristics of the party receiving financing in the contract, as well as any collateral or security provided by the customer or the entity, including assets transferred in the contract?			
	(Note: *An entity may be able to determine that rate by identifying the rate that discounts the nominal amount of the promised consideration to the price that the customer would pay in cash for the goods or services when (or as) they transfer to the customer. After contract inception, the entity shall not update the discount rate for changes in interest rates or other circumstances (such as a change in the assessment of the customer's credit risk).*)			
	Non-cash consideration			
58	While determining the transaction price for contracts in which a customer promises consideration in a form other than cash, has the entity measured the non-cash consideration (or promise of non-cash consideration) at fair value?	115.66		
59	If the entity cannot reasonably estimate the fair value of the non-cash consideration, has it measured the consideration indirectly by reference to the stand-alone selling price of the goods or services promised to the customer (or class of customer) in exchange for the consideration?	115.67		
60	If the fair value of the non-cash consideration promised by a customer varies for reasons other than only the form of the consideration (e.g., the fair value could vary because of the entity's performance), has the entity applied the requirements of constraining estimates of variable consideration in Q 52-53?	115.68		

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	(Note: *The fair value of the non-cash consideration may vary because of the form of the consideration (for example, a change in the price of a share to which an entity is entitled to receive from a customer*)).			
61	a) If a customer contributes goods or services (for example, materials, equipment or labour) to facilitate an entity's fulfilment of the contract, has the entity assessed whether it obtains control of those contributed goods or services?	115.69		
	b) If answer to Q 61(a) is yes, has the entity accounted for the contributed goods or services as non-cash consideration received from the customer?			
	Consideration payable to a customer			
	Consideration payable to a customer includes cash amounts that an entity pays, or expects to pay, to the customer (or to other parties that purchase the entity's goods or services from the customer). It also includes credit or other items (for example, a coupon or a voucher) that can be applied against amounts owed to the entity (or to other parties that purchase the entity's goods or services from the customer).	115.70		
62	a) Has the entity accounted for consideration payable to a customer as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service (as described in Q 17-18) that the customer transfers to the entity?	115.70		
	b) If the consideration payable to a customer includes a variable amount, has the entity estimated the transaction price (including assessing whether the constraint has been applied to estimate of variable consideration) in accordance with Q 42-46 and Q52-53?			
	c) If the amount of consideration payable to the customer exceeds the fair value of the distinct good or service that the entity receives from the customer, then has the entity accounted for such an excess as a reduction of the transaction price?	115.71		
	d) If the entity cannot reasonably estimate the fair value of the good or service received from the customer, has it accounted for all of the consideration payable to the customer as a reduction of the transaction price?	115.71		
63	If consideration payable to a customer is a payment for a distinct good or service from the customer, then has the entity accounted for the purchase of the good or service in the same way that it accounts for other purchases from suppliers?	115.71		

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64	If consideration payable to a customer is accounted for as a reduction of the transaction price, has the entity recognised the reduction of revenue when (or as) the later of either of the following events occurs:	115.72		
	a) The entity recognises revenue for the transfer of the related goods or services to the customer, and			
	b) The entity pays or promises to pay the consideration (even if the payment is conditional on a future event).			
	(Note: *The promise to pay may be implied by the entity's customary business practices.*)			
	Customer's unexercised rights			
65	a) Upon receipt of a prepayment from a customer, has the entity recognised a contract liability in the amount of the prepayment for its performance obligation to transfer, or to stand ready to transfer goods or services in the future (refer Q 121)?	115.B44		
	b) Has the entity derecognised that contract liability (and recognised revenue) when it transfers those goods or services and, therefore, satisfies its performance obligation?			
66	If any consideration is received that is attributable to a customer's unexercised rights for which it is required to remit to another party, then has the entity recognised a liability (and not revenue)?	115.B47		
	(Note: *For example, remittance to be made to a government entity in accordance with applicable unclaimed property laws.*)			
67	a) If an entity expects to be entitled to a breakage amount in a contract liability, then has the entity recognised the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer?	115.B46		
	b) If an entity does not expect to be entitled to a breakage amount, then has the entity recognised the expected breakage amount as revenue when the likelihood of the customer exercising its remaining rights becomes remote?			

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	c) To determine whether an entity expects to be entitled to a breakage amount, has the entity considered the requirements in Q 52-53 on constraining estimates of variable consideration?			
	(Note: *A customer's non-refundable prepayment to an entity gives the customer a right to receive a good or service in the future (and obliges the entity to stand ready to transfer a good or service). However, customers may not exercise all of their contractual rights. Those unexercised rights is often referred to as breakage.*)	115.B45		
	Repurchase agreements			
	A repurchase agreement is a contract in which an entity sells an asset and also promises or has the option to repurchase the asset.	115.B64		
	A forward or a call option			
68	If an entity has an obligation (forward) or a right (call option) to repurchase the asset, has it considered the following:	115.B66		
	a) Has the entity accounted for the contract as either of the following:			
	i. A lease in accordance with Ind AS 116[1] if the entity can or must repurchase the asset for an amount that is less than the original selling price of the asset, unless the contract is part of a sale and leaseback transaction, or			
	(Note: *If the contract is part of a sale and leaseback transaction, the entity should continue to recognise the asset and should recognise a financial liability for any consideration received from the customer. The entity should account for the financial liability in accordance with Ind AS 109*),			
	ii. A financing arrangement in accordance with Q 68(c), if the entity can or must repurchase the asset for an amount that is equal to or more than the original selling price of the asset,			
	(Note: *When an entity has a forward or a call option on an asset, the customer to whom the asset was sold, does not obtain control of that asset because the customer is limited in its ability to direct the use of, and*			

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	obtain substantially all of the remaining benefits from, the asset even though the customer may have physical possession of the asset.)			
	b) When comparing the repurchase price with the selling price, has the entity considered the time value of money,	115.B67		
	c) If the repurchase agreement is a financing arrangement, then has the entity continued to recognise the asset and also recognised a financial liability for any consideration received from the customer,	115.B68		
	d) Has the entity also recognised the difference between the amount of consideration received from the customer and the amount of consideration to be paid to the customer as interest and, if applicable, as processing or holding costs (for example, insurance),			
	e) If the option lapses unexercised, has the entity derecognised the liability and recognised revenue?	115.B69		
	Put option			
69	a) If an entity has an obligation to repurchase the asset at the customer's request (a put option) at a price that is lower than the original selling price of the asset, then has it considered at contract inception whether the customer has a significant economic incentive to exercise that right? (Note: *The customer's exercising of that right results in the customer effectively paying the entity consideration for the right to use a specified asset for a period of time.*)	115.B70		
	b) If the customer has a significant economic incentive to exercise that right, then has the entity accounted for the agreement as a lease in accordance with Ind AS 116[1] unless the contract is part of a sale and leaseback transaction? (Note: *If the contract is part of a sale and leaseback transaction, the entity should continue to recognise the asset and should recognise a financial liability for any consideration received from the customer. The entity should account for the financial liability in accordance with Ind AS 109.*)			
	c) To determine whether a customer has a significant economic incentive to exercise its right, has the entity considered various factors, including the relationship of the repurchase price to the expected market value of the asset at the date of the repurchase and the amount of time until the right expires?	115.B71		

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	(Note: *For example, if the repurchase price is expected to significantly exceed the market value of the asset, this may indicate that the customer has a significant economic incentive to exercise the put option.*)			
	d) If the customer does not have a significant economic incentive to exercise its right at a price that is lower than the original selling price of the asset, or if the repurchase price is equal to or greater than the original selling price and is less than or equal to the expected market value of the asset, and the customer does not have a significant economic incentive to exercise its right, then has the entity accounted for the agreement as if it were the sale of a product with a right of return as described in Q 47-51?	115.B72 115.B74		
	e) If the repurchase price of the asset is equal to or greater than the original selling price and is more than the expected market value of the asset, the contract is in effect a financing arrangement, accordingly, has the entity accounted for the contract in accordance with Q 68 (c) and (d)?	115.B73		
	f) When comparing the repurchase price with the selling price, has the entity considered the time value of money?	115.B75		
	g) If the option lapses unexercised, has the entity derecognised the liability and recognised revenue?	115.B76		
	Allocating the transaction price to performance obligations			
	The objective when allocating the transaction price is for an entity to allocate the transaction price to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer.	115.73		
70	Has the entity allocated the transaction price to each performance obligation identified in the contract on a relative stand-alone selling price basis in accordance with Q 72-75, except as specified in Q 76-77 (for allocating discounts) and Q 78-80 (for allocating consideration that includes variable amounts)?	115.74		
	(Note: *If a contract has only one performance obligation, then Q 72-80 would not apply.*)			
71	If an entity promises to transfer a series of distinct goods or services identified as a single performance obligation in accordance with Q 16 (b) and the promised consideration includes variable amounts, has the entity applied requirements of Q 78-80)?	115.75		

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	Allocation based on stand-alone selling prices			
72	To allocate the transaction price to each performance obligation on a relative stand-alone selling price basis, has the entity determined the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract as its observable price, when the entity sells that good or service separately in similar circumstances and to similar customers, then has the entity determined the stand-alone selling price of a good or service?	115.76 115.77		
	(Note: *A contractually stated price or a list price for a good or service may be (but shall not be presumed to be) the stand-alone selling price of that good or service.* *If a stand-alone selling price is not directly observable, the entity estimates the stand-alone selling price at an amount that would result in the allocation of the transaction price meeting the allocation objective.* *It should consider all information (including market conditions, entity-specific factors and information about the customer or class of customer) that is reasonably available to the entity.* *It should maximise the use of observable inputs and apply estimation methods consistently in similar circumstances.*)	115.78		
73	If a stand-alone selling price is not currently observable, then has the entity adopted a suitable method for estimating the stand-alone selling price of a good or service as below: a) Adjusted market assessment approach: An entity evaluates the market in which it sells goods or services and estimates the price that a customer in that market would be willing to pay for those goods or services, (Note: *This approach might also include referring to prices from the entity's competitors for similar goods or services and adjusting those prices as necessary to reflect the entity's costs and margins.*)	115.79		
	b) Expected cost plus a margin approach: An entity forecasts its expected costs of satisfying a performance obligation and then adds an appropriate margin for that good or service,			
	c) Residual approach: An entity may estimate the stand-alone selling price by reference to the total transaction price less the sum of the observable stand-alone selling prices of other goods or services promised in the contract?			

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74	Has the entity opted to use a residual approach to estimate the stand-alone selling price of a good or service (in accordance with Q 72 above) only if one of the following criteria is met: a) The entity sells the same good or service to different customers (at or near the same time) for a broad range of amounts (i.e., the selling price is highly variable because a representative stand-alone selling price is not discernible from past transactions or other observable evidence), or	115.79		
	b) The entity has not yet established a price for that good or service and the good or service has not previously been sold on a stand-alone basis (i.e., the selling price is uncertain)?			
75	a) Has the entity used a combination of methods to estimate the stand-alone selling prices of the goods or services promised in the contract, if two or more of those goods or services have highly variable or uncertain stand-alone selling prices?	115.80		
	(Note: *For example, an entity may use a residual approach to estimate the aggregate standalone selling price for those promised goods or services with highly variable or uncertain stand-alone selling prices and then use another method to estimate the stand-alone selling prices of the individual goods or services relative to that estimated aggregate stand-alone selling price determined by the residual approach.*) b) When an entity uses a combination of methods to estimate the stand-alone selling price of each promised good or service in the contract, has the entity evaluated whether allocating the transaction price at those estimated stand-alone selling prices would be consistent with the allocation objective and the requirements for estimating stand-alone selling prices in Q 72?	115.80		
	Allocation of a discount			
76	Except when an entity has observable evidence in accordance with Q 77, that the entire discount relates to only one or more, but not all, performance obligations in a contract, has the entity allocated a discount proportionately to all performance obligations in the contract?	115.81		
	(Note: *A customer receives a discount for purchasing a bundle of goods or services if the sum of the stand-alone selling prices of those promised goods or services in the contract exceeds the promised consideration in a contract.*			

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	The proportionate allocation of the discount to all the performance obligations is a consequence of allocating the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of the underlying distinct goods or services.)			
77	Has the entity allocated discount entirely to one or more, but not all, performance obligations in the contract if all of the following criteria are met:	115.82		
	a) The entity regularly sells each distinct good or service (or each bundle of distinct goods or services) in the contract on a stand-alone basis,			
	b) The entity also regularly sells on a stand-alone basis a bundle (or bundles) of some of those distinct goods or services at a discount to the stand-alone selling prices of the goods or services in each bundle, and			
	c) The discount attributable to each bundle of goods or services described in Q 77(b) is substantially the same as the discount in the contract and an analysis of the goods or services in each bundle provides observable evidence of the performance obligation (or performance obligations) to which the entire discount in the contract belongs?			
	(Note: *If a discount is allocated entirely to one or more performance obligations in the contract the entity should allocated the discount before using the residual approach to estimate the stand-alone selling price of a good or service as described in Q 72.*)	115.83		
	Allocation of a variable consideration			
78	Has the entity assessed whether the variable consideration that is promised in a contract is attributable to:	115.84		
	a) The entire contract, or			
	b) A specific part of the contract, such as either of the following:			
	i. To one or more, but not all, performance obligations in the contract, or (Note: *For example, a bonus may be contingent on an entity transferring a promised good or service within a specified period of time.*)			

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	ii. To one or more, but not all, distinct goods or services promised in a series of distinct goods or services that forms part of a single performance obligation in accordance with Q 16 (b)? (Note: *For example, the consideration promised for the second year of a two-year cleaning service contract will increase on the basis of movements in a specified inflation index.*)			
79	Has the entity allocated a variable amount (and subsequent changes to that amount) entirely to a performance obligation or to a distinct good or service that forms part of a single performance obligation in accordance with Q16(b) if both of the following criteria are met: a) The terms of a variable payment relate specifically to the entity's efforts to satisfy the performance obligation or transfer the distinct good or service (or to a specific outcome from satisfying the performance obligation or transferring the distinct good or service), and	115.85		
	b) Allocating the variable amount of consideration entirely to the performance obligation or the distinct good or service is consistent with the allocation objective when considering all of the performance obligations and payment terms in the contract?			
80	For the remaining amount of the transaction price that does not meet the criteria explained in Q 79 above, has the entity applied the allocation requirements of Q 70-77?			
	Changes in the transaction price			
	After contract inception, the transaction price can change for various reasons, including the resolution of uncertain events or other changes in circumstances that change the amount of consideration to which an entity expects to be entitled in exchange for the promised goods or services.	115.87		
81	a) Has the entity allocated to the performance obligations in the contract any subsequent changes in the transaction price on the same basis as at contract inception?	115.88		

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	b) Have the amounts allocated to a satisfied performance obligation been recognised as revenue, or as a reduction of revenue, in the period in which the transaction price changes?	115.88		
	(Note: *Consequent to the allocation of subsequent changes in the transaction price in accordance with Q 81(a), the entity would not reallocate the transaction price to the performance obligations, to reflect changes in their stand-alone selling prices after contract inception*.			
	The entity should allocate a change in the transaction price entirely to one or more, but not all, performance obligations, or distinct goods or services promised in a series, that forms part of a single performance obligation in accordance with Q 16(b), only if the criteria in Q 79 on allocating variable consideration are met.)	115.89		
	Contract modification: change in transaction price			
82	a) Has the entity accounted for a change in the transaction price that arises as a result of a contract modification in accordance with Q 11-14?	115.90		
	b) Has the entity applied Q 81 to allocate the change in the transaction price that occurs after a contract modification, in whichever of the following ways:			
	i. Allocate the change in the transaction price to the performance obligations identified in the contract before the modification if, and to the extent that, the change in the transaction price is attributable to an amount of variable consideration promised before the modification and the modification is accounted for in accordance with Q 14(a), or			
	ii. In all other cases in which the modification was not accounted for as a separate contract in accordance with Q 13, allocate the change in the transaction price to the performance obligations in the modified contract (i.e., the performance obligations that were unsatisfied or partially unsatisfied immediately after the modification)?			
	Satisfaction of performance obligations			
83	a) Does the entity satisfy the performance obligation over time (refer Q 85-87)?	115.32		

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	b) Does the entity satisfy the performance obligation at a point in time (refer Q 97)?			
84	When evaluating whether a customer obtains control of an asset, has the entity considered any agreement to repurchase the asset (refer Q 68-69)?	115.34		
	(Note: *Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset (in the form of potential cash inflows or savings in outflows that can be obtained directly or indirectly in many ways such as:* *a) using the asset to produce goods or provide services (including public services),* *b) using the asset to enhance the value of other assets,* *c) using the asset to settle liabilities or reduce expenses,* *d) selling or exchanging the asset,* *e) pledging the asset to secure a loan, and* *f) holding the asset.*)	115.33		
	Performance obligations satisfied over time			
85	Has any one of the following criteria been satisfied to consider the transfer of control of a good or service over time, and thus satisfaction of performance obligation and recognition of revenue over time: (Refer ITFG bulletin 19 issue 2) a) The customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs,	115.35		
	(Note: *Routine or recurring services (such as a cleaning service) are examples of straightforward performance obligations being satisfied over time. In other cases, a performance obligation is satisfied over time if it is determined that another entity would not need to substantially re-perform the work that the entity has completed to date if that other entity were to fulfil the remaining performance obligation to the customer.*)	115.B3 115.B4		
	b) The entity's performance creates or enhances an asset (for example, work in progress, which may be tangible or intangible) that the customer controls as the asset is created or enhanced (refer Q 84), or	115.B5		

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	c) The entity's performance does not create an asset with an alternative use to the entity (refer Q 86) and the entity has an enforceable right to payment for performance completed to date (refer Q 87)?			
86	a) Has the entity assessed, whether an asset does not have an alternative use to the entity at the contract inception?	115.36		
	(Note: *An asset created by an entity's performance does not have an alternative use to it if the entity is either restricted contractually from readily directing the asset for another use during the creation or enhancement of that asset or limited practically from readily directing the asset in its completed state for another use, such as selling it to a different customer. The possibility of the contract with the customer being terminated is not a relevant consideration in assessing whether the entity would be able to readily direct the asset for another use.* *A contractual restriction on an entity's ability to direct an asset for another use must be substantive. A contractual restriction is substantive if a customer could enforce its right to the promised asset if the entity sought to direct the asset for another use.* *A practical limitation on an entity's ability to direct an asset for another use exists if an entity would incur significant economic losses to direct the asset for another use. For example, an entity may be practically limited from redirecting assets that either have design specifications that are unique to a customer or are located in remote areas.*)	115.B6 115.B7		
	b) After contract inception, has the entity ensured that it has not updated the assessment of the alternative use of the asset unless the parties to the contract approve a contract modification that substantively changes the performance obligation?	115.B8		
87	While evaluating whether the entity has an enforceable right to payment, has it ensured the following:			
	a) It has considered the terms of the contract as well as any laws (legislative or legal precedent) applicable to the contract,			
	(Note: *The above would include an assessment of whether:* *i. Legislation, administrative practice or legal precedent*	115.B12		

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	confers upon the entity a right to payment for performance to date even though that right is not specified in the contract with the customer,			
	ii. *Relevant legal precedent indicates that similar rights to payment for performance completed to date in similar contracts have no binding legal effect, or*			
	iii. *An entity's customary business practices of choosing not to enforce a right to payment has resulted in the right being rendered unenforceable in that legal environment. However, notwithstanding that it may choose to waive its right to payment in similar contracts, it would continue to have a right to payment to date if, in the contract with the customer, its right to payment for performance to date remains enforceable.*)			
	b) It has a right to payment (at all times throughout the duration of the contract) for performance completed to date i.e., it would be entitled to an amount that at least compensates the entity for its performance completed to date in the event that the customer or another party terminates the contract for reasons other than the entity's failure to perform as promised?	115.37 115.B9		
	(Note: *An amount that would compensate an entity for performance completed to date would be an amount that approximates the selling price of the goods or services transferred to date (for example, recovery of the costs incurred by an entity in satisfying the performance obligation plus a reasonable profit margin), rather than compensation for the entity's potential loss of profit if the contract were to be terminated. Compensation for a reasonable profit margin need not equal the profit margin expected if the contract was fulfilled as promised, but an entity should be entitled to compensation for either for the following amounts:* i. *A proportion of the expected profit margin in the contract that reasonably reflects the extent of the entity's performance under the contract before termination by the customer (or another party), or* ii. *A reasonable return on the entity' cost of capital for similar contracts (or the entity's typical operating margin for similar contracts) if the contract-specific margin is higher that the return the entity usually generates from similar contracts.*	115.B9		

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	An entity's right to payment for performance completed to date need not be a present unconditional right to payment. In many cases, an entity will have an unconditional right to payment only at an agreed-upon milestone or upon complete satisfaction of the performance obligation.	115.B10		
	The right to payment for performance completed to date does not need to be for a fixed amount. Payment scheduled specified in a contract does not necessarily indicate whether an entity has an enforceable right to payment for performance completed to date.)	115.B13		
	Measuring progress towards complete satisfaction of a performance obligation			
88	For measuring the progress towards complete satisfaction of each performance obligation satisfied over time:	115.40		
	a) Has the entity applied a single method of measuring progress,			
	b) Has it applied the method consistently to similar performance obligations and in similar circumstances,			
	c) At the end of each reporting period, remeasured its progress towards complete satisfaction of a performance obligation satisfied over time?			
89	Has the entity recognised revenue for a performance obligation satisfied over time only if it can reasonably measure its progress towards complete satisfaction of the performance obligation?	115.44		
	(Note: *An entity would not be able to reasonably measure its progress towards complete satisfaction of a performance obligation if it lacks reliable information that would be required to apply an appropriate method of measuring progress.*)			
90	Which method has been used by the entity to measure progress towards complete satisfaction of a performance obligation satisfied over time:	115.B14		
	a) Output method,			
	b) Input method?			
	(Note: *Appropriate methods of measuring progress include output methods and input methods. In determining the*	115.41		

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	appropriate method for measuring progress, an entity shall consider the nature of the good or service that the entity promised to transfer to the customer. Characteristics of the methods of measuring progress are:	115.41		
	***i. Output methods:** Recognise revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date, relative to the remaining goods or services promised under the contract,*	115.B15		
	***ii. Input methods:** Recognise revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation.*)	115.B18		
91	When applying the output method, has the entity considered whether the output selected would faithfully depict its performance towards complete satisfaction of the performance obligation?	115.B15		
	(Note: *An output method would not provide a faithful depiction of the entity's performance if the output selected would fail to measure some of the goods or services for which control has transferred to the customer.*)			
92	Has the entity considered the practical expedient and recognised revenue as the amount that the entity has a right to invoice?			
	(Note: *As a practical expedient, when an entity has a right to consideration in an amount that corresponds directly with the value to the customer of its performance completed to date, the entity has recognised revenue in the amount to which it has a right to invoice.*)	115.B16		
93	a) When applying the input method, has the entity excluded from an input method, the effects of any inputs that, in accordance with the objective of measuring progress in do not depict the entity's performance in transferring control of goods or services to the customer?	115.B19		
	(Note: *For instance, when using a cost-based input method, an adjustment to the measure of progress may be required in the following circumstances:* *i. When a cost incurred does not contribute to an entity's progress in satisfying the performance obligation, or* *ii. When a cost incurred is not proportionate to the entity's progress in satisfying the performance obligation. For example, a faithful representation of an entity's performance might be to recognise revenue at an amount equal to the cost of a good used to satisfy a*			

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	performance obligation if the entity expects all the following conditions to be met at contract inception: – *The good is not distinct,* – *The customer is expected to obtain control of the good significantly before receiving services related to the good,* – *The cost of the transferred good is significant relative to the total expected costs to completely satisfy the performance obligation and* – *The entity procures the good from a third party and is not significantly involved in designing and manufacturing the good but is acting as a principal.)*			
	b) If the efforts or inputs are expended evenly throughout the performance period, has the entity recognised revenue on a straight-line basis?	115.B18		
	Other considerations relating to measures of progress			
94	Has the entity excluded any goods or services, for which control is not transferred to a customer, in the method for measuring progress?	115.42		
95	As circumstances change over time, has the entity updated its measure of progress to reflect any changes in the outcome of the performance obligation? (Note: *Such changes to an entity's measure of progress are to be accounted for as a change in accounting estimate in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors*.)	115.43		
96	Where an entity is not able to reasonably measure the outcome of a performance obligation, but expects to recover the costs incurred in satisfying the performance obligation, has it recognised revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation?	115.45		
	Performance obligations satisfied at a point in time			
97	To determine the point in time at which a customer obtains control of a promised asset and the entity satisfies a performance obligation, has the entity considered the indicators of the transfer of control as specified, which include, but are not limited to, the following: a) The entity has a present right to payment for the asset,	115.38		

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	b) The customer has legal title to the asset, (Note: *If an entity retains legal title solely as protection against the customer's failure to pay, those rights of the entity would not preclude the customer from obtaining control of an asset.*)			
	c) The entity has transferred physical possession of the asset, (Note: *However, physical possession may not coincide with control of an asset, for example in some repurchase agreements or consignment arrangements, the consignee may have physical possession of an asset that the entity controls or in case of bill-and-hold arrangements, the entity may have physical possession of an asset that the customer controls.*)			
	d) The customer has the significant risks and rewards of ownership of the asset, and (Note: *When evaluating risks and rewards of ownership, entity should exclude any risks that give rise to a separate performance obligation in addition to the performance obligation to transfer the asset.*)			
	e) The customer has accepted the asset (refer Q 106-107)?			
	Principal versus agent considerations			
98	When another party is involved in providing goods or services to a customer, has the entity determined for each specified good or service promised to the customer, whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e., it is a principal) or to arrange for those goods or services to be provided by the other party (i.e., it is an agent)? (Note: *A specified good or service is a distinct good or service (or a distinct bundle of goods or services) to be provided to the customer. If a contract includes more than one specified good or service, an entity could be a principal for some specified goods or services and an agent for others.*)	115.B34		
99	To determine the nature of its promise (as described in Q 98 above), has the entity : a) Identified the specified goods or services to be provided to the customer, and (Note: *For example, a right to a good or service to be provided by another party.*)	115.B34A		

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	b) Assessed whether it controls each specified good or service before that good or service is transferred to the customer?			
100	When an entity is a principal, has it considered the following:			
	a) It controls the specified good or service before that good or service is transferred to the customer,	115.B35		
	(Note: *An entity does not necessarily control a specified good if the entity obtains legal title to that good only momentarily before legal title is transferred to a customer. Indicators that an entity controls the specified good or service before it is transferred to the customer include, but are not limited to the following:* *i. The entity is primarily responsible for fulfilling the promise to provide the specified good or service (for example, primary responsibility for the good or service meeting customer specifications),* *ii. The entity has inventory risk before the specified good or service has been transferred to the customer or after transfer of control to the customer (for example, if the customer has a right of return),* *iii. The entity has discretion in establishing the price for the specified good or service (however, an agent can have discretion in establishing prices in some cases).*)	115.B35 115.B37		
	b) When another party is involved in providing goods or services to a customer, the entity that is a principal obtains control of any one of the following: i. A good or another asset from the other party, that it then transfers to the customer,	115.B35A		
	ii. A right to a service to be performed by the other party, which gives the entity the ability to direct that party to provide the service to the customer on the entity's behalf, or			
	iii. A good or service from the other party that it then combines with other goods or services providing the specified good or service to the customer,			
	(Note: *For example, if an entity provides a significant service of integrating goods or services provided by another party into the specified good or service for which the customer has contracted, the entity controls the specified good or service before that good or service is transferred to the customer.*)			

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	c) When the principal satisfies a performance obligation, it recognises revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred?	115.B35B		
101	When an entity is acting as an agent, has it considered the following:	115.B36		
	a) It does not control the specified good or service provided by another party, before that good or service is transferred to the customer,			
	b) When it satisfies a performance obligation, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party? (Note: *An entity's fee or commission might be the net amount of consideration that the entity retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.*)			
102	If another entity assumes the entity's performance obligations and contractual rights in the contract so that the entity is no longer acting as the principal, has the entity evaluated whether to recognise revenue for satisfying a performance obligation to obtain a contract for the other party i.e., whether the entity is acting as an agent? (Note: *In such a case, since the entity is no longer obliged to satisfy the performance obligation to transfer the specified good or service to the customer, it is not required to recognise revenue for that performance obligation*.)	115.B38		
	Bill and hold arrangements			
103	Has the entity determined when it has satisfied its performance obligation to transfer a product by evaluating when a customer obtains control of that product (refer Q 97)? (Note: *For some contracts, control is transferred either when the product is delivered to the customer's site or when the product is shipped, depending on the terms of the contract (including delivery and shipping terms). However, for some contracts, a customer may obtain control of a product even*	115.B80		

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	though that product remains in an entity's physical possession. In that case, the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the product even though it has decided not to exercise its right to take physical possession of that product. Consequently, the entity does not control the product. Instead, the entity provides custodial services to the customer over the customer's asset.)			
104	In addition to applying the requirements in Q 97, for a customer to have obtained control of a product in a bill-and-hold arrangement, are all of the following criteria met:	115.B81		
	a) The reason for the bill-and-hold arrangement must be substantive (for example, the customer has requested the arrangement),			
	b) The product must be identified separately as belonging to the customer,			
	c) The product currently must be ready for physical transfer to the customer and			
	d) The entity cannot have the ability to use the product or to direct it to another customer?			
	(Note: *A bill-and-hold arrangement is a contract under which an entity bills a customer for a product but the entity retains physical possession of the product until it is transferred to the customer at a point in time in the future. For example, a customer may request an entity to enter into such a contract because of the customer's lack of available space for the product or because of delays in the customer's production schedules.*)	115.B79		
105	If an entity recognises revenue for the sale of a product on a bill-and-hold basis, has it considered whether it has remaining performance obligations (for example, for custodial services) in accordance with Q 15-18 to which it is required to allocated a portion of the transaction price in accordance with Q 70-80?	115.B82		
	Customer acceptance			
106	Has the entity considered customer acceptance clauses which allow a customer to cancel a contract or require an entity to take remedial action if a good or service does not meet agreed-upon specifications, when evaluating when a customer obtains control of a good or service?	115.B83		
107	If revenue is recognised before customer acceptance, has the entity still considered whether there are any remaining	115.B84		

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	performance obligations (for example, installation of equipment) and evaluate whether to account for them separately?	115.B84		
	(Note: *If an entity can objectively determine that control of a good or service has been transferred to the customer in accordance with the agreed-upon specifications in the contract, then customer acceptance is a formality that would not affect the entity's determination of when the customer has obtained control of the good or service*			
	If an entity delivers products to a customer for trial or evaluation purposes and the customer is not committed to pay any consideration until the trial period lapses, control of the product is not transferred to the customer until either the customer accepts the product or the trial period lapses.)	115.B86		
	Contract costs			
	Incremental costs of obtaining a contract			
108	When an entity incurs incremental costs of obtaining a contract with a customer and expects to recover those costs, then has it recognised those costs as an asset?	115.91		
	(Note: *The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, a sales commission.*)	115.92		
109	Has the entity applied practical expedient for the incremental costs of obtaining a contract (asset), when the amortisation period of the asset is one year or less (i.e., recognised those incremental costs as an expense when incurred)?	115.94		
110	When an entity incurs costs to obtain a contract, regardless of whether the contract is obtained, then has the entity recognised those costs as an expense when incurred?	115.93		
	(Note: *In certain situations, the above costs could be explicitly chargeable to the customer regardless of whether the contract is obtained.*)			
	Costs to fulfil contract			
111	a) Do the costs to fulfil a contract fall in the scope of another Ind AS (for example, Ind AS 2, *Inventories*, Ind AS 16, *Property, Plant and Equipment*, or Ind AS 38, *Intangible Assets*)?			

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	b) If yes, has the entity applied that Ind AS?			
	c) For the costs to fulfil a contract within the scope of this standard, has the entity recognised an asset only if those costs meet all of the following criteria:	115.95		
	i. The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify,			
	(Note: *For example, costs relating to services to be provided under renewal of an existing contract or costs of designing an asset to be transferred under a specific contract that has not yet been approved*.)			
	ii. The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future, and			
	iii. The costs are expected to be recovered?			
112	Do the costs that relate directly to a contract (or a specific anticipated contract) include any of the following:	115.97		
	a) Direct labour (for example, salaries and wages of employees who provide the promised services directly to the customer),			
	b) Direct materials (for example, supplies used in providing the promised services to a customer),			
	c) Allocations of costs that relate directly to the contract or to contract activities (for example, costs of contract management and supervision, insurance and depreciation of tools and equipment and right-of-use assets[2] used in fulfilling the contract),			
	d) Costs that are explicitly chargeable to the customer under the contract, and			
	e) Other costs that are incurred only because an entity entered into the contract (for example, payments to subcontractors)?			
113	Has the entity recognised the following costs as expenses when incurred:	115.98		
	a) General and administrative costs,			
	(Note: *General and administrative costs explicitly chargeable to the customer under the contract, should be evaluated in accordance with Q 112*.)			

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	b) Costs of wasted materials, labour or other resources to fulfil the contract that were not reflected in the price of the contract,			
	c) Costs that relate to satisfied performance obligations (or partially satisfied performance obligations) in the contract (i.e., costs that relate to past performance), and			
	d) Costs for which an entity cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations)?			
	Amortisation and impairment			
114	Has the asset recognised as contract asset in accordance with Q 108 or 111(c) been amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates? (Note: *The asset may relate to goods or services to be transferred under a specific anticipated contract as described in Q 111(a).*)	115.99		
115	a) If there is a significant change in the entity's expected timing of transfer to the customer of the goods or services to which the asset relates, then has it updated the amortisation to reflect the change?	115.100		
	b) Has such a change been accounted for as a change in accounting estimate in accordance with Ind AS 8?			
116	Has the entity recognised an impairment loss in profit or loss to the extent that the carrying amount of an asset recognised in accordance with Q 108 or Q 111 exceeds: a) The remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates, less	115.101		
	b) The costs that relate directly to providing those goods or services and that have not been recognised as expenses (refer Q 112)?			
117	For the purposes of applying Q 116 to determine the amount of consideration that an entity expects to receive, has the entity used the principles for determining the transaction price (except for the requirements in Q 52-53 on constraining estimates of variable consideration) and adjusted that amount to reflect the effects of the customer's credit risk?	115.102		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
118	a) Before an entity recognises an impairment loss for an asset recognised in accordance with Q 108 or Q 111, has the entity recognised any impairment loss for assets related to the contract that are recognised in accordance with another standard (for example, Ind AS 2, Ind AS 16 and Ind AS 38)?	115.103		
	b) After applying the impairment test in Q 116, has the entity included the resulting carrying amount of the asset recognised in accordance with Q 108 or Q 111 in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying Ind AS 36, Impairment of Assets, to that cash-generating unit?			
119	If the impairment conditions no longer exist or have improved, has the entity recognised in profit or loss a reversal of some or all of the impairment loss previously recognised in accordance with Q 116 ? (Note: *The increased carrying amount of the asset shall not exceed the amount that would have been determined (net of amortisation) if no impairment loss had been recognised previously.*)	115.104		
	Presentation			
120	Has the entity presented the effects of financing (interest revenue or interest expense) separately from 'revenue' in the statement of profit and loss? (Note: *Interest revenue or interest expense is recognised only to the extent that a contract asset (or a receivable) or a contract liability is recognised in accounting for a contract with a customer.)*	115.65		
121	When either party to a contract has performed, has the entity recognised the following: a) A contract asset, or	115.105	1	
	b) A contract liability?			
	(Note: *A contract asset or a contract liability would depend upon the relationship between the entity's performance and the customer's payment.*	115.105		
	If a customer pays consideration, or an entity has a right to an amount of consideration that is unconditional (i.e., a receivable), before the entity transfers a good or service to the customer, the entity shall present the contract as a contract liability when	115.106		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	the payment is made or the payment is due (whichever is earlier). A contract liability is an entity's obligation to transfer goods or services to a customer for which it has received consideration (or an amount of consideration is due) from the customer.	115.106		
	If an entity performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the entity shall present the contract as a contract asset, excluding any amounts presented as a receivable. A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer.)	115.107		
122	Has the entity assessed the contract asset for impairment in accordance with Ind AS 109? (Note: *Impairment of a contract asset shall be measured, presented and disclosed on the same basis as a financial asset that is within the scope of Ind AS 109 (refer Q 128(b)).*)	115.107	2	
123	a) Has the entity recognised any unconditional rights to consideration separately as a receivable in accordance with Ind AS 109? (Note: *A receivable is an entity's right to consideration that is unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. For example, an entity would recognise a receivable if it has a present right to payment even though that amount may be subject to refund in the future.*)	115.108		
	b) Upon initial recognition of a receivable from a contract with a customer, if there is any difference between the measurement of the receivable in accordance with Ind AS 109 and the corresponding amount of revenue recognised, then has that difference been presented as an expense (for example, as an impairment loss)?			
124	If an entity uses an alternative description for a contract asset, has the entity provided sufficient information for a user of the financial statements to distinguish between receivables and contract assets?	115.109	3	
125	Has the entity presented separately the amount of excise duty included in the revenue recognised in the statement of profit and loss?	115.109AA	4	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Disclosure			
126	Has the entity disclosed qualitative and quantitative information about all of the following:	115.110	5	
	a) Its contracts with customers (refer Q 128-137),			
	b) The significant judgements, and changes in the judgements, made in applying the standard to the contracts (refer Q 138-141), and			
	c) Any assets recognised from the costs to obtain or fulfil a contract with a customer in accordance with Q 108 or 111 (refer Q 143-144)?			
	(Note: *The objective of the disclosure requirements is for an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Accordingly, entities shall consider the level of detail necessary to satisfy the disclosure objective and how much emphasis to place on each of the various requirements.*			
	An entity need not disclose information in accordance with this standard if it has provided the information in accordance with another standard.)	115.112		
127	Has the entity aggregated or disaggregated disclosures so that useful information is not obscured by either the inclusion of a large amount of insignificant detail or the aggregation of items that have substantially different characteristics?	115.111		
	Contracts with customers			
128	Has the entity disclosed all of the following amounts for the reporting period unless those amounts are presented separately in the statement of profit and loss in accordance with other standards:	115.113	6	
	a) Revenue recognised from contracts with customers, disclosed separately from its other sources of revenue, and			
	b) Any impairment losses recognised (in accordance with Ind AS 109) on any receivables or contract assets arising from contracts with its customers, disclosed separately from impairment losses from other contracts?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Disaggregation of revenue			
129	a) Has the entity disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors?	115.114	7	
	(Note: *The extent to which an entity's revenue is disaggregated for the purposes of this disclosure depends on the facts and circumstances that pertain to the entity's contracts with customers.*)	115.B87		
	b) When selecting the type of category (or categories) to use to disaggregate revenue, has the entity considered how information about its revenue has been presented for other purposes, including all of the following:			
	i. Disclosures presented outside the financial statements (for example, in earnings releases, annual reports or investor presentations),	115.B88		
	ii. Information regularly reviewed by the chief operating decision maker for evaluating the financial performance of operating segments, and			
	iii. Other information that is similar to the types of information identified in Q 129 (b)(i) and (ii) and that is used by the entity or users of its financial statements to evaluate its financial performance or make resource allocation decisions?			
	(Note: *Examples of categories that might be appropriate include, but are not limited to, all of the following:* • *Type of good or service (for example, major product lines),* • *Geographical region (for example, country or region),* • *Market or type of customer (for example, government and non-government customers),* • *Type of contract (for example, fixed-price and time-and-materials contracts),* • *Contract duration (for example, short-term and long-term contracts),* • *Timing of transfer of goods or services (for example, revenue from goods or services transferred to customers at a point in time and revenue from goods or services transferred over time, and*	115.B89		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	• *Sales channels (for example, goods sold directly to consumers and goods sold through intermediaries).*)			
130	Has the entity disclosed sufficient information to enable users of financial statements to understand the relationship between the disclosure of disaggregated revenue (in accordance with Q 129) and revenue information that is disclosed for each reportable segment, if it applies Ind AS 108, *Operating Segments*?	115.115	8	
	Contract balances			
131	Has the entity disclosed all of the following:	115.116	9	
	a) The opening and closing balances of receivables, contract assets and contract liabilities from contracts with customers, if not otherwise separately presented or disclosed,			
	b) Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period, and			
	c) Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods (for example, changes in transaction price)?			
132	Has the entity explained how the timing of satisfaction of its performance obligations (refer Q 134(a)) relates to the typical timing of payment (refer Q 134(b)) and the effect that those factors have on the contract asset and the contract liability balances? (Note: *The explanation provided may use qualitative information.*)	115.117	10	
133	a) Has the entity provided an explanation of the significant changes in the contract asset and the contract liability balances during the reporting period?	115.118	11	
	b) Does the explanation include qualitative and quantitative information?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(Note : *Examples of changes in the entity's balances of contract assets and contract liabilities include any of the following:* *a) Changes due to business combination,* *b) Cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification,* *c) Impairment of a contract asset,* *d) A change in the time frame for a right to consideration to become unconditional (i.e., for a contract asset to be reclassified to a receivable), and* *e) A change in the time frame for a performance obligation to be satisfied (i.e., for the recognition of revenue arising from a contract liability).*)			
	Performance obligations			
134	Has the entity disclosed information about its performance obligations in contracts with customers, including a description of all of the following:	115.119	12	
	a) When it typically satisfies its performance obligations, including when performance obligations are satisfied in a bill-and-hold arrangement, (Note: *For example, performance obligation may be satisfied upon shipment, upon delivery, as services are rendered or upon completion of service.*)			
	b) The significant payment terms, (Note: *For example, when payment is typically due, whether the contract has a significant financing component, whether the consideration amount is variable and whether the estimate of variable consideration is typically constrained in accordance with Q 52-53.*)			
	c) The nature of the goods or services that it has promised to transfer, highlighting any performance			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	obligations to arrange for another party to transfer goods or services (i.e., if it is acting as an agent),			
	d) Obligations for returns, refunds and other similar obligations, and			
	e) Types of warranties and related obligations?			
	Transaction price allocated to the remaining performance obligations			
135	Has the entity disclosed the following information about its remaining performance obligations:	115.120	13	
	a) The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period, and			
	b) An explanation of when it expects to recognise as revenue the amount disclosed in accordance with Q 135(a), which it shall disclose in either of the following ways:			
	i. On a quantitative basis using the time bands that would be most appropriate for the duration of the remaining performance obligations, or			
	ii. By using qualitative information?			
136	Has the entity chosen not to disclose the information in Q 135 for a performance obligation if either of the following conditions is met:	115.121		
	a) The performance obligation is part of a contract that has an original expected duration of one year or less, or			
	b) It recognises revenue from the satisfaction of the performance obligation in accordance with Q 92)?			
137	Has the entity provided a qualitative explanation for the following:	115.122	14	
	a) Whether it has applied the practical expedient provided in Q 136, and			
	b) Whether any consideration from contracts with customers is not included in the transaction price and, therefore, not included in the information disclosed?			
	(Note: *For example, an estimate of the transaction price would not include any estimated amounts of variable consideration that are constrained (refer Q 52-53*).)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Significant judgements in the application of this standard			
138	a) Has the entity disclosed the judgements, and changes in the judgements, made in applying this standard that significantly affect the determination of the amount and timing of revenue from contracts with customers?	115.123	15	
	b) In particular, has the entity explained the judgements, and changes in the judgements, used in determining both of the following: i. The timing of satisfaction of performance obligations (refer Q 139-140), and			
	ii. The transaction price and the amounts allocated to performance obligations (refer Q 141)?			
	Determining the timing of satisfaction of performance obligations			
139	For performance obligations that an entity satisfies over time, has it disclosed both of the following: a) The methods used to recognise revenue (for example, a description of the output methods or input methods used and how those methods are applied), and	115.124	16	
	b) An explanation of why the methods used provide a faithful depiction of the transfer of goods or services?			
140	For performance obligations satisfied at a point in time, has the entity disclosed the significant judgements made in evaluating when a customer obtains control of promised goods or services?	115.125	17	
	Determining the transaction price and the amounts allocated to performance obligations			
141	Has the entity disclosed information about the methods, inputs and assumptions used for all of the following: a) Determining the transaction price, which includes, but is not limited to, estimating variable consideration, adjusting the consideration for the effects of the time value of money and measuring non-cash consideration,	115.126	18	
	b) Assessing whether an estimate of variable consideration is constrained,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	c) Allocating the transaction price, including estimating stand-alone selling prices of promised goods or services and allocating discounts and variable consideration to a specific part of the contract (if applicable), and			
	d) Measuring obligations for returns, refunds and other similar obligations?			
142	Has the entity reconciled the amount of revenue recognised in the statement of profit and loss with the contracted price showing separately each of the adjustments made to the contract price, for example, on account of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, etc., specifying the nature and amount of each such adjustment separately?	115.126AA	19	
	Assets recognised from the costs to obtain or fulfil a contract with a customer			
143	Has the entity described both of the following:	115.127	20	
	a) The judgements made in determining the amount of the costs incurred to obtain or fulfil a contract with a customer (in accordance with Q 108 or Q 111), and			
	b) The method it used to determine the amortisation for each reporting period?			
144	Has the entity disclosed all of the following:	115.128	21	
	a) The closing balances of assets recognised from the costs incurred to obtain or fulfil a contract with a customer (in accordance with Q 108 or Q 111), by main category of asset (for example, costs to obtain contracts with customers, pre-contract costs and setup costs), and			
	b) The amount of amortisation and any impairment losses recognised in the reporting period?			
	Practical expedients			
145	If an entity elects to use the practical expedient about the existence of a significant financing component (refer Q 55) or about the incremental costs of obtaining a contract (refer Q 109), has it disclosed that fact?	115.129	22	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Transition provisions			
146	a) Has the entity applied the standard to all of its contracts with customers using either: (Refer ITFG bulletin 19 issue 3 clarification)	115.C3 115.C5		
	i. The retrospective method, or			
	ii. The cumulative effect method?			
	b) When an entity applies the standard using the retrospective method, has it recognised the cumulative effect of applying the standard at the start of the earliest comparative period?			
	c) Has the entity chosen to apply one or more of the following practical expedients:			
	i. For completed contracts, an entity need not restate contracts that: • Begins and end within the same annual reporting period, or			
	• Are completed contracts at the beginning of the earliest period presented			
	ii. For completed contracts that have variable consideration, an entity may use the transaction price at the date on which the contract was completed, rather than estimating amounts for variable consideration in each comparative reporting period,			
	iii. For contracts that were modified before the beginning of the earliest period presented, an entity need not retrospectively restate the contract for those contract modifications. Instead, an entity may reflect the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented in: • Identifying the satisfied and unsatisfied performance obligations,			
	• Determining the transaction price, and			
	• Allocating the transaction price to the satisfied and unsatisfied performance obligations, and			
	iv. For all periods presented before the date of initial application, an entity need not disclose the amount of the transaction price allocated to the remaining performance obligations, nor an explanation of when it expects to recognise that amount as revenue?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	d) If an entity elects to apply one or more practical expedients, then:	115.C6	23	
	i. Has it disclosed the expedient(s) elected and a qualitative assessment of the estimated effect of applying each expedient?			
	ii. Has it applied the expedient consistently to all contracts within all reporting periods presented?			
	(Note: *An entity is also required to comply with the disclosure requirements for a change in accounting policy, including the amount of the adjustment to the financial statement line items and earnings per share amounts affected. However, an entity that adopts the standard retrospectively is not required to disclose the impact of the change in accounting policy on the financial statement line items and earnings per share amounts for the year of initial application.*)			
	e) When an entity applies the cumulative effect method, has it recognised the cumulative effect of applying the standard as of the date of initial application, with no restatement of comparative information?			
	f) Has the entity chosen to apply the requirements of Ind AS 115 to:			
	i. Only contracts that are not completed contracts at the date of initial application, or			
	ii. All contracts at the date of initial application?			
	g) An entity that applies the cumulative effect method may also use the contract modifications practical expedient. Has the entity chosen to apply the practical expedient to all contract modifications that occur before the:	115.C7A	24	
	i. Beginning of the earliest period presented, or			
	ii. Date of initial application?			
	h) If an entity uses the practical expedient given in Q 146(g), then has the entity applied the expedient consistently to all contracts and disclosed the information required by Q146 (d)?			
	i) If an entity elects the cumulative effect method, then has it is disclosed:	115.C8	25	
	i. The amount by which each financial statement line item is affected in the current reporting period as a result of applying the standard and			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	ii. An explanation of the reasons for significant changes between the reported results under the standard and under the previous revenue requirements - i.e., Ind AS 11 and Ind AS 18?			
	Service concession arrangements			
	Treatment of the operator's rights over the infrastructure			
147	a) Does the infrastructure being constructed by the entity (as an operator) meet the following conditions:	115.D5		
	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			
	(Note: *In applying this condition, the grantor and any related parties shall be considered together. Further, the grantor does not need to have complete control of the price. It is sufficient for the price to be regulated by the grantor, contract or regulator, for example by a capping mechanism.*	115.AG2 115.AG3		
	Use of infrastructure can be partly regulated (as described in i) above and partly unregulated. These arrangements can take variety of forms as follows: • *Any infrastructure that is physically separable and capable of being operated independently and meets the definition of a cash-generating unit as defined in Ind AS 36, Impairment of Assets shall be analysed separately if it is used wholly for unregulated purposes,* • *When purely ancillary activities (such as a hospital shop) are unregulated, the control tests shall be applied as if those services did not exist, because in cases in which the grantor controls the services in the manner described in Q 147(a)(i) and (ii), the existence of ancillary activities does not detract from the grantor's control of the infrastructure.*	115.AG7		
	In case, there is a substance of lease from the grantor to the operator, it would be accounted in accordance with Ind AS 116[1].)	115.AG8		
	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) Has the entity ensured that it does not recognise the infrastructure, to which it has access to operate, as its property, plant and equipment?	115.D11		
148	For the purpose of Q 147(a)(ii), does the grantor's control over any significant residual interest both restrict the operator's practical ability to sell or pledge the infrastructure and give the grantor a continuing right of use throughout the period of the arrangement?	115.AG4		
	(Note: *The residual interest in the infrastructure is the estimated current value of the infrastructure as if it were already of the age and in the condition expected at the end of the period of the arrangement.*)			
	Recognition and measurement of consideration			
149	Has the operator recognised and measured revenue and costs for the construction or upgrade services and operation services provided in accordance with this standard?	115.D13 115.D14		
	Construction or upgrade services			
	Consideration given by the grantor to the operator			
150	If the operator provides construction or upgrade services, has the consideration received or receivable by the operator been recognised as revenue in accordance with this standard?	115.D15		
	(Note*: The consideration may be in the form of rights to financial asset, or intangible asset.*)			
151	Has the operator recognised a 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?	115.D16		
	(Note: *The operator has an unconditional right to receive cash if the grantor contractually guarantees to pay the operator:* *a) Specified or determinable amounts, or* *b) The shortfall, if any, between amounts received from users of the public service and specified or determinable amounts, even if payment is contingent on the operator ensuring that the infrastructure meets specified quality or efficiency requirements.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
152	Has the operator recognised an intangible asset to the extent that it receives a right (a license) to charge users of the public service? (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.*)	115.D17		
153	If the operator is paid for the construction services partly by a financial asset and partly by an intangible asset, have these been accounted separately for each component of consideration received?	115.D18		
	Operation services			
154	Has the operator accounted for revenue and costs relating to any operation services that it provides in accordance with this standard?	115.D20		
	Contractual obligations to restore the infrastructure to a specified level of serviceability			
155	Have the contractual obligations to maintain or restore infrastructure, except for any upgrade element, been recognised and measured in accordance with Ind AS 37 (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)? (Note*: The operator may have contractual obligations it must fulfil as a condition of its license (to maintain the infrastructure to a specified level of serviceability, or to restore the infrastructure to a specified condition before it is handed over to the grantor at the end of the service arrangement.*)	115.D21		
	Borrowing costs incurred by the operator			
156	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)?	115.D22		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 Ind AS 23?			
	Financial asset			
157	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 as measured at:	115.D24		
	a) Amortised cost,			
	b) Fair value through other comprehensive income, or			
	c) Fair value through profit or loss?			
158	If the amount due from the grantor is measured at amortised cost or fair value through other comprehensive income, has the operator recognised interest (calculated using the effective interest method) in profit or loss (as per Ind AS 109)?	115.D25		
	Intangible assets			
159	In case the operator has recognised an intangible as per Q 152-153 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?	115.D26		
	Items provided to the operator by the grantor			
160	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 accounted for as part of the transaction price as defined in this standard?	115.D27		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Service concession arrangements: Disclosures			
161	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:	115.E6	26	
	a) A description of the arrangement,			
	b) Significant terms of the arrangement that may affect the amount, timing and certainty of future cash flows (e.g., the period of the concession, re-pricing dates and the basis upon which re-pricing or re-negotiation is determined)			
	c) The nature and extent of (e.g., quantity, time period or amount as appropriate):			
	i. Rights to use specified assets,			
	ii. Obligations to provide or rights to expect provisions of services,			
	iii. Obligations to acquire or build items of property, plant and equipment,			
	iv. Obligations to deliver or rights to receive specified assets at the end of the concession period,			
	v. Renewal and termination options, and			
	vi. 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?			
162	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?	115.E6A	27	
163	Have the disclosures required in Q 161 been provided either:	115.E7	26	
	a) Individually for each service concession arrangement, or			
	b) In aggregate for each class of service concession arrangements?			
	(Note: *A class is a grouping of service concession arrangements involving services of a similar nature (e.g., toll collections, telecommunications and water treatment services)*.)			

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

Glossary

Contract: An agreement between two or more parties that creates enforceable rights and obligations.

Contract asset: An entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the entity's future performance).

Contract liability: An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

Customer: A party that has contracted with an entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration.

Income: Increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in an increase in equity, other than those relating to contributions from equity participants.

Performance obligation: A promise in a contract with a customer to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Revenue: Income arising in the course of an entity's ordinary activities.

Stand-alone selling price (of a good or service): The price at which an entity would sell a promised good or service separately to a customer.

Transaction price (for a contract with a customer):The amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(Source: Ind AS 115, *Revenue from Contracts with Customers,* as issued by the Ministry of Corporate Affairs)

*Reference to Schedule III is with respect to Division II.

Ind AS 116 Leases

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	The objective of the standard is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information is expected to form a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.			
	Scope			
1	Has the entity applied Ind AS 116 in accounting for all leases, including leases of ROU assets in a sub-lease?	116.3		
2	Has the entity excluded the following leases from the scope of Ind AS 116?	116.3		
	a) Leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources,			
	b) Leases of biological assets within the scope of Ind AS 41, *Agriculture*, held by a lessee,			
	c) Service concession arrangements within the scope of Appendix D, *Service Concession Arrangements* of Ind AS 115, *Revenue from Contracts with Customer,*			
	d) Licences of intellectual property granted by a lessor within the scope of Ind AS 115, and			
	e) Rights held by a lessee under licensing agreements within the scope of Ind AS 38, *Intangible Assets*, for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights?			
	(Note: *A lessee may, but is not required to, apply Ind AS 116 to leases of intangible assets other than those described in Ind AS 116 para 3(e).)*	116.4		
	Identification of a lease			
	To assess whether a contract conveys the right of control the use of an identified asset for a period of time, an entity shall assess whether, throughout the period of use, the customer has both of the following:	116.B9		
	a) The right to obtain substantially all of the economic benefits from use of the identified asset, and			
	b) The right to direct the use of the identified asset.			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Identified asset			
3	a) Is there an identified asset i.e.			
	i. Explicitly in the contract or	116.B13		
	ii. Implicitly at the time the asset is made available for use by the customer?	116.B13		
	b) In certain cases, a capacity portion of an asset can be an identified asset. In those cases, has the entity ensured that the capacity portion meets either of the given conditions:			
	i. It is physically distinct or			
	ii. It is not physically distinct, but the customer has the right to obtain substantially all of the economic benefits from use of the asset?			
	c) At the inception of the contract, has the entity ensured that the supplier does not meet the following conditions:	116.B14		
	i. It does not have the practical ability to substitute the alternative assets throughout the period of use and (Note: *For instance, a customer cannot prevent the supplier from substituting the asset and alternative assets are readily available to the supplier or could be sourced by the supplier within a reasonable period of time.*)			
	ii. It will not benefit economically from the exercise of its right to substitute the asset? (Note: *A supplier will benefit economically from the exercise of its right to substitute the asset, if the economic benefits associated with substituting the asset are expected to exceed the costs associated with substituting the asset.* *For instance, if the asset is located at customer's premise or elsewhere, the costs associated with substitution are generally higher than when located at the supplier's premise and therefore, more likely to exceed the benefits associated with substituting the asset.*)	116.B17		
4	Has the entity based the assessment of the supplier's substitution rights on the facts and circumstances at the inception of the contract and not on the basis of future events that are not considered likely to occur at inception of the contract?	116.B16		
5	Has it been ensured that the supplier's right or obligation to substitute the asset is not for the purpose of repairs and maintenance on account of the asset not operating properly or availability of technical upgrade?	116.B18		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(Note: *Such a right does not preclude a customer from having a right to use the asset.*)			
6	In case it is not readily determinable whether the supplier has a substantive substitution right, has it been presumed that substitution right is not substantive?	116.B19		
7	If the answer to Q 3-6 is 'yes', then has the entity considered that the contract contains an identified asset?			
	Right to obtain economic benefits from use			
8	Has the entity ensured that it has right to obtain substantially all of the economic benefits from use of the asset throughout the period of use?	116.B21		
9	While assessing right to obtain economic benefits, has the entity considered the following:	116.B21		
	a) The economic benefits have been derived from use of an asset directly or indirectly, (Note: *The economic benefits from the use of an asset can be derived by using, holding or sub-leasing the asset.*)			
	b) The economic benefits can include primary output and by-products from the use of the asset,			
	c) The economic benefits can include economic benefits from using the asset that could be realised from a commercial transaction with a third party,			
	d) The economic benefits have resulted from the use of an asset only within the defined scope of a customer's right to use an asset,	116.B22		
	e) The economic benefits can include any consideration paid to the supplier or another party from use of an asset? (Note: *For instance, if the customer is required to pay the supplier a percentage of sales from use of retail space as consideration for that use, that requirement does not prevent the customer from having the right to obtain substantially all of the economic benefits from use of the retail space.* *This is because the cash flows arising from those sales are considered to be economic benefits that the customer obtains from use of the retail space, a portion of which it then pays to the supplier as consideration for the right to use that space.*)	116.B23		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Right to direct the use			
10	While ascertaining customer's right to direct the use of an asset, has it been ensured that the customer meets any of the following conditions:	116.B24		
	a) The customer has the right to direct how and for what purpose the asset is used throughout the period of use or			
	b) In case the relevant decisions about how and for what purpose the asset is used are predetermined, then:			
	i. The customer has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions or			
	ii. The customer designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use?			
	(Note: *The relevant decisions can be predetermined by the design of the asset or by contractual restrictions on the use of the asset.*)	116.B28		
11	If the answer to Q 10(a) is yes, then has the entity considered at least the following decision-making rights that are most relevant to changing how and for what purpose the asset is used throughout the period of use:	116.B26		
	a) Rights to change the type of output that is produced by the asset (for example, to decide whether to use a shipping container to transport goods or for storage, or to decide upon the mix of products sold from retail space),			
	b) Rights to change when the output is produced (for example, to decide when an item of machinery or a power plant will be used),			
	c) Rights to change where the output is produced (for example, to decide upon the destination of a truck or a ship, or to decide where an item of equipment is used), and			
	d) Rights to change whether the output is produced, and the quantity of that output (for example, to decide whether to produce energy from a power plant and how much energy to produce from that power plant)?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(Note: i. *The decision-making rights are relevant when they affect the economic benefits to be derived from use.* ii. *The decision-making rights that are most relevant are likely to be different for different contracts, depending on the nature of the asset and the terms and conditions of the contract.*)	116.B25		
12	Has the entity ensured that the decision-making rights that do not grant the right to change how and for what purpose the asset is used (such as rights limited to operating or maintaining the asset) have not been considered in the assessment? (Note: *Such rights can be held by the customer or the supplier.*)	116.B27		
13	In case the customer meets the condition given in Q 10(b), has the entity considered only those decisions that are predetermined before the period of use?	116.B29		
	Protective rights			
14	While determining the right to control the use of an asset, has the lessee ensured that any rights designed to protect the supplier's interest in the asset, its personnel or to ensure the supplier's compliance with laws or regulations have not been considered? (Note: *Protective rights in a contract may:* i. *Specify the maximum amount of use of an asset or limit where or when the customer can use the asset* ii. *Require a customer to follow particular operating practices or* iii. *Require a customer to inform the supplier of changes in how an asset will be used.*)	116. B30		
	Separating components of a contract			
15	Does the lease agreement contain more than one lease and non-lease components?	116.12		
16	In order to assess whether the right-of-use in an underlying asset is a separate lease component, does it meet both the given conditions: a) The lessee can benefit from use of the underlying asset either on its own or together with other resources that are readily available to the lessee, and	116.B32		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(Note: *Readily available resources are goods or services that are sold or leased separately (by the lessor or other suppliers) or resources that the lessee has already obtained (from the lessor or from other transactions or events.)*)			
	b) The underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract?			
	(Note: *For instance, the fact that a lessee could decide not to lease the underlying asset without significantly affecting its rights to use other underlying assets in the contract might indicate that the underlying asset is not highly dependent on, or highly interrelated with, those other underlying assets.*)			
17	In case of a contract with a lease and a non-lease component, has the lessee allocated the consideration to each lease component on the following basis:	116.13		
	a) Relative stand-alone price of the lease component and			
	b) The aggregate stand-alone price of the non-lease component?			
	(Note: *The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge an entity for that component, or a similar component, separately.*)			
18	a) Is the observable stand-alone price of the lease and non-lease component readily available to the lessee?	116.14		
	b) If the answer to (a) above is no, has the lessee estimated the stand-alone price by maximising the use of observable information?			
19	When the total consideration includes any amount payable by the lessee for activities and costs that do not transfer a good or service to the lessee such as amount payable for administrative tasks, then as the lessee considered such amounts as part of the total consideration that is allocated to the separately identified components of the contract?	116.B33		
20	Has the lessee elected, by class of underlying asset, not to separate non-lease components from lease components?	116.15		
	(Note: *When a lessee elects to apply the above practical expedient then it would account for each lease component and any associated non-lease components as a single lease component.* *A lessee should not apply the above practical expedient to embedded derivatives that meet the criteria of Ind AS 109.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Lease definition – Exemptions			
21	Has the lessee elected not to recognise the following leases:	116.5		
	a) Short-term leases i.e., leases which have a lease term of 12 months or less at the lease commencement date,			
	(Note: *A lease that contains a purchase option is not a short-term lease.*) (Refer ITFG bulletin 21 issue 1 clarification)			
	b) Leases for which the underlying asset is of low value,			
	(Note:			
	i. A lessee shall assess the value of an underlying asset based on the value of the asset when it is new, regardless of the age of the asset being leased.	116.B3		
	ii. Leases of low-value assets qualify for the accounting treatment regardless of whether those leases are material to the lessee. The assessment is not affected by the size, nature or circumstances of the lessee.)	116.B4		
22	Has the lessee classified an underlying asset being of low value only if it meets both the given conditions:	116.B5		
	a) The lessee can benefit from use of the underlying asset on its own or together with other resources that are readily available to the lessee and			
	b) The underlying asset is not highly dependent on, or highly interrelated with, other assets?			
	(Note: *A lease of an underlying asset does not qualify as a lease of a low-value asset if the nature of the asset is such that when new, the asset is typically not of low value, for example lease of cars.*)			
23	If answer to Q 21(a) or Q 21(b) is yes, then has the lessee complied with the following:	116.8		
	a) For short-term leases: The election has been made on the basis of the class of the underlying asset to which ROU relates,			
	(Note: *A class of underlying asset is a grouping of underlying assets of a similar nature and use in an entity's operations.*)			
	b) For low value leases: The election has been made on a lease-by-lease basis?			
24	If answer to Q21 (a) or (b) is yes, then has the lessee recognised the lease payments associated with those leases as an expense on either: (Refer ITFG bulletin 21 issue 2 clarification)	116.6		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	a) A straight-line basis or			
	b) Another systematic basis, if that basis is more representative of the pattern of the lessee's benefit?			
	Lease term			
25	At the lease commencement, has the entity determined whether the lessee is reasonably certain to exercise either of the following options:	116.19		
	a) An option to extend the lease,			
	b) An option to not to terminate the lease?			
26	If answer to Q 25 is yes, then has the entity considered relevant facts and circumstances including the following factors that create an economic incentive for a lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease:	116.B37		
	a) Contractual terms and conditions for the optional periods compared with market rates such as:			
	i. The amount of payments for the lease in any optional period,			
	ii. The amount of any variable payments for the lease or other contingent payments, such as payments resulting from termination penalties and residual value guarantees,			
	iii. The terms and conditions of any options that are exercisable after initial optional periods (for example, a purchase option that is exercisable at the end of an extension period at a rate that is currently below market rates),			
	b) Significant leasehold improvements undertaken (or expected to be undertaken) over the term of the contract that are expected to have significant economic benefit for the lessee when the option to extend or terminate the lease, or to purchase the underlying asset, becomes exercisable,			
	c) Costs relating to the termination of the lease, such as:			
	i. Negotiation costs,			
	ii. Relocation costs,			
	iii. Costs of identifying another underlying asset suitable for the lessee's needs			
	iv. Costs of integrating a new asset into the lessee's operations			
	v. Termination penalties			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	vi. Costs associated with returning the underlying asset in a contractually specified condition or to a contractually specified location.			
	d) The importance of that underlying asset to the lessee's operations, considering, for example, whether the underlying asset is a specialised asset, the location of the underlying asset and the availability of suitable alternatives and			
	e) Conditionality associated with exercising the option (i.e., when the option can be exercised only if one or more conditions are met), and the likelihood that those conditions will exist?			
27	While determining the lease term, has the lessee considered the following periods:	116.18		
	a) Non-cancellable period,			
	b) Periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option and			
	c) Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option?			
28	a) Has the lessee combined the option to extend or terminate the lease with other contractual features such as a residual value guarantee?	116.B38		
	b) If the answer to (a) above is yes, does the lessee guarantees the lessor a minimum or fixed cash return which is substantially the same regardless of whether the lessee is reasonably certain to exercise. Has the lessee assumed that it is reasonably certain to exercise the option to extend the lease or not to exercise the option to terminate the lease?			
29	While assessing the length of the non-cancellable period of a lease, has the lessee applied the definition of a contract and determined the period for which the contract is enforceable? (Refer ITFG bulletins- (ITFG 21 issue 1) and (ITFG 22 issue 1) clarifications)	116.B34		
	(Note: *A lease is not enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.*)			
30	In case only the lessee has the right to terminate the lease, has the entity considered that right as an option available to the lessee while determining the lease term?	116.B35		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
31	In case only the lessor has the right to terminate the lease, does the non-cancellable period of the lease includes the period covered by an option to terminate the lease?	116.B35		
32	Does the lease term include any rent-free period provided to the lessee by the lessor?	116.B36		
	Reassessment of lease term			
33	After lease commencement, has the lessee evaluated whether it is reasonably certain to exercise an extension option, or not to exercise a termination option upon the occurrence of either a significant event or a significant change in circumstances that:	116.20		
	a) Is within the control of the lessee and			
	b) Affects whether the lessee is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term?			
34	While reassessing the lease term, has the lessee considered the following events or changes in circumstances:	116.B41		
	a) Significant leasehold improvements not anticipated at the commencement date that are expected to have significant economic benefit for the lessee when the option to extend or terminate the lease, or to purchase the underlying asset, becomes exercisable,			
	b) A significant modification to, or customisation of, the underlying asset that was not anticipated at the commencement date,			
	c) The inception of a sub-lease of the underlying asset for a period beyond the end of the previously determined lease term and			
	d) A business decision of the lessee that is directly relevant to exercising, or not exercising, an option (for example, a decision to extend the lease of a complementary asset, to dispose of an alternative asset or to dispose of a business unit within which the ROU asset is employed)?			
35	Has the lessee revised the lease term if there is a change in the non-cancellable period of a lease on account of either of the following:	116.21		
	a) The lessee exercises an option not previously included in the entity's determination of the lease term,			
	b) The lessee does not exercise an option previously included in the entity's determination of the lease term,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	c) An event occurs that contractually obliges the lessee to exercise an option not previously included in the entity's determination of the lease term or			
	d) An event occurs that contractually prohibits the lessee from exercising an option previously included in the entity's determination of the lease term?			
	Lessee			
	Initial recognition			
36	At the lease commencement, has the lessee recognised the following:	116.22		
	a) ROU asset,			
	b) Lease liability?			
	Initial measurement of the ROU asset			
37	Has the lessee measured the ROU asset at cost?	116.23		
38	Does the cost of the ROU asset include following:	116.24		
	a) The amount of the initial measurement of the lease liability,			
	b) Any lease payments made at or before the commencement date, less any lease incentives received,			
	c) Any initial direct costs incurred by the lessee and			
	d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease?			
	(Note: *i. These costs will be recognised as part of the ROU asset when the lessee incurs an obligation for these costs.* *ii. The lessee incurs the obligation for these costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.)* *iii. These costs will not be included if they have been incurred to produce inventories.*)			
39	Has the lessee measured the amount included in Q 38(d) applying the principles of Ind AS 37, *Provisions, Contingent Liabilities and Contingent Assets*?	116.25		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Initial measurement of the lease liability			
40	At the lease commencement, has the lessee measured the lease liability at the present value of the lease payments that are not paid at that date? (Refer ITFG bulletins (bulletin 21 issue 4) and (bulletin 21 issue 5) clarifications)	116.26		
41	Whether the lease payments included in the lease liability comprise of the following payments for the right-to-use the underlying asset during the lease term: (Refer ITFG bulletin 21 issue 3 clarification)	116.27		
	a) Fixed payments,			
	b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date, (Note: *Variable lease payments that depend on an index or a rate includes, for example, payments linked to a consumer price index, payments linked to a benchmark interest rate (such as LIBOR) or payments that vary to reflect changes in market rental rates.*)			
	c) Amounts expected to be payable by the lessee under residual value guarantees,			
	d) The exercise price of a purchase option if the lessee is reasonably certain to exercise that option considering factors given in Q 26,			
	e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease?			
42	Are there any payments that may, in form, contain variability but that in substance are unavoidable (i.e., in-substance fixed lease payments) such as: a) Payments contain variable clauses that do not have real economic substance, such as: i. Payments that must be made only if an asset is proven to be capable of operating during the lease, or only if an event occurs that has no genuine possibility of not occurring or	116.B42		
	ii. Payments that are initially structured as variable lease for which the variability will be resolved at some point after the commencement date so that the payments become fixed for the remainder of the lease term, (Note: *These payments become in-substance fixed payments when the variability is resolved.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) There is more than one set of payments that a lessee could make, but only one of those sets of payments is realistic,			
	(Note: *In this case, an entity shall consider the realistic set of payments to be lease payments.*)			
	c) There is more than one realistic set of payments that a lessee could make, but it must make at least one of those sets of payments?			
	(Note: *In this case, an entity shall consider the set of payments that aggregates to the lowest amount (on a discounted basis) to be lease payments.*)			
43	If answer to Q42 is yes, then has the lessee included such in-substance fixed payments in the lease payments?	116.26		
44	a) Has the lessee incurred any costs relating to the construction or design of an underlying asset (other than payments for the right to use an underlying asset)?	116.B44		
	b) In case answer to Q44 (a) is yes, then has the lessee accounted for such costs in accordance with relevant applicable standards?			
	Subsequent measurement of the ROU asset			
45	Has the lessee measured the ROU asset by applying either of the following model?	116.35		
	a) A cost model,			
	b) Revaluation model, if ROU assets relate to a class of property, plant and equipment to which the lessee applies the revaluation model in Ind AS 16, *Property, Plant and Equipment?*			
46	If the answer to Q48 (a) is yes, then has the cost of the right-of-use asset is adjusted for the following amounts?	116.30		
	a) Accumulated depreciation,			
	b) Accumulated impairment losses and			
	c) Any remeasurement of the lease liability?			
47	While depreciating the ROU asset, has the lessee applied the depreciation requirements specified in Ind AS 16?	116.31		
48	a) Does the lease transfers ownership of the underlying asset to the lessee by the end of the lease term?	116.32		
	b) Does the cost of the ROU asset reflects that the lessee will exercise a purchase option?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
49	a) If the answer to Q 48(a) or Q 48(b) is yes, then has the lessee depreciated the ROU asset from the lease commencement date to the end of the useful life of the underlying asset?	116.32		
	b) If the answer to Q 48(a) or Q 48(b) is no, then has the lessee depreciated the ROU asset from the lease commencement date to the earlier of the: i. End of the useful life of the ROU asset or			
	ii. End of the lease term?			
50	Has the lessee applied Ind AS 36, *Impairment of Assets,* to determine whether the ROU asset is impaired and to account for any impairment loss identified?	116.33		
	Subsequent measurement of the lease liability			
51	Has the lessee measured the lease liability in the following manner: a) The carrying amount of the lease liability has been increased to reflect interest on the lease liability,	116.36		
	b) The carrying amount of the lease liability has been reduced to reflect the lease payments made and			
	c) The carrying amount of the lease liability has been remeasured to reflect: i. Any reassessment,			
	ii. Lease modifications or			
	iii. Revised in-substance fixed lease payments?			
52	Has the entity recognised the following in the statement of profit and loss: a) Interest on the lease liability and	116.38		
	b) Variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs? (Note: *These amounts will not be recognised in the statement of profit and loss if such amounts are included in the carrying amount of another asset applying other applicable standards.*)			
	Reassessment of the lease liability			
53.	Based on the events and circumstances given in Q 34 and Q 35, is there any change in the any of the following: a) Lease term,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) Assessment of an option to purchase the underlying asset?			
54.	a) If answer to Q 53(a) is yes, then has the lessee determined the revised lease payments on the basis of the revised lease term?			
	b) If answer to Q 53(b) is yes, then has the lessee determined the revised lease payments to reflect the change in amounts payable under the purchase option?			
55	For the purposes of Q 54(a) and Q 54(b), has the lessee determined interest rate implicit in the lease for the remainder of the lease term as the revised discount rate, if that rate can be readily determined?	116.41		
56	If interest rate implicit in the lease is not readily determined, then has the lessee determined the incremental borrowing rate as at the date of reassessment as the revised discount rate?			
57	Has the entity remeasured the lease liability by discounting the revised lease payments on the occurrence of any of the following events:	116.42		
	a) There is a change in the amounts expected to be payable under a residual value guarantee,			
	b) There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments (including for example, a change to reflect changes in market rental rates following a market rent review? (Note: *i. The lessee shall remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows (i.e., when the adjustment to the lease payments takes effect)* *ii. A lessee shall determine the revised lease payments for the remainder of the lease term based on the revised contractual payments.*)			
58	In case the answer to Q 57(a) or Q 57(b) is yes and the change in lease payments is not on account of a change in the floating interest rate, has the entity used an unchanged discount rate?	116.43		
59	In case the answer to Q 57(a) or Q 57(b) is yes and the change in lease payments is on account of a change in floating interest rate, then has the lessee used the revised discount rate which reflects the changes in the interest rate?	116.43		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
60	Has the entity recognised the amount of the remeasurement of the lease liability as an adjustment to the ROU asset?	116.39		
	(Note: *In case the carrying amount of the ROU asset is reduced to zero and there is further reduction in the measurement of the lease liability, a lessee shall recognise any remaining amount of the remeasurement in the statement of profit and loss.*)			
	Lease modifications			
61	Does the lease modification meet following two criteria:	116.44		
	a) The modification increases the scope of the lease by adding the right to use one or more underlying assets and			
	b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract?			
62	If the answer to Q 61(a) and Q 61(b) is yes, then has the lessee accounted the lease as a separate lease?	116.44		
63	If to the criteria in Q 61(a) and Q 61(b) are not met, then has the lessee recognised the lease modification in the following manner (i.e., not accounted for as a separate lease) at the effective date of the lease modification:	116.45		
	a) Allocated the consideration in the modified contract following the method prescribed in Q 17,			
	b) Determined the lease term of the modified lease applying the principles outlined in Q 25 and Q 27,			
	c) Remeasured the lease liability by discounting the revised lease payments using a revised discount rate? (Note: *The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.*)			
64	In case of lease modification not accounted for as a separate lease, has the lessee remeasured the lease liability in the following manner:	116.46		
	a) Decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, (Note: *The lessee shall recognise in the statement of profit and loss, any gain or loss relating to the partial or full termination of the lease.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) Making a corresponding adjustment to the ROU asset for all other lease modifications?			
65	Has the entity received any rent concession which meets all of the following conditions?	116.46B		
	a) Rent concessions occur as a direct consequence of the COVID-19 pandemic.			
	b) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.			
	c) Any reduction in lease payments affects only payments originally due on or before 30 June 2022.			
	(Note: *A rent concession will meet this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022.*)			
66	a) If answer to Q 65 is yes, has the entity elected to apply the practical expedient of not accounting for such a rent concession as a lease modification?	116.46A		
	b) If answer to Q 66 (a) is yes, has the entity accounted for any change in lease payments resulting from the rent concession the same way it would account for the change applying Ind AS 116 if the change were not a lease modification?			
	Presentation			
67	Has the lessee presented the following in the balance sheet or in the notes?	116.47	1	
	a) ROU assets separately from other assets,			
	(Note: *The requirement is not applicable to a ROU asset that meets the definition of an investment property, which shall be presented in the balance sheet as an investment property.*)			
	b) Lease liabilities separately from other liabilities?			
68	If a lessee does not present ROU assets separately in the balance sheet, then has the lessee disclosed the ROU assets in the following manner:	116.47		
	a) Included ROU assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned and			
	b) Disclosed which line items in the balance sheet includes those ROU assets?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
69	If a lessee does not present lease liabilities separately in the balance sheet, then has the lessee disclosed which line items in the balance sheet include those lease liabilities?	116.47		
	(Note: *Schedule III requires lease liabilities to be disclosed separately under the head 'financial liabilities' (current/non-current as the case may be) under 'equity and liabilities' section on the face of the balance sheet*[1].)	Sch III – Part I		
70	Has the lessee disclosed the following in the statement of profit and loss: a) Interest expense on the lease liability,	116.49		
	(Note: *Interest expense on the lease liability is a component of finance costs to be presented separately in accordance with Ind AS 1, Presentation of Financial Statements.*) b) Depreciation charge for the ROU asset?			
71	In the statement of cash flows, has the lessee disclosed the following: a) Under financing activities: i. Cash payments for the principal portion of the lease liability,	116.50		
	ii. Cash payments for the interest portion of the lease liability for interest paid applying the requirements in Ind AS 7, *Statement of Cash Flows*,			
	b) Under operating activities: i. Short-term lease payments,			
	ii. Payments for leases of low-value assets,			
	iii. Variable lease payments not included in the measurement of the lease liability?			
	Disclosure			
72.	Has the lessee disclosed information about its leases for which it is a lessee in a single note or separate section in its financial statements?	116.52	2	
	(Note: *A lessee need not duplicate information that is already presented elsewhere in the financial statements, provided that the information is incorporated by cross-reference in the single note or separate section about leases.*)			

[1] Amendments to Schedule III to the 2013 Act vide notification dated 24 March 2021. The amendment is effective from 1 April 2021.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
73.	Has the lessee disclosed the following amounts for the reporting period in a tabular format, unless another format is more appropriate:	116.53	3 and 4	
	a) Depreciation charge for the ROU assets (other than ROU asset that meet the definition of investment property) by class of underlying asset,			
	b) Interest expense on lease liabilities,			
	c) Expense relating to short-term leases recognised in accordance with Q 24. This expense need not include the expense relating to leases with a lease term of one month or less,			
	d) Expense relating to leases of low-value assets recognised in accordance with Q 24,			
	(Note: *This expense shall not include the expense relating to short-term leases of low-value assets included in Q 71(c) above.*)			
	e) Expense relating to variable lease payments not included in the measurement of lease liabilities,			
	f) Income from subleasing ROU assets (other than ROU assets that meets the definition of investment property),			
	g) Total cash outflow for leases,			
	h) Additions to ROU assets (other than ROU asset that meets the definition of investment property),			
	i) Gains or losses arising from sale-and-leaseback transactions and,			
	j) Carrying amount of the ROU assets (other than ROU assets that meets the definition of investment property) at the end of the reporting period by class of underlying asset?			
	(Note: *The above amounts shall include costs that a lessee has included in the carrying amount of another asset during the reporting period.*)			
74	Has the lessee disclosed the fact that it accounts for the following in the manner prescribed in Q 24:	116.60	10	
	a) Short-term leases,			
	b) Leases of low-value assets?			
75	Has the entity disclosed following in respect of the rent concessions to which it applies the practical expedient given in Q 66?	116.60A		
	a) The fact that it has applied the practical expedient to all rent concessions that meet the conditions given in Q 65			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) If the practical expedient is not applied to all rent concessions, information about the nature of the contracts to which it has applied the practical expedient			
	c) The amount recognised in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient in Q 66[2].			
76	Has the lessee disclosed the amount of its lease commitments for short-term leases (accounted in the manner given in Q 24), if the portfolio of short-term leases to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed applying Q 73(c) relates?	116.55	5	
77	If ROU asset meet the definition of an investment property, then has the lessee applied the disclosure requirements in Ind AS 40?	116.56	6	
	(Note: *In that case, a lessee is not required to provide the disclosures in Q 73(a), (f), (h) or (j) for those ROU assets.*)			
78	a) Has the lessee measured the ROU assets at revalued amounts following principles of Ind AS 16?	116.57	7	
	b) If the answer to Q 78(a) above is yes, has the lessee made the following additional disclosures:			
	i. Effective date of the revaluation,			
	ii. Whether an independent valuer was involved,			
	iii. For each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model and			
	iv. Revaluation surplus, indicating the charge for the period and any restrictions on the distribution of the balance to shareholders?			
79	Has the lessee disclosed a maturity analysis of lease liabilities (applying principles given in Q 60 and paragraph B11 of Ind AS 107, *Financial Instruments: Disclosures*) separately from the maturity analysis of other financial liabilities?	116.58	8	

[2] Amendments made by MCA vide notification no. G.S.R. 463(E) dated 24 July 2020 and notification no. G.S.R. 419(E) dated 18 June 2021. A lessee should apply the amendments for annual reporting periods beginning on or after 1 April 2021. In case a lessee has not yet approved the financial statements for issue before the issuance of the amendments, then the same may be applied for annual reporting periods beginning on or after 1 April 2020.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
80	In addition to the above disclosures, has the lessee disclosed the qualitative and quantitative information about its leasing activities so as to help users of financial statements to assess the following:	116.59	9	
	a) Nature of the lessee's leasing activities,			
	b) Future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities i.e., exposure arising from:			
	i. Variable lease payments (refer Q 81),			
	ii. Extension options and termination options (refer Q 82),			
	iii. Residual value guarantees (refer Q 83) and			
	iv. Leases not yet commenced to which the lessee is committed?			
	c) Restrictions or covenants imposed by leases and			
	d) Sale-and-leaseback transactions (refer Q 84)?			
81	With respect to variable lease payments, has the lessee provided additional information that could help users of financial statements to assess the following:	116.B49	19	
	a) Lessee's reasons for using variable lease payments and the prevalence of those payments,			
	b) Relative magnitude of variable lease payments to fixed payments,			
	c) Key variables upon which variable lease payments depend and how payments are expected to vary in response to changes in those key variables and			
	d) Other operational and financial effects of variable lease payments?			
82	With respect to extension options and termination options, has the lessee provided additional information that could help users of financial statements to assess the following:	116.B50	20	
	a) Lessee's reasons for using extension options or termination options and the prevalence of those options,			
	b) Relative magnitude of optional lease payments to lease payments,			
	c) Prevalence of the exercise of options that were not included in the measurement of lease liabilities and			
	d) Other operational and financial effects of those options?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
83	With respect to residual value guarantees, has the lessee provided additional information that could help users of financial statements to assess the following:	116.B51	21	
	a) Lessee's reasons for providing residual value guarantees and the prevalence of those guarantees,			
	b) Magnitude of a lessee's exposure to residual value risk,			
	c) Nature of underlying assets for which those guarantees are provided and			
	d) Other operational and financial effects of those guarantees?			
84	With respect to sale-and-leaseback transactions, has the lessee provided additional information that could help users of financial statements to assess the following:	116.B52	22	
	a) Lessee's reasons for sale-and-leaseback transactions and the prevalence of those transactions,			
	b) Key terms and conditions of individual sale-and-leaseback transactions,			
	c) Payments not included in the measurement of lease liabilities and			
	d) Cash flow effect of sale-and-leaseback transactions in the reporting period?			
	Lessor			
85	Has the lessor classified each its leases in the following manner:	116.62		
	a) Finance lease: If it transfer substantially all the risks and rewards incidental to ownership of an underlying asset,			
	b) Operating lease: If it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset?			
	(Note:			
	i. Risks include the possibilities for losses from idle capacity or technological obsolescence and of variations in return because of changing economic conditions.	116.B53		
	ii. Rewards may be represented by the expectation of profitable operation over the underlying asset's economic life and of gain from appreciation in value or realisation of a residual value.)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(Note: *In assessing the requirements of Q 84, 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 underlying asset to the lessee by the end of the lease term,* *b) The lessee has the option to purchase the underlying 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 underlying 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 underlying asset, and* *e) The underlying assets are of such a specialised nature that only the lessee can use them without major modifications?*)	116.63		
	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.*)	116.64		
86	Has the entity reassessed lease classification only when there is a lease modification?	116.66		
87	If the lease includes both land and buildings elements, has the lessor assessed the classification of each element as a finance lease or an operating lease based on the guidance of Ind AS 116.62-66 and B53-54? (Note: *In determining whether the land element is an operating lease or a finance lease, an important consideration is that land normally has an indefinite economic life.*)	116.B55		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
88	When classifying a lease of land and buildings, has the lessor allocated lease payments (including any lump-sum upfront payments) between the land and the building elements in proportion to the relative fair values of the leasehold interest in the land element and buildings element of the lease at the inception date?	116.B56		
89	When classifying a lease of land and buildings, if the lease payments cannot be allocated reliably between the two elements, has the lessor 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?	116.B56		
	(Note: *For a lease of land and buildings in which the amount for the land element is immaterial to the lease, a lessor may treat the land and buildings as a single unit for the purpose of lease classification and classify it as a finance lease or an operating lease based on guidance given in Ind AS 116.62-66 and B53-54. In such a case, a lessor shall regard the economic life of the buildings as the economic life of the entire underlying asset.*)	116.B57		
90	In case of a sub-lease, has the intermediate lessor classified the sub-lease in the following manner:	116.B58		
	a) If the head lease is accounted as a short-term lease, then sub-lease has been classified as an operating lease,			
	b) If the head lease is not a short-term lease, then the sub-lease has been classified with reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset?			
	Finance lease			
	Initial measurement			
91	Has the lessor recognised in its balance sheet, assets held under a finance lease as a receivable at an amount equal to the net investment in the lease?	116.67		
92	To measure investment in the lease, has the lessor used the interest rate implicit in the lease?	116.68		
93	In case of a sub-lease where the interest rate implicit in the sub-lease cannot be readily determined, then has the intermediate lessor used the discount rate used for the head lease to measure the net investment in the sub-lease?	116.68		
	(Note: *The initial direct costs are included automatically in the net investment in the lease; there is no need to add them separately.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
94	Has the lessor included the following payments for the right-to-use the underlying asset during the lease term that are not received at the commencement date:	116.70		
	a) Fixed payments less any lease incentives payable,			
	b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,			
	c) Any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee,			
	d) Exercise price of a purchase option if the lessee is reasonably certain to exercise that option (considering the factors given in Q 26) and			
	e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease?			
95	Are there any payments that may, in form, contain variability but that in substance are unavoidable (i.e., in-substance fixed lease payments) such as:	116.B42		
	a) Payments contain variable clauses that do not have real economic substance such as: i. Payments that must be made only if an asset is proven to be capable of operating during the lease, or only if an event occurs that has no genuine possibility of not occurring or			
	ii. Payments that are initially structured as variable lease for which the variability will be resolved at some point after the commencement date so that the payments become fixed for the remainder of the lease term. (Note: *These payments become in-substance fixed payments when the variability is resolved.*)			
	b) There is more than one set of payments that a lessee could make, but only one of those sets of payments is realistic. (Note: *In this case, an entity shall consider the realistic set of payments to be lease payments.*)			
	c) There is more than one realistic set of payments that a lessee could make, but it must make at least one of those sets of payments. (Note: *In this case, an entity shall consider the set of payments that aggregates to the lowest amount (on a discounted basis) to be lease payments.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
96	If answer to Q 95 is yes, then has the lessor included such in-substance fixed payments in the lease payments?	116.70		
	Manufacturer or dealer lessors			
97	In case of a manufacturer or a dealer lessor, has the lessor recognised the following for each of its finance leases:	116.71		
	a) Revenue being the fair value of the underlying asset, or, if lower, the present value of the lease payments accruing to the lessor, discounted using a market rate of interest,			
	b) The cost of sale being the cost, or carrying amount if different, of the underlying asset less the present value of the unguaranteed residual value and			
	c) Selling profit or loss (being the difference between revenue and the cost of sale) in accordance with its policy for outright sales to which Ind AS 115 applies? (Note: i. *The selling profit or loss on a finance lease shall be recognised at the commencement date, regardless of whether the lessor transfers the underlying asset as described in Ind AS 115.)* ii. *Any selling profit on entering into an operating lease is not recognised as it is not the equivalent of a sale.*)			
98	Has the manufacturer or the dealer lessor recognised as an expense, the costs incurred in connection with obtaining a finance lease at the commencement date? (Note: *These costs are mainly related to earning the manufacturer's or dealer's selling profit.*)	116.74		
	Subsequent measurement			
99	Has the lessor recognised finance income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease?	116.75		
100	Has the lessor applied the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income?	116.76		
101	Has the lessor applied derecognition and impairment requirements to the net investment in the lease as per Ind AS 109?	116.77		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
102	a) Does the lessor regularly review estimated unguaranteed residual values used in computing the gross investment in the lease?	116.77		
	b) In case of reduction in the estimated unguaranteed residual value, does the lessor:			
	i. Revises the income allocation over the lease term and			
	ii. Recognise immediately any reduction in respect of amounts accrued?			
103	a) Has the lessor classified an asset under a finance lease as held for sale or included it 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*?	116.78		
	b) If answer to Q103 (a) above is yes, has the lessor accounted the asset in accordance with Ind AS 105?			
	Operating lease			
	Recognition and measurement			
104	Has the entity recognised the lease payments from operating leases as income following either: (Refer ITFG bulletin 22 issue 2 clarification)	116.81		
	a) A straight-line basis or			
	b) Another systematic basis, if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished?			
105	Has the lessor recognised costs, including depreciation, incurred in earning the lease income as an expense: (Note: *i. The depreciation policy for depreciable underlying assets subject to operating leases shall be consistent with the lessor's normal depreciation policy for similar assets.* *ii. A lessor shall calculate depreciation in accordance with Ind AS 16 and Ind AS 38.*)	116.82		
106	Has the lessor added the initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognise those costs as an expense over the lease term on the same basis as the lease income?	116.83		
107	Has the lessor applied Ind AS 36 to determine whether an underlying asset subject to an operating lease is impaired and to account for any impairment loss identified?	116.85		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
108	Has a manufacturer or dealer not recognised any selling profit on entering into an operating lease because it is not the equivalent of a sale?	116.86		
	Lease modifications			
	Finance lease			
109	Does the lease modification to a finance lease meets both following two conditions:	116.79		
	a) The modification increases the scope of the lease by adding the right to use one or more underlying assets and			
	b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract?			
110	If the answer to Q 109 is yes, then has the lessor accounted for the lease as a separate lease?	116.79		
111	If conditions in Q 109 are not met, then has the lessor recognised the lease modification in the following manner:	116.80		
	a) In case the lease would have been classified as an operating lease had the modification been in effect at the inception date:			
	i. Account for the lease modification as a new lease from the effective date of the modification and			
	ii. Measure the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification,			
	b) In other cases: Apply the requirements of Ind AS 109?			
	Operating leases			
112	Does the lessor account for a lease modification to an operating lease as a new lease from the effective date of the modification after considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease?	116.87		
	Presentation and disclosure			
113	Has the lessor presented underlying assets subject to operating leases in its balance sheet according to the nature of the underlying asset?	116.88		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
114	Has the lessor disclosed the following amounts for the reporting period in a tabular format, unless another format is more appropriate?	116.90	11 and 12	
	a) For finance leases:			
	i. Selling profit or loss			
	ii. Finance income on the net investment in the lease and			
	iii. Income relating to variable lease payments not included in the measurement of the net investment in the lease.			
	b) For operating leases:			
	i. Lease income			
	ii. Income relating to variable lease payments that do not depend on an index or a rate.			
115	Has the lessor disclosed additional qualitative and quantitative information that helps users of financial statements to assess:	116.92	13	
	a) The nature of the lessor's leasing activities and			
	b) How the lessor manages the risk associated with any rights it retains in underlying assets i.e., its risk management strategy including any means by which the lessor reduces that risk.			
	(Note: *The means by which a lessor reduces the risk associated with any rights it retains in underlying assets may include, for example, buy-back agreements, residual value guarantees or variable lease payments for use in excess of specified limits.*)			
	Finance lease			
116	Does the lessor provide a qualitative and quantitative explanation of the significant changes in the carrying amount of the net investment in finance leases?	116.93	14	
117	Has the lessor disclosed a maturity analysis of lease payments receivable showing the undiscounted lease payments to be received in the following manner:	116.94	15	
	a) On an annual basis for a minimum of each of the first five years and			
	b) A total of the amounts for the remaining years?			
118	a) Has the lessor presented a reconciliation of the undiscounted lease payments to the net investment in the lease?	116.94	15	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) If answer to (a) above is yes, does the reconciliation identify the unearned finance income relating to the lease payments receivable and any discounted unguaranteed residual value?	116.94		
	Operating lease			
119	In respect of items of property, plant and equipment subject to an operating lease, has the lessor provided disclosures required in Ind AS 16?	116.95		
120	In applying the disclosure requirements in Ind AS 16, whether a lessor has disaggregated each class of property, plant and equipment into assets subject to operating leases and assets not subject to operating leases. Accordingly, while providing disclosures under Ind AS 16, has the lessor provided disclosures for assets subject to an operating lease (by class of underlying asset) separately from owned assets held and used by the lessor?	116.95	16	
121	Has the lessor provided disclosures required under Ind AS 36, Ind AS 38, Ind AS 40 and Ind AS 41 for assets subject to operating leases?	116.96	17	
122	Has the lessor disclosed a maturity analysis of lease payments showing the undiscounted lease payments to be received in the following manner: a) On an annual basis for a minimum of each of the first five years and	116.97	18	
	b) A total of the amounts for the remaining years?			
	Sale-and-leaseback transaction			
123	Has the entity classified the transaction as a sale-and-leaseback transaction, if a transaction involves the sale of an asset by an entity (seller-lessee) to another entity (buyer-lessor) and leases the same asset back from the buyer-lessor?	116.98		
124	Has the entity applied the requirements of Ind AS 115 to determine whether the transfer of an asset is accounted for as a sale of that asset?	116.99		
125	If the transfer of an asset by the seller-lessee meets the condition of a sale of an asset under Ind AS 115, has the transaction been accounted in the following manner: a) The seller lessee measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained by the seller-lessee i.e., it shall recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor,	116.100		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) The buyer-lessor accounts for the purchase of the asset applying applicable standards and for the lease applying the lessor accounting requirements given in this standard?			
126	a) In case of sale of an asset, is the fair value of the consideration for the sale of an asset equal to the fair value of the asset or the payments for the lease are at market rates?	116.101		
	b) If answer to (a) above is no, then has the entity made following adjustments to measure the sale proceeds at fair value:			
	i. Any below-market terms shall be accounted for as a prepayment of lease payments,			
	ii. Any above-market terms shall be accounted for as additional financing provided by the buyer-lessor to the seller-lessee?			
127	Has the entity measured any potential adjustment as required under Q 126 on the basis of the more readily determinable of the following?	116.102		
	a) The difference between the fair value of the consideration for the sale and the fair value of the asset and			
	b) The difference between the present value of the contractual payments for the lease and the present value of payments for the lease at market rates?			
128	If the transfer of an asset by the seller-lessee does not satisfy the requirements of Ind AS 115 to be accounted for as a sale of the asset then, then	116.103		
	a) Has the seller-lessee continued to recognise the transferred asset and recognised a financial liability equal to the transfer proceeds and accounted it by applying Ind AS 109?			
	b) Has the buyer-lessor not recognised the transferred asset and recognised a financial asset equal to the transfer proceeds and accounted it by applying Ind AS 109?			
129	a) Is there a lease modification consequent to interest rate benchmark reform[3]?	116.104		
	(Note: *A lease modification is required by interest rate benchmark reform only if, both the following conditions are met:*			
	a) The modification is necessary as a direct consequence of interest rate benchmark reform and	116.105		

[3] Amendments made by MCA vide notification no. G.S.R. 463(E) dated 24 July 2020 and notification no. G.S.R. 419(E) dated 18 June 2021. An entity shall apply the amendments for annual reporting periods beginning on or after 1 April 2021.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) *The new basis for determining the lease payments is economically equivalent to the previous basis (i.e., the basis immediately preceding the modification.)*	116.104		
	b) If answer to Q 129 (a) is yes, has the entity applied the practical expedient to such modifications and remeasured the lease liability by discounting the revised lease payments using a revised discount rate that reflects the change in interest rate?	116.105		
	c) If there are lease modifications, then has the lessee applied requirements of Ind AS 116 to account for all lease modifications made at the same time, including those required by interest rate benchmark reform?	116.106		
	Transition provisions			
	Definition of a lease			
130	Has the entity chosen to apply the following practical expedient to all of its contracts at the date of initial application:	116.C3 116.C4		
	a) Apply the standard to contracts that were previously identified as leases applying Ind AS 17 and			
	b) Not to apply the standard to contracts that were not previously classified as containing a lease applying Ind AS 17?			
131	If an entity chooses the above practical expedient, then has it disclosed this fact and applied the practical expedient to all its contracts?	116.C4	23	
	Lessees			
132	Has the entity applied the standard to all of its leases in which it is a lessee either:	116.C5		
	a) Retrospectively to each prior reporting period presented applying Ind AS 8, *Accounting Policies, Changes in Accounting Estimates* and Errors or			
	b) Retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application?			
	(Note: *A lessee should apply the election described above consistently to all of its leases in which it is a lease.*)			
133	If answer to Q 132(b) is yes, has the lessee:			
	a) Recognised the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate), with no restatement of comparative information,	116.C7		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) Not restate comparative information?			
	c) In case of leases previously classified as operating leases applying Ind AS 17:	116.C8		
	i. Recognised a lease liability at the date of initial application for leases by measuring the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application.			
	ii. Recognised a ROU asset at the date of initial application for leases either at:			
	• Its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application or			
	• An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application?			
	iii. Apply Ind AS 36 to ROU assets at the date of initial application (unless the lessee applies the practical expedient in Ind AS 116.C10(b)) (Note: *The election to measure the ROU asset shall be made on a lease-by-lease basis.*)			
	iv. In the case of low value asset, then has the lessee is not applied any adjustment on transition for leases and has accounted for low value asset leases by applying Ind AS 116 from the date of initial application?	116.C9		
134	Has the lessee elected to use practical expedients when applying Ind AS 116 retrospectively in accordance with para C5(b) to leases previously classified as operating leases applying Ind AS 17? (Note: *A lessee is permitted to apply these practical expedients on a lease-by-lease basis.*)			
135	If answer to Q134 is yes, then has it applied following practical expedients?			
	a) Elected to apply a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment),	116.C10(a)		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) Relied on its assessment of whether leases are onerous applying Ind AS 37, immediately before the date of initial application as an alternative to performing an impairment review,	116.C10(b)		
	c) Adjusted the ROU asset at the date of initial application by the amount of any provision for onerous leases recognised in the balance sheet immediately before the date of initial application,			
	d) Leases for which the lease term ends within 12 months of the date of initial application, has the lessee:	116.C10(c)	24	
	i. Accounted for such leases in the same way as short-term leases,			
	ii. Included the cost associated with such leases within the disclosure of short-term lease expense in the annual reporting period that includes the date of initial application,			
	e) Elected to exclude initial direct costs from the measurement of the ROU asset,	116.C10(d)		
	f) Elected to use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease?	116.C10(e)		
136	a) If answer to Q 132(b) is yes, for leases that were classified as finance leases applying Ind AS 17, then has it been ensured that the carrying amount of the ROU asset and the lease liability at the date of initial application shall be the carrying amount of the lease asset and lease liability immediately before that date measured applying Ind AS 17?	116.C11		
	b) Has the lessee accounted for the ROU asset and the lease liability applying this standard from the date of initial application?			
137	If the lessee elects to apply the standard in accordance with Q 132(b), then has it disclosed:	116.C12 read with 8.28	25	
	a) Title of the Ind AS,			
	b) When applicable, that the change in accounting policy is made in accordance with its transitional provisions,			
	c) Nature of the change in accounting policy,			
	d) When applicable, a description of the transitional provisions,			
	e) When applicable, the transitional provisions that may have an effect on future periods,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	f) The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the balance sheet at the date of initial application and			
	g) An explanation of any difference between:			
	i. Operating lease commitments disclosed applying Ind AS 17 at the end of the annual reporting period immediately preceding the date of initial application, discounted using the incremental borrowing rate at the date of initial application and			
	ii. Lease liabilities recognised in the balance sheet at the date of initial application,			
	h) The fact that it has chosen one or more of the practical expedients given in Q 135?	116.C13	26	
138	Has the entity applied the practical expedient in Q 65 in respect of COVID-19 related rent concessions?	116.C13		
139	If answer to Q 138 is yes, has the entity applied the practical expedient retrospectively and recognised the cumulative effect of initially applying the expedient as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment[4]?	116.C20A		
	(Note: *A lessee is not required to disclose the information given in paragraph 28(f) of Ind AS 8 in the reporting period in which a lessee first applies the practical expedient in respect of COVID-19 related rent concessions.*)	116.C20B		
140	Has the entity applied the practical expedient in Q 129 in respect of interest rate benchmark reform?	116.C20C		
141	If answer to Q 139 is yes, has the entity applied the practical expedient retrospectively in accordance with Ind AS 8 except in following scenarios:			
	a) An entity has restated the prior periods only if it is possible without the use of hindsight	116.C20C		
	b) If the entity has not restated the prior periods, the entity has recognised any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application of the amendments in the opening retained earnings (or other component of equity, as appropriate) of the annual reporting period that includes the date of initial application of the amendments?	116.C20D		

[4] Amendments made by MCA vide notification no. G.S.R. 463(E) dated 24 July 2020.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Lessors			
142	In case of sub-leases, has the intermediate lessor:	116.C15		
	a) Reassessed sub-leases that were classified as operating leases applying Ind AS 17 and are ongoing at the date of initial application, to determine whether each sub-lease should be classified as an operating lease or a finance lease applying this standard,			
	(Note: *The intermediate lessor shall perform this assessment at the date of initial application on the basis of the remaining contractual terms and conditions of the head lease and sub-lease at that date.*)			
	b) For sub-leases that were classified as operating leases applying Ind AS 17 but finance leases applying this standard, accounted for the sub-lease as a new finance lease entered into at the date of initial application?			
	(Note: *Except the above, a lessor is not required to make any adjustments on transition for leases in which it is a lessor and shall account for those leases applying this standard from the date of initial application.*)			
	Sale-and-lease-back transactions before the date of initial application			
143	Has the entity ensured that it does not reassess sale-and-leaseback transactions entered into before the date of initial application to determine whether the transfer of an underlying asset satisfies the requirements in Ind AS 115 to be accounted for as a sale?	116.C16		
144	In case a sale-and-leaseback transaction was accounted for as a sale and a finance lease applying Ind AS 17, has the seller-lessee:	116.C17		
	a) Accounted for the leaseback in the same way as it accounts for any other finance lease that exists at the date of initial application and			
	b) Continued to amortise any gain on sale over the lease term?			
145	In case a sale-and-leaseback transaction was accounted for as a sale and an operating lease applying Ind AS 17, has the seller-lessee:	116.C18		
	a) Accounted for the leaseback in the same way as it accounts for any other operating lease that exists at the date of initial application and			
	b) Adjusted the leaseback ROU asset for any deferred gains or losses that relate to off-market terms recognised in the balance sheet immediately before the date of initial application?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Amounts previously recognised in respect of business combinations			
146	In case a lessee has previously recognised an asset or a liability in accordance with Ind AS 103, *Business Combinations* relating to favourable or unfavourable terms of an operating lease acquired as part of a business combination, has the lessee:	116.C19		
	a) Derecognised that asset or liability and			
	b) Adjusted the carrying amount of the ROU asset by a corresponding amount at the date of initial application?			

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

Glossary

Commencement date of the lease (commencement date) is the date on which a lessor makes an underlying asset available for use by a lessee.

A c*ontract* is an agreement between two or more parties that creates enforceable rights and obligations.

Economic life is the period over which an asset is expected to be economically usable by one or more users or the number of production or similar units expected to be obtained from an asset by one or more users.

Effective date of the modification is the date when both parties agree to a lease modification.

For the purpose of applying the lessor accounting requirements in this standard, 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.

A *finance lease* is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset.

Fixed payments are payments made by a lessee to a lessor for the right to use an underlying asset during the lease term, excluding variable lease payments.

Gross investment in the lease is the sum of:

a) The lease payments receivable by a lessor under a finance lease and

b) Any unguaranteed residual value accruing to the lessor.

Inception date of the lease (inception date) is the earlier of the date of a lease agreement and the date of commitment by the parties to the principal terms and conditions of the lease.

Initial direct costs are incremental costs of obtaining a lease that would not have been incurred if the lease had not been obtained, except for such costs incurred by a manufacturer or dealer lessor in connection with a finance lease.

An *interest rate implicit in the lease* is the rate of interest that causes the present value of the lease payments and the unguaranteed residual value to equal the sum of the fair value of the underlying asset and any initial direct costs of the lessor.

A *lease* is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Lease incentives are payments made by a lessor to a lessee associated with a lease, or the reimbursement or assumption by a lessor of costs of a lessee.

A lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term).

Lease payments are payments made by a lessee to a lessor relating to the right to use an underlying asset during the lease term, comprising the following:

a) Fixed payments (including in-substance fixed payments), less any lease incentives

b) Variable lease payments that depend on an index or a rate

c) Exercise price of a purchase option if the lessee is reasonably certain to exercise that option

d) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

For the *lessee, lease payments* also include amounts expected to be payable by the lessee under residual value guarantees. Lease payments do not include payments allocated to non-lease components of a contract, unless the lessee elects to combine non-lease components with a lease component and to account for them as a single lease component.

For the *lessor, lease payments* also include any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee. Lease payments do not include payments allocated to non-lease components.

Lease term is the non-cancellable period for which a lessee has the right to use an underlying asset, together with both:

a) Periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option and

b) Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

A *lessee* is an entity that obtains the right to use an underlying asset for a period of time in exchange for consideration.

Lessee's incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

A *lesso*r is an entity that provides the right to use an underlying asset for a period of time in exchange for consideration.

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

An *operating lease is* a lease that does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Optional lease payments are payments which are to be made by a lessee to a lessor for the right to use an underlying asset during periods covered by an option to extend or terminate a lease that are not included in the lease term.

Period of use is the total period of time that an asset is used to fulfil a contract with a customer (including any non-consecutive periods of time).

Residual value guarantee is a guarantee made to a lessor by a party unrelated to the lessor that the value (or part of the value) of an underlying asset at the end of a lease will be at least a specified amount.

A *right-of-use asset* is an asset that represents a lessee's right to use an underlying asset for the lease term.

A *short-term lease* is a lease that, at the commencement date, has a lease term of 12 months or less. A lease that contains a purchase option is not a short-term lease.

A s*ub-lease* is a transaction for which an underlying asset is re-leased by a lessee ('intermediate lessor') to a third party, and the lease ('head lease') between the head lessor and lessee remains in effect.

An *underlying asset* is an asset that is the subject of a lease, for which the right to use that asset has been provided by a lessor to a lessee.

An unearned finance income is the difference between:

a) The gross investment in the lease and

b) The net investment in the lease.

An *unguaranteed residual value* is that portion of the residual value of the underlying asset, the realisation of which by a lessor is not assured or is guaranteed solely by a party related to the lessor.

Useful life is the period over which an asset is expected to be available for use by an entity or the number of production or similar units expected to be obtained from an asset by an entity.

Variable lease payments are the portion of payments made by a lessee to a lessor for the right to use an underlying asset during the lease term that varies because of changes in facts or circumstances occurring after the commencement date, other than the passage of time.

(Source: Ind AS 116, *Leases* as issued by the Ministry of Corporate Affairs)

*Reference to Schedule III is with respect to Division II.

Ind AS-1 Presentation of Financial Statements

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	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? (Refer ITFG bulletin 22 issue 7 clarification)	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*[1]*. 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	a) Are the financial statements prepared on a going concern basis?	1.25	10	
	If no, then has the entity disclosed:			
	i. The fact that the financial statements are not prepared on a going concern basis,			
	ii. The basis on which the financial statements are prepared, and			
	iii. The reason why the entity is not regarded as a going concern?			
	b) 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, the entity is required to provide disclosures of those uncertainties. Has the entity disclosed those uncertainties?			
	Structure and content			
3	a) Does the complete set of financial statements comprise:	1.10	1	
	i. A balance sheet as at the end of the period,			

[1] In accordance with the amendments issued by MCA through the Companies (Ind AS) Amendment Rules, 2021 dated 18 June 2021, the term *Conceptual Framework* refers to the *'Conceptual Framework for Financial Reporting under Ind AS issued by ICAI'* on 28 August 2020.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	ii. A statement of profit and loss for the period,			
	iii. A statement of changes in equity for the period,			
	iv. A statement of cash flows for the period,			
	v. Notes, comprising significant accounting policies and other explanatory information,			
	vi. Comparative information in respect of the preceding period as specified in Q 13 (a-c) and			
	vii. A third balance sheet as at the beginning of the preceding period, in addition to the minimum comparative financial statements required in Q 13(c) if: (Refer ITFG bulletin 21 issue 2 clarification): – 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	1.40A	18	
	– 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?			
	(Note: *Schedule III sets out the minimum requirements for disclosure on the face of the financial statements, i.e., balance sheet, statement of changes in equity for the period, the statement of profit and loss for the period. The term 'statement of profit and loss' has the same meaning as 'profit and loss account' and notes. Cash flow statement shall be prepared, where applicable, in accordance with the requirements of Ind AS 7, Statement of Cash Flows.*)	Sch III Para 9		
	b) In circumstances described in Q 3(vii) above, has the entity presented three balance sheets in the following manner: (Also refer Q 4 below) • At the end of the current period	1.40B	19	
	• At the end of the preceding period and			
	• At the beginning of the preceding period?			
	c) Has the entity presented with equal prominence all of the financial statements in a complete set of financial statements?	1.11	3	
4	a) Is the entity required to present an additional balance sheet as at the beginning of the preceding period?	1.40C		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	b) If yes, has the entity disclosed the information required by Q 14-15 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.)			
	c) Has it been ensured that the date of the opening balance sheet is as at the beginning of the preceding period regardless of whether the entity's financial statements present comparative information for earlier periods?	1.40D	20	
5	Have all the specific disclosure been provided which are material and required by law?	1.31		
	(Note: *Financial statements should disclose all 'material' items. An information is considered to be material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Materiality depends on the nature or magnitude of information, or both. An entity needs to assess whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole*[2]*. The entity need not provide a specific disclosure required by an Ind AS if the information is not material except when required by law.*)	1.31, Sch III Para 7		
6	Have the financial statements been clearly identified and distinguished from the other information in the same published document?	1.49	24	
7	Has each financial statement and the notes been clearly identified?	1.51	25(a)	
8	Has the entity cross-referenced each item appearing on the face of the balance sheet, statement of changes in equity and statement of profit and loss to its related information in the notes?			
	(Note: *In preparing the financial statements including the notes, a balance shall be maintained between providing excessive detail that may not assist users of financial statements and not providing important information as a result of too much aggregation.*)			
9	Has the entity prominently displayed, and repeated when necessary for a proper understanding of the information presented:	1.51	25(b)	
	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,			

[2] The definition of 'material' has been revised by MCA vide notification no. G.S.R. 463(E) dated 24 July 2020. The revised definition applies prospectively for annual periods beginning on or after 1 April 2020. Related amendment has also been made in Ind AS 8, *Accounting Policies, Changes in Accounting Estimates.*

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	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?			
	(Note: *Depending upon the total income[3] of the company, figures appearing in the financial statements shall be rounded off as below:* *Total Income* — *Rounding off* *i. Less than INR100 crore* — *i. To the nearest hundred, thousand, lakh or million, or decimal thereof.* *ii. INR100 crore or more* — *ii. To the nearest lakh, million or crore, or decimal thereof.* *Once a unit of measurement is used, it should be used uniformly in the financial statements.*)		Sch III, Para 5	
10	Has the entity presented a complete set of financial statements (including comparative information) at least annually? (Also refer Q 13)	1.36	13	
	(Note: *Financial statements shall contain the corresponding amounts (comparatives) for the immediately preceding reporting period for all items shown in the financial statements including notes except in the case of first financial statements laid before the company after incorporation.*)	Sch III, Para 6		
11	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	13	
	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?			

[3] Amendments to Schedule III made by MCA on 24 March 2021 have replaced the term 'turnover' with 'total income'. The amendments are effective from 1 April 2021.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
12	In case the entity has presented outside the financial statements, a financial review by the management, that describes and explains the main features of the entity's financial performance and financial position, has the entity reviewed the following:		1.13	
	a) The main factors and influences determining financial performance, including changes in the environment in which the entity operates, the entity's response to those changes and their effect, and the entity's policy for investment to maintain and enhance financial performance, including its dividend policy.			
	b) The entity's sources of funding and its targeted ratio of liabilities to equity and			
	c) The entity's resources not recognised in the balance sheet in accordance with Ind ASs.			
	Comparative information and consistency of presentation			
	Minimum comparative information			
13	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, including notes?	1.38 and Sch III Para 6	14(a)	
	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	14(b)	
	c) Has the entity presented, as a minimum:	1.38A	15	
	i. Two 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	16	
	Additional comparative information			
14	a) 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? (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.)*	1.38C	17	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	b) In the above-mentioned case, has the entity presented 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			
15	Has the entity retained, the presentation and classification of items in financial statements from one period to the next unless:	1.45	23	
	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, or			
	b) An Ind AS requires a change in presentation?			
	Reclassifications			
16	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	21	
	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	22	
	i. The reason for not reclassifying the amounts, and			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	ii. The nature of the adjustments that would have been made if the amounts had been reclassified?			
	Other disclosures			
17	Has the entity disclosed the following, if not disclosed elsewhere in information published with the financial statements:	1.138	64	
	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			
18	Has the entity presented separately:	1.29	11	
	a) Each material class of similar items,			
	b) Items of a dissimilar nature or function unless they are immaterial except when required by law? (Refer bulletins- (ITFG 16 issue 2) and (ITFG 17 issue 8) clarifications)			
	(Note:			
	a) 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		
	b) The entity should consider all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes.	1.30A		
	c) 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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	(Note: *Line items, sub-line items and sub-totals shall be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the company's financial position or performance or to cater to industry or sector-specific disclosure requirements or when required for compliance with the amendments to the 2013 Act or under Ind AS.*)	Sch III, Para 9		
	Balance sheet			
	Current vs non-current distinction			
19	a) Has the entity classified and presented its assets and liabilities (except deferred tax asset/liability) in the balance sheet separately as current or non-current?	1.60, Sch III	30(a)	
	b) As an exception to the above presentation, has the entity presented all assets and liabilities in order of liquidity, if that presentation provides information that is more reliable and relevant?	1.60	30(b)	
	c) Has the entity ensured that deferred tax asset/ liability is always classified as non-current?	1.56	29	
	(Note: *Schedule III of the 2013 Act does not provide the option of presenting assets and liabilities on the basis of liquidity.*)	Sch III, Para 2		
	d) 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	31	
	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.*)			
	e) Has the entity classified an asset as current if:	1.66, Sch III, Part-I Para 1		
	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,			
	iii. It expects to realise the asset within 12 months after the reporting period, or			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	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 12 months after the reporting period?			
	(Note: *The operating cycle of an entity is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. When the entity's normal operating cycle is not clearly identifiable, it is assumed to be 12 months.*)	Sch III, Para 2		
	f) Has the entity classified a liability as current if:	1.69, Sch III Para 3		
	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 19 (g))?			
	(Note: *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.*)			
	g) 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?			
	h) 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?	1.73		
	(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.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	i) 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 12 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		
	Information to be presented in the balance sheet			
20	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	12	
	b) Has the entity included the following line items (on next page) in its balance sheet:	1.54 Sch III Part-I	26	
	Assets			
	Non-current assets			
	i. Property, plant and equipment,			
	ii. Capital work-in-progress,			
	iii. Investment property,			
	iv. Goodwill,			
	v. Other Intangible assets,			
	vi. Intangible assets under development,			
	vii. Biological assets other than bearer plants			
	viii. Investments accounted for under the equity method,			
	ix. Financial assets			
	• Investments,			
	• Trade and other receivables,			
	• Loans,			
	• Others (to be specified),			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	x. Deferred tax assets (net) as defined in Ind AS 12, *Income Taxes*,			
	xi. Other non-current asset,			
	Current assets			
	i. Inventories,			
	ii. Financial assets,			
	• Investments,			
	• Trade and other receivables,			
	• Cash and cash equivalents,			
	• Bank balances other than those included in cash and cash equivalents above,			
	• Loans,			
	• Others (to be specified),			
	iii. Current tax assets as defined in Ind AS 12,			
	iv. 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*,			
	v. Other current assets, other than (iv) above,			
	Equity and liabilities			
	Equity			
	i. Equity share capital,			
	ii. Other equity,			
	(Note: *In case of Consolidated Financial Statements (CFS), 'non-controlling interests' in the balance sheet and the statement of changes in equity, within equity, shall be presented separately from the equity of the 'owners of the parent'.*)	Sch III Part III		
	Liabilities			
	Non-current liabilities			
	i. Financial liabilities,			
	• Borrowings,			
	• Trade payables and other payables,			
	– Total outstanding dues of micro enterprises and small enterprises,			
	– Total outstanding dues of creditors other than micro enterprises and small enterprises,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	• Other financial liabilities (to be specified, other than 'provisions' mentioned at (ii) below),			
	ii. Provisions,			
	iii. Deferred tax liabilities (net) as defined in Ind AS 12,			
	iv. Other non-current liabilities,			
	Current liabilities			
	i. Financial liabilities,			
	• Borrowings,			
	• Trade and other payables,			
	– Total outstanding dues of micro enterprises and small enterprises,			
	– Total outstanding dues of creditors other than micro enterprises and small enterprises,			
	• Other financial liabilities (to be specified, other than provisions mentioned at (iv) below),			
	ii. Liabilities included in disposal groups classified as held-for-sale in accordance with Ind AS 105,			
	iii. Other current liabilities,			
	iv. Provisions,			
	v. Current tax liabilities as defined in Ind AS 12.			
	(Note: *An entity is required to present uncertain tax liabilities as current/deferred tax liabilities and uncertain tax assets as current/deferred tax assets*.)	1.54(n) and 1.54(o)		
c)	Has the entity presented additional line items (including by disaggregation the line items listed in Q 20 (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	27	
	(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 20 (c) above?	1.55A	28	

Sr. no.		Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
		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 15, and			
		iv. Not be displayed with more prominence than the sub totals and the totals required in the Ind AS for the balance sheet?			
	e)	Where in respect of an issue of securities made for a specific purpose, the whole or part of the amount has not been used for the specific purpose at the reporting date, has the entity indicated by way of a note how such unutilised amounts have been used or invested?	Sch III, Part-I Para 6.J		
		Information to be presented either in the balance sheet or in the notes			
21	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	32	
	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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	vi. Other current and other non-current assets classified as under:	Sch III Part I Para 6.A.X and 6.B.VI		
	• Capital advances, (Note: *Capital advances will be classified under non-current assets only.*)			
	• Advances other than capital advances, sub-classified under:			
	– Security deposits,			
	– Advances to related parties (giving details thereof), and			
	– Other advances (specify nature),			
	• Others,			
	vii. Separately disclosed, all advances made to the following persons:	Sch III Part I Para 6.A.X and 6.B.VI		
	• Director of the entity, either severally or jointly,			
	• Officer of the company, either severally or jointly,			
	• Firms in which any director is a partner,			
	• Private companies in which any director is a director or member,			
	viii. Other non-current liabilities classified under:	Sch III Part I Para 6.E.IV		
	• Advances, and			
	• Others (specify nature),			
	ix. Current liabilities classified under:	Sch III Part I Para 6.F.III		
	• Revenue received in advance,			
	• Other advances (specify nature), and			
	• Others (specify nature)?			
	c) Has the entity disclosed either in the balance sheet or the statement of changes in equity, or in the notes:	1.79 Sch III Part I Para 6.D.I	33	
	i. For each class of share capital:			
	• The number and amount of shares authorised,			
	• The number of shares issued and fully paid, and issued but not fully paid,			
	• Par value per share, or that the shares have no par value,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	• 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 held by each of the following as at the balance sheet date (in aggregate for entities falling under each category):			
	- Holding company,			
	- Ultimate holding company,			
	- Subsidiaries of holding company,			
	- Subsidiaries of the ultimate holding company,			
	- Associates of holding company,			
	- Associates of the ultimate holding company,			
	• Shares held by each shareholder holding more than five per cent shares specifying the number of shares held,			
	• Shares in the entity held by the entity itself or by its subsidiaries (treasury shares) or associates,			
	• Shares reserved for issue under options and contracts or commitments for the sale of shares or disinvestment, including the terms and amounts,			
	• For a period of five years immediately preceding the date at which the balance sheet is prepared, the aggregate number and class of shares:			
	- Allotted as fully paid up pursuant to contract without payment being received in cash,			
	- Allotted as fully paid up by way of bonus shares, and			
	- Bought back,			
	• Terms of securities convertible into equity shares issued along with the earliest date of conversion in descending order, starting from the farthest such date,			
	• Calls unpaid (showing aggregate value of calls unpaid by directors and officers),			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	• Forfeited shares (showing amount originally paid up),			
	ii) For items classified under 'other equity':			
	• 'Other reserves' have been classified as under:			
	- Capital redemption reserve,			
	- Debenture redemption reserve,			
	- Share options outstanding account,			
	- Others (specify nature, purpose and amount of each reserve),			
	• Additions and deductions since the last balance sheet have been shown under each of the above heads,			
	• Retained earnings, representing the surplus is disclosed as the balance of the relevant column in the statement of changes in equity,			
	(Note: *Debit balance of the statement of profit and loss shall be shown as a negative figure under the head 'retained earnings'.*)			
	• Reserves specifically represented by earmarked investments have been disclosed that they are so represented,			
	• A description of the nature and purpose of each reserve within 'other equity'?			
	(Note: *The balance of 'other equity' after adjusting negative balance of retained earnings, if any, share be shown under the head 'other equity', even if the resulting figure is in the negative.*)			
	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 28, 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	34	
	e) Has the entity reclassified the following between financial liabilities and equity:	1.80A	35	
	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	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			
22	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?	1.10A	2(a)	
	b) Has the entity presented the profit or loss section first followed directly by the OCI?		2(b)	
	c) Has the entity presented the following disclosures in the statement of profit and loss:	Sch III Part II		
	i. Revenue from operations,			
	ii. Other income,			
	iii. Expenses:			
	• Cost of materials consumed,			
	• Purchase of stock-in-trade,			
	• Changes in inventories of finished goods, stock-in-trade and work-in-progress,			
	• Employee benefits expense,			
	• Finance costs,			
	• Depreciation and amortisation expense,			
	• Other expenses,			
	iv. Profit /(loss) before exceptional items and tax,			
	v. Exceptional items,			
	vi. Profit/(loss) for the period from continuing operations,			
	vii. Tax expense:			
	• Current tax,			
	• Deferred tax,			
	viii. Profit/(loss) for the period from continuing operations,			
	ix. Profit/(loss) from discontinued operations,			
	x. Tax expense of discontinued operations,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	xi. Profit/(loss) for the period,			
	xii. Other comprehensive income:			
	• Items that will not be reclassified to profit or loss,			
	• Income tax relating to items that will not be reclassified to profit or loss,			
	• Items that will be reclassified to profit or loss,			
	• Income tax relating to items that will be reclassified to profit or loss,			
	xiii. Total comprehensive income for the period (comprising profit/loss and OCI for the period),			
	xiv. Basic and diluted earnings per share (for continuing operations),			
	xv. Basic and diluted earnings per share (for discontinued operations),			
	xvi. Basic and diluted earnings per share (for discontinued and continuing operations)?			
d)	In addition to the profit and loss and OCI sections, does the statement of profit and loss present: i. Profit or loss for the period,	1.81A Sch III Part II Para 2	36	
	ii. OCI for the period, and			
	iii. Total comprehensive income for the period, being the total of profit and loss and OCI?			
e)	Has the entity presented, in addition to the profit and loss and OCI sections, an allocation of profit and loss and OCI for the period: i. Profit and loss for the period attributable to: • Non-Controlling Interest (NCI), and	1.81B	37	
	• Owners of the parent, and			
	ii. Comprehensive income for the period attributable to: • NCI, and			
	• Owners of the parent?			
	(Note*: Profit or loss attributable to NCI and to ‘owners of the parent’ in the statement of profit and loss shall be presented as allocation for the period. Further, total comprehensive income for the period attributable to NCI and to ‘owners of the parent’ shall be presented in the statement of profit and loss as allocation for the period. The aforesaid disclosures for total comprehensive income shall*	Sch III, Part III, para 1(i)		

Sr. no.		Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
		also be made in the statement of changes in equity. In addition to the disclosure requirements in the Ind AS, the aforesaid disclosures shall also be made in respect of OCI.)			
	f)	Has the entity presented additional line items (including by disaggregating the line items listed in Q22 (b) above), headings and subtotals in the statement of profit and loss, when such presentation is relevant to an understanding of the entity's financial performance? (Refer ITFG bulletin 13 issue 5 clarification)	1.85	40	
	g)	Has the entity presented subtotals in accordance with Q 22(f) above?	1.85A	41	
		If yes, are 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 displayed with more prominence than the sub totals and the totals required in the Ind AS for the balance sheet?			
	h)	Has the entity presented the line items in the statement of profit and loss that reconcile any subtotals presented in accordance with Q 22(f) with the subtotals or totals required in Ind AS for such statement?	1.85B	42	
23	a)	In addition to items required by other Ind AS, 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	38	
		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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	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 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)?			
	(Note: *Schedule III requires profit before tax from discontinued operations, tax expense thereon and profit after tax from discontinued operations to be presented separately on the statement of profit and loss.*)	Sch III, Part II		
	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			
24	a) Has the entity presented the following items as under:	1.82A	39	
	i. Items of OCI (excluding amounts in Q 24 (a)(ii) below), classified by nature and grouped into those that, in accordance with other Ind AS:	Sch III Part II Para 6		
	• Will not be reclassified subsequently to profit and loss:			
	- Changes in revaluation surplus			
	- Remeasurements of the defined benefit plans			
	- Equity instruments through OCI			
	- Fair value changes relating to own credit risk of financial liabilities designated at fair value through profit or loss,			
	- Share of OCI in associates and joint ventures, to the extent not to be classified into profit or loss, and			
	- Others (specify nature),			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	• Will be reclassified subsequently to profit and loss when specific conditions are met:			
	- Exchange differences in translating the financial statements of a foreign operation,			
	- Debt instruments through OCI,			
	- The effective portion of gains and loss on hedging instruments in a cash flow hedge,			
	- Share of OCI in associates and joint ventures, to the extent to be classified into profit or loss, and			
	- Others (specify nature),			
	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 AS:			
	• 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	46	
	c) Has the entity presented items of OCI either:	1.91	45	
	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?			
	d) If alternative given in point (c)(ii) above is elected, then has the entity allocated the tax between the items that might be reclassified subsequently to the profit or loss section and those that will not be reclassified subsequently to the profit or loss section?	1.91	45	
	Information to be presented either in the statement of profit and loss or in the notes			
25	a) Has the entity ensured that it has not presented any items of income and expense as extraordinary items:	1.87	43	
	i. In the statement of profit and loss, or			
	ii. In the notes?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	b) When items of income and expense are material, has the entity disclosed their nature and amount separately? (Refer ITFG bulletin 22 issue 7 clarification)	1.97	48	
	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 of expense method in the statement of profit and loss? (Refer ITFG bulletin 13 issue 5 clarification)	1.99 and Sch III	49	
	(Note: *Entities are encouraged to present this analysis in the statement of profit and loss.*)	1.100		
	e) Has the entity disclosed by way of notes, additional information regarding aggregate expenditure and income on the following: (Refer ITFG bulletin 22 issue 7 clarification)	Sch III, Part II Para 7		
	i. Employee benefits expense, showing the following separately:			
	• Salaries and wages,			
	• Contribution to provident and other funds,			
	• Share-based payments to employees,			
	• Staff welfare expenses,			
	ii. Depreciation and amortisation expense,			
	iii. Any item of income or expenditure which exceeds one per cent of the revenue from operations or INR10 lakh, whichever is higher, in addition to the consideration of 'materiality',			
	iv. Interest income,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	v. Interest expense,			
	vi. Dividend income,			
	vii. Net gain or loss on sale of investments,			
	viii. Net gain or loss on foreign currency transaction and translation (other than considered as finance cost),			
	ix. Payments to the auditor as:			
	• Auditor,			
	• For taxation matters,			
	• For company law matters,			
	• For other services,			
	• For reimbursement of expenses.			
	x. In case of companies covered under Section 135 of the 2013 Act, disclose the following with regard to CSR activities:			
	• Amount required to be spent by the company during the year			
	• Amount of expenditure incurred			
	• Shortfall at the end of the year			
	• Total of previous years shortfall			
	• Reason for shortfall			
	• Nature of CSR activities			
	• Details of related party transactions (e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard)			
	• Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year.			
	xi. Details of items of exceptional nature			
	xii. Undisclosed income			
	xiii. If the company has traded or invested in crypto currency or virtual currency during the financial year, then disclose the following:			
	• Profit or loss on transactions involving crypto currency or virtual currency			
	• Amount of currency held as at the reporting date			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	• Deposits or advances from any person for the purpose of trading or investing in crypto currency or virtual currency?			
	f. 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	44	
	g. Has the entity presented reclassification adjustments either in the statement of profit and loss or in the notes?	1.94	47	
	In case the entity has presented reclassification adjustments in the notes, then has it presented the items of OCI after any related reclassification adjustments?			
	Statement of changes in equity			
26	Has the entity presented a statement of changes in equity including the following information:	1.106 Sch III	50	
	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			
	c) For each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately (as a minimum) 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. Transfer to retained earnings,			
	v. Payment of/authorisation for payment of dividends,			
	vi. 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*, and			

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Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	vii. Other changes (to be specified)?			
27	Has the entity disclosed the following as part of changes in other equity:			
	a) Share application money pending allotment,			
	b) Equity component of compound financial instruments,			
	c) Reserves and surplus, comprising of:			
	i. Capital reserve,			
	ii. Securities premium,			
	iii. Other reserves (specify nature), and			
	iv. Retained earnings,			
	d) Debt instruments through OCI,			
	e) Equity instruments through OCI,			
	f) Effective portion of cash flow hedges,			
	g) Revaluation surplus,			
	h) Exchange differences on translating the financial statements of a foreign operation,			
	i) Other items of comprehensive income, and			
	j) Money received against cash warrants?			
	(Note: *Share application money pending allotment shall be classified into equity or liability in accordance with the 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'*.)	Sch III Part-I Para 8		
28	Has the entity disclosed either in the balance sheet, the statement of changes in equity, or in the notes:	1.79 Sch III Part-I Para 6.D		
	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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	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,			
	viii. Shares in respect of each class in the entity held by its holding entity or its ultimate holding entity including shares held by subsidiaries or associates of the holding entity or the ultimate holding entity in aggregate,			
	ix. Shares in the entity held by each shareholder holding more than five per cent, specifying the number of shares held,			
	x. For the period of five years immediately preceding the date at which the balance sheet is prepared: • Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash,			
	• Aggregate number and class of shares allotted as fully paid up by way of bonus shares, and			
	• Aggregate number and class of shares bought back,			
	• For each class of share capital:			
	xi. Terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date,			
	xii. Calls unpaid (showing aggregate value of calls unpaid by directors and officers),			
	xiii. Forfeited shares (amount originally paid up),			
	b) A description of the nature and purpose of each reserve within equity?			
29	a) Have remeasurements of defined benefit plans and fair value changes relating to own credit risk of financial liabilities designated at fair value through profit and loss been recognised as a part of retained earnings?	Sch III		
	b) Has the entity made separate disclosures of such items along with the relevant amounts in the notes?			
30	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	51	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
31	Do the components of equity for the purpose of Q 30 include, for example, each class of contributed equity, the accumulated balance of each class of OCI and retained earnings?	1.108		
32	Has the entity disclosed, either in the statement of changes in equity or in the notes:	1.107	51	
	a) The amount of dividends recognised as distributions to owners during the period, and			
	b) The related amount of dividends per share?			
	Basis of accounting			
33	Do the notes:	1.112	52	
	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?			
34	a) Has the entity presented notes in a systematic manner?	1.113	53	
	b) Has the entity cross-referenced each item in the balance sheet, the statement of profit and loss, and in the statements of changes in equity and of cash flows to any related information in the notes?			
	(Note*: Examples of systematic ordering or grouping of the notes include:* *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 37),* *ii. Significant accounting policies applied (see Q 40(d)),*	1.114		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	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.* *In determining a systematic manner, the entity shall consider the effect on the understandability and comparability of its financial statements.*)			
35	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	54	
36	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)	6	
37	a) When financial statements comply with Ind AS, has the entity disclosed an explicit and unreserved statement of such compliance in the notes?	1.16	5	
	b) In case an entity do not comply with all of the requirement of Ind AS, has it described financial statements as complying with Ind AS?			
38	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			
39	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 Conceptual Framework[1], 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	7	
	a) Has the entity disclosed:	1.20	7	

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Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	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 Conceptual Framework[1] 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?	1.20	7	
	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)	8	
	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 Conceptual Framework[1] and the treatment adopted, and			
	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?			
	c) 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 Conceptual Framework[1], but the relevant regulatory framework prohibits departure from the requirement, then has the entity disclosed the following which to the maximum extent possible, reduce the perceived misleading aspects of compliance:	1.23	9	
	i. The title of the Ind AS in question			
	ii. The nature of the requirement			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	iii. The reason why management has concluded that complying with that requirement is so misleading in the circumstances that it conflicts with the objective of financial statements set out in the Conceptual Framework[1] and			
	iv. For each period presented, the adjustments to each item in the financial statements that management has concluded would be necessary to present a true and fair view.			
	Accounting policies			
40	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	56	
	(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	55	
	i. The measurement basis (or bases) used in preparing the financial statements, and			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	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 judgements, 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? (Also refer Q 41)	1.122	57	
	Disclosures regarding estimates and assumptions			
41	a) Has the entity disclosed information about assumptions made about the future, and other major sources of estimation uncertainty at the end of 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? If yes, has the following details in respect of those assets and liabilities included: i. Their nature, and	1.125	58	
	ii. Their carrying amount as at the reporting date?			
	(Note: *An entity presents the disclosures in Q 41(a) in a manner that helps users of financial statements to understand the judgements that management makes about the future and about other sources of estimation uncertainty. The nature and extent of the information provided vary according to the nature of the assumption and other circumstances. Examples of the types of disclosures an entity makes are:* *a) The nature of the assumption or other estimation uncertainty* *b) The sensitivity of carrying amounts to the methods, assumptions and estimates underlying their calculation, including the reasons for the sensitivity* *c) The expected resolution of an uncertainty and the range of reasonably possible outcomes within the next financial year in respect of the carrying amounts of the assets and liabilities affected and* *d) An explanation of changes made to past assumptions concerning those assets and liabilities, if the uncertainty remains unresolved.*	1.129		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	(Note: *Ind AS 1 does not require the disclosure of budget information or forecasts in making the disclosures in Q 41(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 end of the reporting period, 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	59	
	c) In all cases, has the entity disclosed the carrying amount and nature of the assets or liabilities (or class of assets or liabilities) affected by the assumption?	1.131	59	
	Equity			
	Capital disclosures			
42	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	60	
	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,			
	(Note: *Some entities regard some financial liabilities (e.g., some forms of subordinated debt) as part of capital. Other entities regard capital as excluding some components of equity (e.g., components arising from cash flow hedges).*)			
	iii. Any changes in information disclosed under Q 42 (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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No.	Compliance [Yes/No/NA]
	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	61	
	c) For puttable financials instruments classified as equity instruments, has the entity disclosed:	1.136A	62	
	i. Summary quantitative data about the amount classified as equity,			
	ii. Its objectives, policies and processes for managing its obligation to repurchase or redeem the instruments when required to do so by the instrument holders, including any changes from the previous period			
	iii. The expected cash outflow on redemption or repurchase of that class of financial instruments, and			
	iv. Information about how the expected cash outflow on redemption or repurchase was determined?			
	d) Has the entity disclosed in the notes:	1.137	63	
	i. The amount of dividends proposed or declared before the financial statements were approved 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?			

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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 12 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 12 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 12 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.

An information is considered to be material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Materiality depends on the nature or magnitude of information, or both. An entity needs to assess whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

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)

*Reference to Schedule III is with respect to Division II

Ind AS-2 Inventories

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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 NRV, and in determining the cost formulas to be used in assigning costs to inventories.	2.1		
	Scope			
1	Has the entity applied this standard if it is a trading concern that holds assets for sale in the ordinary course of business?	2.6 (a)		
2	Has the entity applied this standard if it holds assets in the process of production or manufacture, for sale in the ordinary course of business?	2.6 (b)		
3	Has the entity applied this standard to any buildings included in inventory, bought or constructed with the intention of resale in the ordinary course of business?			
4	Has the entity applied this standard to any materials or supplies to be consumed in the production process or in the rendering of services?	2.6 (c)		
	(Note: *Items such as spare parts used in connection with Property, Plant and Equipment (PPE) over more than one accounting period, re-usable, returnable packaging or parts used during more than one period or samples held by the entity should be excluded from inventory.*)			
	Recognition			
5	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?			
6	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),			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) Transport and handling charges,			
	c) Taxes that are not recoverable, and			
	d) Other costs directly attributable to the acquisition of finished goods, materials and services?			
7	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?			
8	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)?			
9	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		
10	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		
11	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		
12	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?			
13	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		
14	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
15	Are qualifying borrowing costs included in the cost of inventories? (Refer Ind AS 23, *Borrowing Costs*)	2.17		
16	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		
	Cost of agricultural produce harvested from biological assets			
17	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			
18	Does the entity measure the inventory at the lower of cost and NRV?	2.9		
19	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		
20	If the entity applies the standard cost method,	2.21		
	a) Does the standard cost 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?			
21	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?			
22	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
23	For the items other than those dealt with under Q 22 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?			
24	Has the entity consistently used the same cost formula (i.e., FIFO or weighted average) for all inventories that are of a similar nature and use to the entity?	2.25		
25	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		
26	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		
27	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		
28	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		
29	Do the estimates of NRV take into consideration the purpose for which the inventory is held?	2.31		
30	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.)*			
31	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 value 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		
32	If the write-down of inventory to NRV has been reversed as a result of an increase in NRV then in such a 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?	2.34		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
33	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		
34	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		
35	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?			
	Disclosure			
36	Has the entity presented inventory by classifying them as:	2.37		
	a) Raw materials,	Sch III Part-I Para B.I		
	b) Work-in-progress,			
	c) Finished goods,			
	d) Stock-in-trade (in respect of goods acquired for trading),			
	e) Stores and spares,			
	f) Loose tools, and			
	g) Others (specify nature)?			
	(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 statements' users. Common classifications of inventories are merchandise, production supplies, materials, work in progress and finished goods.*)			
37	Has the entity disclosed the following:	2.36	1	
	a) The accounting policies adopted in measuring inventories, including the cost formula used,	Sch III Part-I Para B.I		
	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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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,			
	h) The carrying amount of inventories pledged as security for liabilities, and			
	i) Goods-in-transit under the relevant sub-head of inventories?			
38	Where an entity adopts a format for profit and loss that results in amounts being disclosed other than the cost of inventories recognised as an expense during the period, has the entity presented:	2.39	2	
	a) An analysis of expenses using a classification based on nature of expenses, and			
	b) The costs recognised as an expense for raw materials and consumables, labour costs and other costs together with the amount of the net change in inventories for the period?			

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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, *Inventorie*s as issued by the Ministry of Corporate Affairs)

*Reference to Schedule III is with respect to Division II

KPMG

Ind AS-7 Statement of Cash Flows

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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? (Refer ITFG bulletin 16 issue 4 clarification)	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	18	
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 in order to comply with Ind AS 1?	7.46	19	
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 by the group?	7.48	20	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Presentation of a statement of cash flows			
8	Are the cash flows during the period classified by operating, investing and financing activities?	7.10	1	
9	If a single transaction includes cash flows of a different nature, have these been classified separately by the entity?	7.12		
	(Note: *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.*)			
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	2	
	a) The direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed, or			
	b) The indirect method[1], 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	3	
13	Has the entity ensured that only cash flows arising from the following operating, investing or financing activities are reported on a net basis, if the entity elects to do so:	7.22	4	
	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?			

[1] The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 require listed entities to use the indirect method in preparing the cash flow statement.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
14	If the entity is a financial institution, has it ensured that it reports cash flows arising from each of the following activities on a net basis (on an optional basis), in addition to those permitted in Q 13:	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 separately:	7.31	5(a)	
	a) Cash inflow from interest,			
	b) Cash outflow from interest,			
	c) Cash inflow from dividends, and			
	d) Cash outflow from dividends?			
16	If the entity is a financial institution, then has the entity disclosed the following as cash flows from operating activities:	7.31	5(b)	
	a) Cash outflow from interest			
	b) Cash inflows from interest and dividends			
17	In case of an entity other than financial institution, does the entity disclose the following appropriately:	7.31	5(c) and (d)	
	a) Cash flows arising from interest paid have been classified as cash flows from financing activities			
	b) Interest and dividends received have been classified as cash flows from investing activities			
	c) Dividends paid have been classified as cash flows from financing activities?			
18	a) Whether taxes on income arise on transactions that give rise to cash flows that are classified as operating, investing or financing activities in a statement of cash flows?	7.36	7(a)	
	b) 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	6	
	c) In case tax cash flows are allocated over more than one class of activity, then has the entity disclosed the total amount of taxes paid?	7.36	7(b)	
	(*Note: When it is practicable to identify the tax cash flow with an individual transaction that gives rise to cash flows that are classified as investing or financing, the tax cash flow is classified as an investing or financing activity as appropriate.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Foreign currency cash flows			
19	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		
20	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		
21	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		
22	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, had those cash flows been reported at the end of period exchange rates?			
	Investments in subsidiaries, associates, joint ventures and other businesses			
23	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		
24	a) 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	9	
	b) 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	9	
	i. The total consideration paid,			
	ii. The total consideration received,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	iii. The portion of the consideration consisting of cash and cash equivalents,			
	iv. The amount of cash and cash equivalents in the subsidiaries or other businesses over which control is obtained or lost, and			
	v. 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.*)			
25	If the subsidiary is not held by the investment entity defined under Ind AS 110, *Consolidated Financial Statements (which* is required to be measured at fair value through profit or loss):			
	a) Has the entity classified the cash flows arising from changes in ownership interests in a subsidiary that do not result in a loss of control as cash flows from financing activities?	7.42A	10	
	b) In case of change 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), has the entity accounted such a transaction as an equity transaction in accordance with Ind AS 110?	7.42B	11	
26	Have the cash flow effects of losing control not been deducted from those of obtaining control?	7.41		
27	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			
28	a) Has the entity ensured that the investing and financing transactions that do not require the use of cash or cash equivalents is excluded from a statement of cash flows?	7.43	12	
	b) 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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Changes in liabilities arising from financing activities			
29	Has the entity made the following disclosures that enable users of financial statements to evaluate:	7.44A and 7.44C	13 and 15	
	a) Changes in liabilities arising from financing activities, and			
	b) Changes in financial assets (for example, assets that hedge liabilities arising from financing activities), the cash flows from which were or will be included in cash flows from financing activities?			
	(Note: *Such changes arise from:*			
	a) Cash flows, and			
	b) Non-cash changes.)			
30	To satisfy the requirement in Q 29(a) above, has the entity disclosed the following changes in liabilities arising from financing activities:	7.44B	14	
	a) Changes from financing cash flows,			
	b) Changes arising from obtaining or losing control of subsidiaries or other businesses,			
	c) The effect of changes in foreign exchange rates,			
	d) Changes in fair values, and			
	e) Other changes?			
31	a) To fulfil the disclosure requirement of Q 29(a), has the entity provided a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from finance activities including changes specified in Q 30?	7.44D	16	
	b) Where the entity has provided reconciliation in accordance with Q 31(a), has the entity provided sufficient information to enable users of the financial statements to link items included in the reconciliation to the balance sheet and the statement of cash flows?			
	c) In case the entity provides the disclosures in Q 27 in combination with the disclosures of changes in other assets and liabilities, has the entity disclosed the changes in liabilities arising from financing activities separately from changes in those other assets and liabilities?	7.44E	17	
	(Note: *Comparative information need not be provided in the first year of providing the information contained in Q29 to Q31.*)	7.60		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Other disclosures			
32	Has the entity disclosed, together with a commentary by management, the following:	7.50	21	
	a) The amount of undrawn borrowing facilities that may be available for future operating activities and to settle capital commitments, indicating any restrictions on the use of these facilities,			
	b) The aggregate amount of cash flows that represent increases in operating capacity separately from those cash flows that are required to maintain operating capacity, and			
	c) The amount of the cash flows arising from the operating, investing and financing activities of each reportable segment (Ind AS 108, *Operating Segments*)?			
	(Note: *The above additional information may be relevant to users in understanding the financial position and liquidity of an entity. Disclosure of this information is optional but may be encouraged*.)	7.50		
33	Has the entity made disclosure of segmental cash flows to enable users to obtain a better understanding of the relationship between the cash flows of the business as a whole and those of its component parts and the availability and variability of segmental cash flows?	7.52	22	

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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.

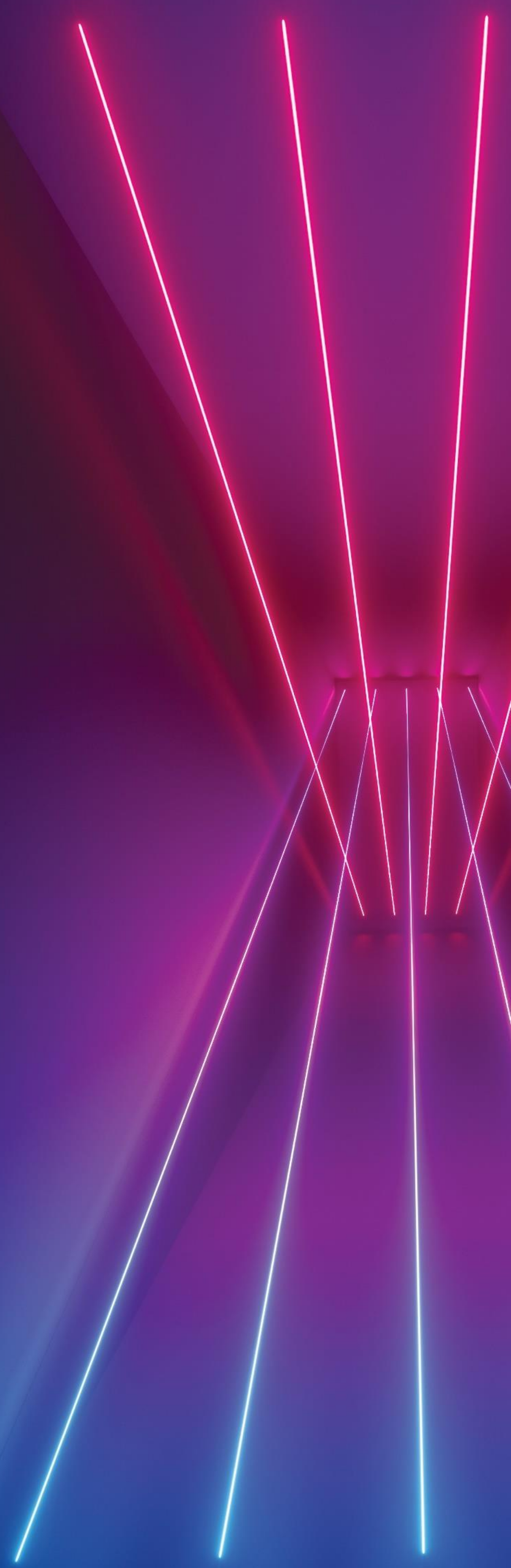
Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

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)

*Reference to Schedule III is with respect to Division II

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



For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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:	8.10		
	a) Relevant to the economic decision-making needs of users,			
	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:	8.11		
	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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	ii. The definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Conceptual Framework[1],			
	b) If required, also considered the most recent pronouncements of IASB 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		
	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:	8.14		
	a) Required by an Ind AS, or			
	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? (Refer ITFG Bulletin 17 (Issue 1) clarification)			
	(Note: *Same accounting policies are to be applied by an entity within each period and from one period to the next unless a change in accounting policy meets either of the criteria given in Q 6.)*	8.15		
7	Has the entity accounted for a change in measurement basis as a change in accounting policy and not as a change in an accounting estimate? (Refer ITFG Bulletin 11 (Issue 6) clarification)	8.35		
	(Note: *When it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate, the change is treated as a change in an accounting estimate.*)			

[1] In accordance with the amendments issued by MCA through the Companies (Ind AS) Amendment Rules, 2021 dated 18 June 2021, the term Conceptual Framework refers to the *'Conceptual Framework for Financial Reporting under Ind AS issued by ICAI'* on 28 August 2020.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
8	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		
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	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? (Refer ITFG 22 (issue 2) clarification)	8.19		
11	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? (Refer ITFG 21 (issue 2) clarification)	8.22		
12	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? (Refer ITFG 21 (issue 2) clarification)	8.23 8.24		
13	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 appropriate disclosures according to this standard? (Refer ITFG 21 (issue 2) clarification)	8.25		
	Changes in accounting estimate			
14	Has the entity used reasonable estimates in the preparation of financial statements?	8.33		
15	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
16	If yes, has the change in accounting estimates been recognised prospectively by including it in profit or loss in: (Refer ITFG 16 (issue 7) clarification)	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?			
17	If a change in accounting estimate has given rise to changes in assets and liabilities, or relates to an item of equity, has the entity recognised such change by adjusting the carrying amount of the related asset, liability or equity item in the period of such change? (Refer ITFG 16 (issue 7) clarification)	8.37		
	(Note: *For example, a change in the estimate of the amount of bad debts affects only the current period's profit or loss and therefore is recognised in the current period. However, a change in the estimated useful life of, or the expected pattern of consumption of the future economic benefits embodied in, a depreciable asset affects depreciation expense for the current period and for each future period during the asset's remaining useful life. In both cases, the effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.*)			
	Errors			
18	Have any material prior period errors been discovered by the entity in this period?	8.41		
19	If answer to Q 18 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		
20	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		
21	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Disclosure			
	Changes in accounting policy			
22	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	1	
	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,			
	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,			
	(Note: *An entity/lessee is not required to make the disclosures given in Q22(f) in the reporting period in which it first applies the following:*			
	i) Interest rate benchmark reform under Ind AS 109, Financial Instruments (please refer Ind AS 109, Financial Instruments checklist) and/or	109.44FF 109.44HH		
	ii) COVID-19 - related rent concessions under Ind AS 116 (please refer Ind AS 116, Leases checklist))[2]	116.C20B 116.C20BB		
	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 10, 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?			

[2] Amendments issued by MCA vide notification no. G.S.R. 463(E) dated 24 July 2020 and notification no. G.S.R. 419(E) dated 18 June 2021.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
23	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: (Refer ITFG bulletin 17 (issue 1) clarification)	8.29	2	
	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?			
24	In case of a new Ind AS that has been issued but is not yet effective, has the entity disclosed:	8.30	3	
	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? (Refer ITFG bulletin 8 issue 2 clarification)			
25	In applying Q 24, has the entity disclosed:	8.31	4	
	a) The title of the new Ind AS,			
	b) The nature of the impending change or changes in accounting policy,			
	c) The date by which application of the Ind AS is required,			
	d) The date as at which it plans to apply the Ind AS initially, and			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	e) With respect to the impact on initial application of the Ind AS, either:			
	i. A discussion of the impact that initial application of the Ind AS is expected to have on the entity's financial statements; or			
	ii. If that impact is not known or reasonably estimable, a statement to that effect?			
	Change in accounting estimates			
26	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	5	
27	In case estimating the amount of the effect in future periods is impracticable and hence not disclosed, has the entity disclosed that fact?	8.40	6	
	Prior period errors			
28	Has the entity disclosed:	8.49	7	
	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. If Ind AS 33 applies to the entity, 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?			
	(Note: *Financial statements of subsequent periods need not repeat these disclosures.*)			

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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:

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

b) 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.

The term 'material' used in Ind AS 8 shall have the same meaning as assigned to it in paragraph 7 of Ind AS 1. Under Ind AS 1, an information is considered *material* if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

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 – 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

b) 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)

* Reference to Schedule III is with respect to Division II

Ind AS-10 Events after the Reporting Period

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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? (Refer ITFG bulletin 14 issue 4 clarification)	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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	
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		
	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 dividends are declared after the reporting period but before the financial statements are approved for issue, then has the entity disclosed such dividends in the notes in accordance with Ind AS 1, *Presentation of Financial Statements* and not recognised dividend as a liability at the end of the reporting period as no obligation exists at that time?	10.12 10.13	1	
	Going Concern			
7	a) Has the entity prepared its financial statements on a going concern basis?	10.14 10.15		
	(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.)*)			
	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	10.16		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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)?			
	Disclosures			
8	Has the entity disclosed the date when the financial statements were approved for issue and who gave that approval?	10.17	2	
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	2	
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	3	
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:	10.22		
	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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	i) Entering into significant commitments or contingent liabilities, (for example, by issuing significant guarantees) or			
	j) Commencing major litigation arising solely out of events that occurred after the reporting period.			
	Has the following disclosure been provided:	10.21	4	
	a) Nature of the event, and			
	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 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		
	(Note: *A distribution would 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		
	a) To its owners, was the liability measured at the fair value of the assets to be distributed, and	10.A12		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) In case the entity has given a choice to its owners 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:			
	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,	10.A15	5	
	b) The carrying amount of the dividend payable at the beginning and end of the period, and	10.A16	6	
	c) The increase or decrease in the carrying amount recognised in the period in accordance with paragraph 10.A13 of Appendix A as result of a change in the fair value of the assets to be distributed?		6	
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	7	
	a) The nature of the asset to be distributed,			
	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*?			

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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)

*Reference to Schedule III is with respect to Division II

Ind AS-12 Income Taxes

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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, (Refer ITFG bulletin 16 issue 2 clarification)			
	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		
	(Note: *Net current tax assets and net current tax liabilities are required to be disclosed on the face of the balance sheet.*)	Sch III Part-I		
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.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Taxable temporary differences			
7	Has the entity recognised deferred tax liability for all taxable temporary differences except for the following: (Refer bulletins - (ITFG 8 issue 8) and (ITFG 17 issue 7) clarifications)	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			
	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 32 in respect of any taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint arrangements? (Also refer Q 22 below)			
	(Note: *Deferred tax assets and deferred tax liabilities will be disclosed on the face of the balance sheet under non-current assets and non-current liabilities, respectively.*)	Sch III Part-I		
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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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: (Refer bulletins – (ITFG 8 issue 8), (ITFG 10 issue 3) and (ITFG 17 issue 7) clarifications)	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)?			
13	Has the entity recognised deferred tax asset in accordance with requirements of Q 26 on any deductible temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint arrangements?	12.24		
14	While assessing the availability of taxable profits against which the entity can utilise a deductible temporary difference, has the entity considered the restrictions imposed by the tax law with respect to the sources of taxable profits against which it may make deduction on the reversal of that deductible temporary difference, as below:	12.27A		
	a) If tax law imposes no such restriction, then has the entity assessed deductible temporary difference in combination with all of its other deductible temporary differences,			
	b) If tax law restricts the utilisation of losses to deduction against income of a specific type, then has the entity assessed a deductible temporary difference in combination only with other deductible temporary differences of the appropriate type?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
15	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? (Refer ITFG bulletin 11 issue 2 clarification)			
16	If the entity has insufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, then has the entity 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?			
	(Note: *In evaluating whether the entity will have sufficient taxable profit in future periods, an entity:*	12.29 12.29A		
	i. Compares the deductible temporary differences with future taxable profit that exclude tax deductions resulting from the reversal of those deductible temporary differences. This comparison shows the extent to which the future taxable profit is sufficient for the entity to deduct the amounts resulting from the reversal of those deductible temporary differences; and[1]*,*			
	ii. Ignores taxable amounts arising from deductible temporary differences that are expected to originate in future periods, because the deferred tax asset arising from these deductible temporary differences will itself require future taxable profit in order to be utilised,			
	iii. Includes the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.)			

[1] MCA vide notification dated 18 June 2021 has made amendment to paragraph 29 and added word 'and'.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Unused tax losses and unused tax credits			
17	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		
18	If the entity has a history of recent losses, then has the entity recognised deferred tax assets arising from the carry forward of unused tax losses or tax credits only to the extent that: a) The entity has sufficient taxable temporary differences, or	12.35		
	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?			
19	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: 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,	12.36		
	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			
20	At the end of each reporting period, has the entity reassessed unrecognised deferred tax asset?	12.37		
21	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Investments in subsidiaries, branches and associates and interests in joint arrangements			
22	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: (Refer bulletin - (ITFG 9 issue 1) and (ITFG 13 issue 9) clarifications)	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?			
23	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? (Note: *Non-monetary assets and liabilities of the entity are measured in its functional currency.*)	12.41		
24	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? (Refer ITFG bulletin 13 issue 9 clarification)	12.42		
25	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? (Refer ITFG bulletin 13 issue 9 clarification)	12.43		
26	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Measurement			
27	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? (Refer ITFG bulletin 23 issue 1 clarification)	12.46		
28	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? (Refer bulletins- (ITFG 11 issue 2) and (ITFG 23 issue 1) clarifications)	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		
29	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? (Refer bulletins– (ITFG 7 issue 7), (ITFG 17 issue 7) and (ITFG 23 issue 1) clarifications)	12.51		
30	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? (Refer bulletins - (ITFG 17 issue 7) and (ITFG 23 issue 1) clarifications)	12.51		
31	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 / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
32	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		
33	The income tax consequences of dividends as defined in Ind AS 109 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, other comprehensive income or equity according to where the entity originally recognised those past transactions or events? (Refer ITFG bulletin 17 issue 2 clarification)	12.57A		
34	Has the entity ensured that deferred tax asset or liabilities are not discounted?	12.53		
35	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			
36	Has the entity recognised current and deferred tax as an income or an expense in the statement of profit and loss for the period? (Refer ITFG bulletin 23 issue 2 clarification)	12.58		
37	However, has the entity made following exceptions: (Refer ITFG bulletin 23 issue 2 clarification)	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)?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
38	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?			
	Items recognised outside profit or loss			
39	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? (Refer ITFG bulletin 23 issue 2 clarification)	12.61A		
40	If the answer to Q 39 is yes, then has the entity recognised current tax and deferred tax of the following items that are recognised, in the same or a different period: (Refer ITFG bulletin 23 issue 2 clarification)			
	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,*	12.63		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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.*)			
41	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 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		
42	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		
43	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		
44	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			
45	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
46	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) Has the entity recognised all other acquired deferred tax benefits in profit or loss?			
	Current and deferred tax arising from share-based payment transactions			
47	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		
48	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		
49	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Changes in the tax status of the entity or its shareholders			
50	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		
51	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?			
	Uncertainty over Income Tax Treatments			
52	a) Has the entity determined whether to consider each uncertain tax treatment separately?	12.C6		
	b) Has the entity considered more than one uncertain tax treatment together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty?			
	(Note: *An uncertain tax treatment is a tax treatment for which there is uncertainty over whether the relevant taxation authority will accept the tax treatment under tax law. For example, an entity's decision not to submit any income tax filing in a tax jurisdiction, or not to include particular income in taxable profit, is an uncertain tax treatment if its acceptability is uncertain under tax law.*	12.C3(c)		
	In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, the following: *i. How it prepares its income tax filings and supports tax treatments or* *ii. How the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.*)	12.C6		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
53	In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, has the entity assumed that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations?	12.C8		
	(Note: *Taxation authority refers to the body or bodies that decide whether tax treatments are acceptable under tax law. This might include a court.*)	12.C3(b)		
54	a) Has the entity considered whether it is probable that a taxation authority will accept an uncertain tax treatment?	12.C9		
	b) In case an entity concluded it is probable that the taxation authority will accept an uncertain tax treatment, then has the entity determined the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates consistently with the tax treatment used or planned to be used in its income tax filings?	12.C10		
	c) In case an entity concluded that it is not probable that the taxation authority will accept an uncertain tax treatment, then has the entity reflected the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates? (Note: *An entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either of the following methods, depending on which method the entity expects to better predict the resolution of the uncertainty:* *i. The most likely amount: The single most likely amount in a range of possible outcomes. The most likely amount may better predict the resolution of the uncertainty if the possible outcomes are binary or are concentrated on one value.* *ii. The expected value: The sum of the probability -weighted amounts in a range of possible outcomes. The expected value may better predict the resolution of the uncertainty if there is a range of possible outcomes that are neither binary nor concentrated on one value.*)	12.C11		
	d) Has the entity applied consistent judgements and estimates for both current tax and deferred tax, when an uncertain tax treatment affects current tax and deferred tax (for example, if it affects both taxable profit used to determine current tax and tax bases used to determine deferred tax)?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
55	Has the entity reassessed a judgement or an estimate if the facts and circumstances on which the judgement or estimate was based change or as a result of new information that affects the judgement or estimate?	12.C13		
	(Note*: A change in facts and circumstances might change an entity's conclusions about the acceptability of a tax treatment or the entity's estimate of the effect of uncertainty, or both.*			
	Examples of changes in facts and circumstances or new information that, depending on the circumstances, can result in reassessment of a judgement or estimate include but are not limited to the following: *i. Examinations or actions by a taxation authority. For example:* • *Agreement or disagreement by the taxation authority with the tax treatment or a similar tax treatment used by the entity* • *Information that the taxation authority has agreed or disagreed with a similar tax treatment used by another entity and* *ii. Changes in rules established by a taxation authority.* *iii. The expiry of a taxation authority's right to examine or re-examine a tax treatment.*	12.CA2		
	The absence of *agreement or disagreement by a taxation authority with a tax treatment, in isolation, is unlikely to constitute a change in facts and circumstances or new information that affects the judgements and estimates.*)	12.CA3		
56	Has the entity assessed the relevance and effect of a change in facts and circumstances or of new information in the context of applicable tax laws?	12.CA1		
	(Note: *For example, a particular event might result in the assessment of a judgement or estimate made for one tax treatment but not another, if those tax treatments are subject to different tax laws.*)			
57	Has the entity reflected the effect of a change in facts and circumstances of new information as a change in accounting estimate after applying Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*?	12.C14		
58	Has the entity applied Ind AS 10, *Events after the Reporting Period* to determine whether a change that occurs after the reporting period is an adjusting or non-adjusting event?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Presentation			
59	Has the entity offset current tax assets and current tax liabilities provided:	12.71	1	
	a) The entity has a legally enforceable right to set off the recognised amounts, and			
	b) The entity intends to settle on a net basis or to realise the assets and settle the liabilities simultaneously?			
60	Has the entity offset deferred tax assets and deferred tax liabilities provided:	12.74	2	
	a) The entity has a legally enforceable right to set off the current tax assets against 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?			
61	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		
62	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? (Note: *Ind AS 21, The Effects of Changes in Foreign Exchange Rates does not specify where should the exchange differences on deferred foreign tax liabilities or assets be presented in the statement of profit and loss.*)	12.78	3	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Disclosures			
63	Has the entity disclosed separately the major components of tax expense (income) as:	12.79 12.80	4	
	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 35), and			
	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 because they cannot be accounted for retrospectively?			
64	Has the entity disclosed following separately:	12.81	5	
	a) The aggregate current and deferred tax relating to items that are charged or credited to equity (refer Q 40)			
	b) The amount of income tax relating to each component of other comprehensive income (refer Q 40 and Ind AS 1 checklist),			
	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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 22),			
	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,			
	(Note: *Schedule III requires the disclosure of pre-tax and post-tax profit/(loss) and tax expenses from discontinued operations on the face of the statement of profit and loss.*) 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,	Sch III Part-II		
	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 45), the amount of that change, and			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 46), a description of the event or change in circumstances that caused the deferred tax benefits to be recognised?			
65	Has the entity disclosed the amount of a deferred tax asset and the nature of the evidence supporting its recognition when:	12.82	6	
	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?			
66	a) 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 32), has the entity disclosed the nature of the potential income tax consequences that would result from the payment of dividends to shareholders?	12.82A	7	
	b) 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?			
	(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.*)	12.85		
67	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	11	
68	a) Has the entity disclosed the aggregate amount of underlying temporary differences arising from investments in subsidiaries, branches, associates and interests in joint arrangements? (Refer Q 22)	12.87	8	

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Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) 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	9 & 10	
69	It would sometimes not be practicable to compute the total amount of potential income tax consequences that would result from the payment of dividends to shareholders (for example, where an entity has a large number of foreign subsidiaries). However, even in such circumstances, some portions of the total amount may be easily determinable.	12.87B	12	
	a) Has the entity disclosed the refundable amount? (Note: *For example, in a consolidated group, a parent and some of its subsidiaries may have paid income taxes at a higher rate on undistributed profits and be aware of the amount that would be refundable on the payment of future dividends to shareholders from consolidated retained earnings*.)			
	b) Additionally, where applicable, has the entity disclosed that there are additional potential income tax consequences not practically determinable? (Note: *In the parent's separate financial statements, if any, the disclosure of potential income tax consequences relates to the parent's retained earnings*.)			
70	a) Has the entity disclosed any tax-related contingent liabilities and contingent assets in accordance with Ind AS 37? (Note: *Contingent liabilities/assets may arise, for example, from unresolved disputes with the taxation authorities*.)	12.88	13	
	b) In case changes in tax rates or tax laws are enacted or announced after the reporting period, then has the entity disclosed any significant effect of changes on its current and deferred tax assets and liabilities? (Refer Ind AS 10 checklist)			
71	Has the entity determined whether to disclose the following, in case there is uncertainty over income tax treatments:	12.CA4	15	
	a) Judgements made in determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates applying paragraph 122 of Ind AS 1?,			
	b) Information about the assumptions and estimates made in determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates applying paragraphs 125-129 of Ind AS 1? (Refer Ind AS 1 checklist)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
72	If an entity concludes that it is probable that a taxation authority will accept an uncertain tax treatment, then has the entity determined whether to disclose the potential effect of the uncertainty as a tax-related contingency? (Refer Q 71)	12.CA5	16	
	Changes in facts and circumstances			
	An entity shall reassess a judgement or estimate required by Appendix C if the facts and circumstances on which the judgement or estimate was based change or as a result of new information that affects the judgement or estimate.	12.C13		
	a) Has the entity applied Ind AS 10, *Events after the Reporting Period* to determine whether a change that occurs after the reporting period is an adjusting or a non-adjusting event?	12.C14		
	b) If there is uncertainty over income tax treatments, then has the entity disclosed the following:	12.C13.A4	17	
	i. Judgements made in determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates applying paragraph 122 of Ind AS 1?			
	ii. Information about the assumptions and estimates made in determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates applying paragraphs 125-129 of Ind AS 1? (Refer Ind AS 1 checklist)	12.C13.A5	18	

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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

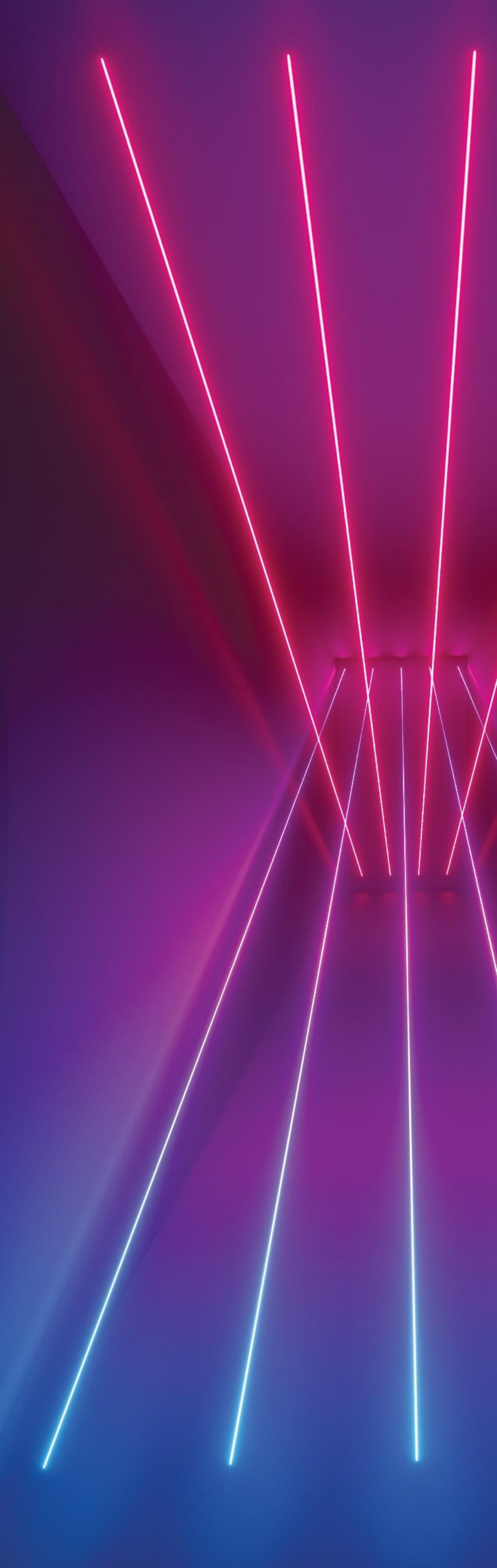
b) Deductible temporary differences, which are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.

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)

*Reference to Schedule III is with respect to Division II

Ind AS-16 Property, Plant and Equipment



For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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	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 for owned investment property?	16.5		
	Recognition			
3	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?			
4	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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) If no, has the entity classified such items as inventories in accordance with Ind AS 2, *Inventories*? (Refer bulletins-(ITFG 2 issue 4), (ITFG 3 issue 9) and (ITFG 5 issue 6) clarifications)			
5	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?			
6	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 / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
7	With regard to self-constructed assets:	16.22		
	a) Has the cost of self-constructed asset been determined using the same principles as for an acquired asset,			
	b) Has any internal profit been eliminated,	16.22		
	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?			
8	While accounting of bearer plants (except produce on bearer plants), has the entity used the same principles and procedures as in Q 7 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.*)			
9	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 3 above, been applied to the aggregated value?			
10	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.*)			
11	Has the entity expensed cost related to day-to-day servicing of the asset?	16.12		
12	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 3,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) If answer to Q 12 (a) above is yes, has the cost of the same been recognised and cost of the previous replacement been derecognised?			
13	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 3,			
	b) If answer to Q 13 (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			
14	Has the entity measured an item that qualifies as PPE at its cost? (Refer Q 15 for break-up of cost)	16.15		
15	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 17-21),			
	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 bulletins-(ITFG 2 issue 5) and (ITFG 11 issue 8) clarifications)			
	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)?			
16	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Measurement of cost			
17	a) Has the entity measured 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*?			
	Cost of PPE acquired in exchange for a non-monetary asset			
18	Where an entity has received a non-monetary government grant with respect to its PPE, has it reduced the carrying amount of the PPE by the grant so received in accordance with Ind AS 20?	16.28		
19	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?			
20	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.*)			
21	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 the asset received are different from the			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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			
	c) Difference in (a) or (b) is 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.*)			
	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? (Refer bulletins - (ITFG 12 issue 1) and (ITFG 14 issue 6) clarification)	16.29-16.34		
	(Note: *Cost model – After recognition as an asset, an item of PPE 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 PPE 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 / Schedule III Ref.	ICAI checklist Q No	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 PPE 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 revaluation been 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 OCI 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 OCI:	16.40		
	a) If yes, has the entity accounted for the loss in OCI 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	1	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Depreciation			
30	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 parts of the asset that have same useful life and depreciation method, in determining the depreciation charge?	16.45		
31	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		
32	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		
33	Has the entity recognised depreciation on assets not covered in Q 32 above in profit or loss?	16.48		
34	Has the entity allocated the depreciable amount of an asset on a systematic basis over its useful life?	16.50		
35	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*?			
36	Is the carrying value of the asset more than the residual value of the asset?	16.52		
	If yes, depreciation is chargeable on a systematic basis over the asset's useful life.			
	(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		
37	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
38	Has the entity ceased charging depreciation of an asset 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		
39	For determining the useful life of an asset, has the entity considered the following criteria:	16.56		
	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?			
40	Has the entity estimated the useful life of an asset in terms of the assets expected utility to the entity? (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 judgement based on the experience of the entity with similar assets.*)	16.57		
41	a) Has the entity treated land and buildings as separate assets even if they are acquired together? (Note: *With some exceptions, such as quarries and sites used for landfill, land has an unlimited useful life and therefore is not depreciated. Buildings have a limited useful life and therefore are depreciable assets. An increase in the value of the land on which a building stands does not affect the determination of the depreciable amount of the building.*)	16.58		
	b) 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.*)	16.59		
42	With respect to depreciation: (Refer ITFG bulletin 20 issue 5 clarification)			
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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?	16.61		
	Impairment			
43	Has the entity accounted for impairment losses, if any, as per Ind AS 36?	16.63		
	Compensation for impairment			
44	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		
45	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 Q 44,			
	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 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			
46	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?			
47	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 116 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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
48	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		
49	If answer to Q 48 above is yes, has the entity recognised the proceeds from the sale of such assets as revenue in accordance with Ind AS 115, *Revenue from Contracts with Customers*? (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		
50	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 for determining when a performance obligation is satisfied in Ind AS 115? (Note: *Ind AS 116 would be applicable to disposal by a sale and leaseback.*)	16.69		
51	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? (Note: *If it is impractical to determine the carrying amount of the replaced part, then the entity may use the cost of the replacement as an indication of the cost of acquisition.*)	16.70		
52	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		
53	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 115? (Note: *Subsequent changes to the estimated amount of the consideration included in the gain or loss should be accounted for in accordance with the requirements for changes in transaction price in Ind AS 115.*)	16.72		
	Disclosure			
54	Has the entity presented the following classes of PPE in the notes to its financial statements:	Sch III Part-I Para 6.A		
	a) Land,			
	b) Buildings,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	c) Plant and Equipment,			
	d) Furniture and Fixtures,			
	e) Vehicles,			
	f) Office equipment,			
	g) Bearer Plants,			
	h) Others (specify nature)?			
	(Note: *Assets under lease shall be separately specified under each class of assets.*)			
55	For each class of PPE, has the entity disclosed:	16.73	2(a-d)	
	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 gross and net carrying amounts at the beginning and end of the reporting period showing relevant information as given in Q 57 below?	Sch III Part-I Para 6.A		
56	Has the entity disclosed a reconciliation of the carrying amount at the beginning and end of the reporting period showing:	16.73(e)	2(e)	
	a) Additions,			
	b) Disposals,			
	c) 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,			
	d) Acquisitions through business combinations,			
	e) Increases or decreases resulting from revaluations under Q 24-27 and from impairment losses recognised, or reversed in OCI in accordance with Ind AS 36,			
	(Note: *Amount of change due to revaluation to be disclosed if the change is 10 per cent or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment in accordance with Schedule III to the 2013 Act.*[1])	Sch III Part-I Para 6A		

[1] Amendment to Schedule III made by MCA vide notification dated 24 March 2021. The amendment is effective from 1 April 2021.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	f) Impairment losses recognised in profit or loss in accordance with Ind AS 36,			
	g) 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.*)			
	h) Depreciation,	Sch III Part-II Para 7(b)		
	i) 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			
	j) Other changes?			
57	Do the financial statements disclose the following:	16.74	3(a-d)	
	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,			
	e) Depreciation, whether recognised in the statement of profit and loss or as a part of the cost of other assets, during a period,	16.75	4(a)	
	f) Accumulated depreciation at the end of the period?	16.75	4(b)	
58	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 has the entity disclosed the changes in estimates with respect to:	16.76	5	
	a) Residual values,			
	b) The estimated costs of dismantling, removing or restoring items of PPE,			
	c) Useful lives, and			
	d) Depreciation methods?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
59	If the entity stated revalued amounts for items of PPE, then, has the entity disclosed the following in addition to the disclosures required by Ind AS 113, *Fair Value Measurement*:	16.77	6	
	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			
	d) The revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders?			
60	Whether the entity opts to disclose the additional information encouraged by Ind AS 16:	16.79	7	
	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?			

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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 of disposal 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)

* Reference to Schedule III is with respect to Division II

Ind AS-19 Employee Benefits

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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., Ind AS 16, *Property, Plant and Equipment*), and			
	b) A liability after deducting amounts already paid?			
	(Note: *Short-term employee benefits are those that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services (other than termination benefits). These include:*	19.9		
	a) Wages, salaries and social security contributions			
	b) Paid annual leave and paid sick leave			
	c) Profit-sharing and bonuses			
	d) Non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees.)			
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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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		
	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 82)	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? (Note: *Ind AS 19 does not require specific disclosures about short-term employee benefits.*)	19.25	1	
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(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		
	Under defined benefit plans: *a) The entity's obligation is to provide the agreed benefits to current and former employees, and* *b) 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.*)	19.30		
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Disclosures for defined contribution plans			
13	Has the entity disclosed the amount recognised as an expense for defined contribution plans?	19.53	2	
14	Has the entity disclosed the information about contributions to defined contribution plans for key management personnel as per Ind AS 24?	19.54	3	
	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	19.61		
	the entity accounted for:	19.61		
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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			
	• 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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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,			
	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,	19.83		
	(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*			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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.)			
	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:	19.113 19.114 19.115		
	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,			
	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:* • *Unexpectedly high or low rates of 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* • *The effect of changes to assumptions concerning benefit payment options*	19.128		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	• *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* • *The effect of changes in the discount rate.*)			
	Determine the past service cost if a plan is amended or curtailed during the period			
18	When determining past service cost, or a 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 following:	19.99		
	a) The benefits offered under the plan and the plan assets before the plan amendment, curtailment or settlement, and			
	b) The benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement?			
19	a) When a plan amendment, curtailment or settlement occurs, then has the entity recognised and measured any past service cost, or a gain or loss on settlement, in accordance with Q 18 and Q 20-22? (Note: *When applying the above requirement an entity should not consider the effect of the asset ceiling.)*	19.101A		
	b) Has the entity determined the effect of the asset ceiling after the plan amendment, curtailment or settlement and recognised any change in that effect in accordance with paragraph 57(d)?			
20	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 87)? (Refer FAQ issued by ICAI)			
	(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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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		
21	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),			
	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			
22	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* *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.*)	19.109		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Recognition and measurement: Plan assets			
	Fair value of the plan assets			
23	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		
	Reimbursements			
24	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 28 may be recognised net of amounts relating to changes in the carrying amount of the right to reimbursement.*)			
25	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.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Balance sheet			
26	Has the entity recognised the net defined benefit liability (asset) in the balance sheet?	19.63		
27	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:* *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.*)	19.65		
	Components of defined benefit cost			
28	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,			
	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?			
29	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.*)			
30	Has the entity determined current service cost using actuarial assumptions determined at the start of the annual reporting period?	19.122A		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(Note: *In case an entity remeasures the net defined benefit liability (asset), in accordance with Q 18, it should determine current service cost for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) in accordance with Q18(b).*)			
	Net interest on the net defined benefit liability (asset)			
31	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)?	19.123		
32	Has the entity determined net interest in Q 31 using the net defined benefit liability (asset) and the discount rate determined at the start of the annual reporting period?	19.123A		
	(Note: *In case an entity remeasures the net defined benefit liability (asset) in accordance with Q 18, the entity should determine net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the following:* *a) The net defined benefit liability (asset) determined in accordance with Q18(b) and* *b) The discount rate used to remeasure the net defined benefit liability (asset) in accordance with Q18(b)* *In applying above guidance, the entity should take into account any changes in the net defined benefit liability (asset) during the period resulting from contributions or benefit payments.*)	19.123A		
	(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 27 and Q 36 to 48.*)	19.124		
33	Has the entity included in the remeasurement of the net defined benefit liability (asset), the difference between the interest income on plan assets and the return on plan assets?	19.125		
	(Note*: Interest income on plan assets is a component of the return on plan assets and is determined by multiplying the fair value of the plan assets by the discount rate specified in Q 32. An entity should determine the fair value of the plan assets at the start of the annual reporting period. However, if an entity remeasures the net defined benefit liability (asset) in accordance with Q 18, the entity should determine interest income for the remainder of the annual*			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	reporting period after the plan amendment, curtailment or settlement using the plan assets used to remeasure the net defined benefit liability (asset) in accordance with Q 18(b). The entity should also take into account any changes in the plan assets held during the period resulting from contributions or benefit payments.)			
34	Has the entity included in the remeasurement of the net defined benefit liability (asset), the difference between interest on the effect of the asset ceiling 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 32. An entity should determine the effect of the asset ceiling at the start of the annual reporting period. However, if an entity remeasures the net defined benefit liability (asset) in accordance with Q 18, the entity should determine interest on the effect of the asset ceiling for the remainder of the annual reporting period after the plan amendment, curtailment or settlement taking into account any change in the effect of the asset ceiling determined in accordance with Q 19.*)	19.126		
	Remeasurements of the net defined benefit liability (asset)			
35	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)?			
	The limit on defined benefit asset, minimum funding requirements and their interaction			
36	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(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		
37	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.*)			
38	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		
39	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.*)			
40	In measuring the amount of a refund available when the plan is wound up (refer Q 37 (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 / Schedule III Ref.	ICAI checklist Q No	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.*)			
41	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		
42	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		
43	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		
44	Has the entity analysed any minimum funding requirement at a given date into contributions that are required to cover the following: a) Any existing shortfall for past service on the minimum funding basis and b) Future service?	19.B18		
45	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	19.B20		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) The estimated future service cost in each period in accordance with Q 42 and 43, 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 45 (a) above?			
	(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 45 (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 and conditions of the minimum funding basis that are not substantively enacted or contractually agreed at the end of the reporting period.*)	19.B21		
46	When the entity determines the amount described in Q 45(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 45(b) can never be less than zero.*)			
47	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		
48	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 27 when the contributions are paid.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Presentation			
	Offset			
49	Has the entity offset an asset relating to one plan against a liability relating to another plan when, and only when, the entity:	19.131	4	
	a) Has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan, and			
	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			
50	Has the entity presented components of defined benefit cost e.g., service cost and net interest in accordance with Ind AS 1?	19.134	5	
	Disclosure			
51	Does the entity disclose the following information:	19.135	6	
	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?			
52	To meet the objectives in Q 51, has the entity considered the following while giving disclosures:	19.136	6	
	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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	d) Whether users of financial statements need additional information to evaluate the quantitative information disclosed?			
53	If the disclosures provided in accordance with the requirements in this standard and other Ind ASs are insufficient to meet the objectives in Q 51 then has the entity disclosed additional information necessary to meet those objectives?	19.137	7	
	(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.)			
54	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 e) Different funding arrangements (e.g., wholly unfunded, wholly or partly funded).	19.138	8	
	Characteristics of defined benefit plans and risks associated with them			
55	Has the entity disclosed: 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),	19.139	9	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 27 and Q 36 to Q 48), 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			
56	Has the entity provided a reconciliation from the opening balance to the closing balance for each of the following, if applicable:	19.140	10	
	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)		
57	Has the entity described the relationship between any reimbursement right and the related obligation?	19.140 (b)	10	
58	Has the entity shown, if applicable, in each reconciliation listed in Q 56, each of the following:	19.141	11	
	a) Current service cost,			
	b) Interest income or expense,			
	c) Remeasurements of the net defined benefit liability (asset), showing separately:			
	i. The return on plan assets, excluding amounts included in interest in Q 58 (b),			
	ii. Actuarial gains and losses arising from changes in demographic assumptions (refer Q 17 (d)),			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 58 (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?			
59	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 / Schedule III Ref.	ICAI checklist Q No	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.)			
60	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	12	
61	a) 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))?	19.144	13	
	b) Has such disclosure been given in absolute terms (e.g., as an absolute percentage and not just as a margin between different percentages and other variables)?			
	c) In case disclosures are provided in total for a grouping of plans, has such disclosures are provided in the form of weighted averages or relatively narrow ranges?			
	Amount, timing and uncertainty of future cash flows			
62	Has the entity disclosed:	19.145	14	
	a) A sensitivity analysis for each significant actuarial assumption (Refer Q 61) 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 62 (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?			
63	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	15	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
64	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	16	
	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.)?			
65	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			
66	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?			
67	When a multi-employer (or state) plan is a defined benefit plan, has the entity:	19.33		
	a) Accounted 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) Disclosed the information required by Q 51 to 64 and 73 (excluding Q 73 (d)?			
68	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 73?			
69	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
70	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 73)?	19.36		
71	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 68 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		
72	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			
73	If the entity participates in a multi-employer defined benefit plan, has it disclosed:	19.148	17	
	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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 68, it shall disclose the following, in addition to the information required by Q 73 (a)–(c) above and instead of the information required by Q 55-64:			
	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, retired members, and former members entitled to benefits, if that information is available)?			
	Insured benefits			
74	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.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Defined benefit plans that share risks between entities under common control			
75	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		
76	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		
77	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		
78	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 79.*)	19.40 19.42		
	Disclosures for defined benefit plans that share risks between entities under common control			
79	If the entity participates in a defined benefit plan that shares risks between entities under common control, has it disclosed:	19.149	18	
	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 75-78, all the information about the plan as a whole required by paragraphs Q 51-64, and			
	d) If the entity accounts for the contribution payable for the period as noted in Q 75-78, the information about the plan as a whole required by Q 51-53, Q55, Q 59-61 and Q 64 (a) and (b)?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
80	Has the information required by paragraph 149 (c) and (d) is disclosed by cross-reference to disclosures in another group entity's financial statements if:	19.150	19	
	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			
81	Has the entity disclosed following requirements of Ind AS 24:	19.151	20	
	a) Related party transactions with post-employment benefit plans and			
	b) Post-employment benefits for key management personnel?			
82	Where required by Ind AS 37, has the entity disclosed information about contingent liabilities arising from post-employment benefit obligations?	19.152	21	
	Other long-term employee benefits			
83	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		
84	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		
85	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 (on next page):	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)?			
	(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*	19.157		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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.)			
	Disclosures for other long-term employee benefits			
86	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?	19.158	22	
	(Note: *This standard does not require specific disclosures about other long-term employee benefits, other Ind ASs may require disclosures.*)			
	Termination benefits			
87	Has the entity shall recognised a liability and expense for termination benefits at the earlier of the following dates:	19.165		
	a) When the entity can no longer withdraw the offer of those benefits, and			
	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		
88	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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			
	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?			
89	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 20)?	19.168		
90	Has the entity measured termination benefits on initial recognition?	19.169		
91	Has the entity measured and recognised subsequent changes, in accordance with the nature of the employee benefit?	19.169		
92	If the termination benefits are an enhancement to post-employment benefits, then has the entity applied the requirements for post-employment benefits?	19.169		
93	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)		
94	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			
95	Has the entity applied Ind AS 24 for disclosures about termination benefits for key management personnel and Ind AS 1 for disclosures of termination benefits expense? (Note: *This standard does not require specific disclosures about termination benefits, other Ind ASs may require disclosures.*)	19.171	23	

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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) 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.)

(Source: Ind AS 19, *Employee Benefits* as issued by the Ministry of Corporate Affairs)

*Reference to Schedule III is with respect to Division II.

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

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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, (Refer ITFG bulletin 9 issue 3 clarification) 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 a reasonable assurance that:	20.7		
	a) The entity will comply with the conditions attached to them, and	20.8		
	b) The grants will be received?			
3	Have grants which are received in cash or as a reduction of a liability to the government, been accounted for in the same manner? (Refer ITFG bulletin 15 issue 3 clarification)	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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? (Refer bulletins- (ITFG 9 issue 3), (ITFG 11 issue 5) and (ITFG 17 issue 3) clarifications)	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		
8	When the grant is related to non-depreciable assets and requires the fulfilment of certain obligations. Has it been recognised in profit or loss over the periods that bear the cost of meeting the obligations? (Refer ITFG bulletin 17 issue 1 clarification)	20.18		
9	If the grant has been received as part of a package of financial or fiscal aids to which conditions are attached, then 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 a 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 either at:	20.23		
	a) The fair value of the non-monetary asset, or			
	b) A nominal amount? (Refer ITFG bulletin 17 issue 1 clarification)			
	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 either by:	20.24 - 20.28		
	a) Setting up the grant as deferred income (Refer bulletins- (ITFG 11 issue 5) and (ITFG 17 issue 3) clarifications), or			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) Deducting the grant in arriving at the carrying amount of the asset?			
	(Note: *In this case, the grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.*)			
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? (Refer bulletins- (ITFG 11 issue 5) and (ITFG 17 issue 3) clarifications)	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, regardless of whether or not the grant is deducted from the related asset for presentation purposes in the balance sheet?	20.28		
	Presentation of grants related to income			
15	Has the entity recognised grants related to income either:	20.29	1	
	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? (Refer bulletins- (ITFG 11 issue 5) and (ITFG 17 issue 3) clarifications)			
	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 either by:	20.32		
	a) Reducing the deferred income balance by the amount repayable, or			
	b) Increasing the carrying amount of the asset?			
19	Where the repayment of a grant related to an asset has been accounted for by increasing the carrying amount of the asset (as mentioned in Q 18(b) above), has the cumulative additional depreciation that would have been recognised in profit or loss to date in the absence of the grant, been recognised immediately in the statement of profit and loss?	20.32		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
20	Has the entity considered a possible impairment of the new carrying amount of the asset, based on the circumstances giving rise to repayment of the grant related to the asset?	20.33		
	Government assistance			
21	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			
22	Has the entity disclosed the following:	20.39	2	
	a) Accounting policy adopted for government grants, including the methods of presentation adopted in the financial statements,			
	b) 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			
	c) Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised?			

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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)

*Reference to Schedule III is with respect to Division II

KPMG

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

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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,			
	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 the 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.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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* *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.*)	21.20		
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 end of subsequent reporting periods			
7	Has the entity translated the following at the end of the reporting period: a) Foreign currency monetary items, using the closing rate,	21.23		
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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.*)			
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?	21.28		
	(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.*)			
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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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 and 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 these 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?			
	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		
	(Note: *An entity determines its functional currency based on the primary economic environment in which it operates. The primary economic environment is normally the one in which the entity primarily generates and expends cash.*) (Refer ITFG bulletin 3 issue 3 clarification)	21.8 21.9		
	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Use of a presentation currency other than the functional currency			
18	a) Does the entity's presentation currency differ from its functional currency?	21.38		
	b) If yes, has the entity translated its results and financial position into the presentation currency? (Refer ITFG bulletin 7 issue 2 clarification)			
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:			
	a) Translation of assets and liabilities for the balance sheet (including comparatives) at the closing rate at the date of that balance sheet,	21.39		
	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?	21.37		
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 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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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 / Schedule III Ref.	ICAI checklist Q No	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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		
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?			
	Foreign Currency Transactions and Advance Consideration			
31	Has the entity paid or received consideration in advance in foreign currency?	21.B8		
	If yes, has it determined the date of the transaction, as the date on which the entity initially reocgnises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration?			
	(Note: *If there are multiple payments or receipts in advance, the entity should determine a date of the transaction for each payment or receipt of advance consideration.*)	21.B9		
	Tax effects of all exchange differences			
32	a) Does the entity have tax effects on account 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			
33	Has the entity disclosed: (Refer ITFG bulletin 20 issue 1 clarification)	21.52	1	
	a) Exchange differences recognised in profit or loss, except for those arising on financial instruments accounted in accordance with Ind AS 109, and			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(Note: *Schedule III requires an entity to disclose, by way of notes to the statement of profit and loss, the net gain or loss on foreign currency transaction and translation, other than considered as finance cost.*)	Sch III Part-II Para 7(h)		
	b) Net exchange differences recognised in other comprehensive income and accumulated in a separate component of equity, and			
	c) A reconciliation of such exchange differences at the beginning and end of the period?			
34	Is the presentation currency different from the functional currency?	21.53		
	If yes, has the entity disclosed:			
	a) The fact along with the functional currency,		2	
	b) The reason for using a different presentation currency, and		2	
	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	4	
35	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	3	
36	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 34 are not met, has the entity ensured that it has:	21.57	6	
	a) Clearly identified the information as supplementary information to distinguish it from the information that complies with Ind ASs,			
	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?			
37	Has the entity presented its financial statements or other financial information in a currency that is not its functional currency without meeting the requirements of Q 34 (c) above?	21.56	5	

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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)

*Reference to Schedule III is with respect to Division II

Ind AS-23 Borrowing Costs

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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)? (Refer ITFG bulletin 19 issue 4 clarification)	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.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
3	If there are no qualifying assets, then has the entity recognised borrowing costs as expenses in the period in which it incurs?	23.8		
4	Does the borrowing cost include: (Refer bulletins- (ITFG 13 issue 1) and (ITFG 14 issue 1) clarifications)	23.6		
	a) Interest expense calculated on the basis of the effective interest method as described in Ind AS 109,			
	b) Interest in respect of lease liabilities recognised in accordance with Ind AS 116, and			
	c) Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost? (Refer ITFG bulletin 18 issue 1 clarification)			
	(Note: *Schedule III requires exchange differences regarded as an adjustment to borrowing costs to be disclosed separately under finance costs*.)	Sch III Part-II Para 4(c)		
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:	23.6A		
	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?			
	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 and these are as those borrowing costs that would have been avoided if the expenditure on the qualifying asset had not been made? (Refer ITFG bulletin 14 issue 1 clarification)	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
7	If the entity has difficulty in identifying borrowing costs that are eligible for capitalisation, has management exercised judgement 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	a) 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?	23.14		
	(Note: *Capitalisation rate should be the weighted average of the borrowing costs applicable to all borrowings of the entity that are outstanding during the period.*)			
	b) While computing eligible general borrowing costs, has the entity excluded from the abovementioned computation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete?	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)?	23.15		
	(Note: *Entity specific rates should be used in other cases.*)			
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.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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:	23.17		
	i. It incurs expenditures for the asset,			
	ii. It incurs borrowing costs, and			
	ii. 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?	23.19		
	(Note: *However, such activities exclude the holding of an asset when no production or development that changes the asset's condition is taking place.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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		
	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	1	
	b) Has the entity disclosed the capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation?	23.26		

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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

b) Interest in respect of lease liabilities recognised in accordance with Ind AS 116 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)

*Reference to Schedule III is with respect to Division II

Ind AS-24 Related Party Disclosures

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI Checklist Q No	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.			
	Has the entity disclosed related party relationships and transactions and outstanding balances, including commitments in its consolidated and separate financial statements presented in accordance with Ind AS 110, *Consolidated Financial Statements* or Ind AS 27, *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) (Refer ITFG bulletin 17 issue 6 clarification)			
	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 Key Management Personnel (KMP) of the entity (or the entity's parent) (Refer ITFG bulletin 11 issue 9 clarification)			
	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 KMP of the entity (or of a parent of the entity),			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI Checklist Q No	Compliance [Yes/No/NA]
	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 KMP services to the reporting entity or the parent of the reporting entity?			
	Exclusions			
4	In identifying related parties, have the following been excluded:	24.11		
	a) Entities with a director or other member of KMP in common with the reporting entity (unless there are other indicators or such companies are otherwise related parties),			
	b) Entities where a member of KMP 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? (Refer ITFG bulletin 17 issue 6 clarification)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI Checklist Q No	Compliance [Yes/No/NA]
	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	1	
6	Has the entity disclosed the name of its parent and, if different, the ultimate controlling party?	24.13	2	
7	If neither of the entities mentioned in Q 5 or Q 6 produces consolidated financial statements available for public use, has the entity disclosed the next most senior parent?	24.13	3	
8	Has the entity disclosed the name of the related party and nature of the related party relationship, where control exists, irrespective of whether there have been transactions between the related parties?	24.14	4	
9	Has the entity disclosed KMP compensation in total for each of following categories:	24.17	5	
	a) Short-term employee benefits,			
	b) Post-employment benefits,			
	c) Other long-term benefits,			
	d) Termination benefits, and			
	e) Share-based payment? (Refer ITFG bulletin 11 issue 9 clarification)			
10	If the entity has obtained KMP 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	6	
11	If the entity has related party transactions during the periods covered by the financial statements:	24.18	7	
	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: (Refer bulletins- (ITFG 13 issue 2), (ITFG 16 issue 1) and (ITFG 22 issue 7) clarifications)			
	i. Nature of related party relationship,			
	ii. Amount of transactions,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI Checklist Q No	Compliance [Yes/No/NA]
	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 KMP 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	8	
	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) KMP of the entity or its parent, and			
	g) Other related parties?			
13	Has the entity disclosed the following transactions with related parties:	24.21		
	a) Purchases or sales of goods (finished or unfinished),			
	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),			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI Checklist Q No	Compliance [Yes/No/NA]
	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	9	
15	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	10	
16	Has the entity disclosed in aggregate items of similar nature, except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the entity?	24.24	11	
	(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.*)	24.24A		
	Government-related entities			
17	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?			
18	If Q 17 (a) or (b) are 'yes', has the entity availed of the exemption from making related party disclosures as per Q11 above and disclosed the following:	24.26	12	
	a) The name of the government and the nature of its relationship with the reporting entity (i.e., control, joint control or significant influence),			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI Checklist Q No	Compliance [Yes/No/NA]
	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)			

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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').

a) 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.

b) 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 Payment*, 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)

*Reference to Schedule III is with respect to Division II

Ind AS-27 Separate Financial Statements

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Applicability			
	This standard shall be applied in the preparation and presentation of SFS.			
1	Has the entity prepared SFS in accordance with all applicable Ind AS, except as permitted below: (Refer bulletins- (ITFG 3 issue 12), (ITFG 5 issue 8), (ITFG 7 issue 8), (ITFG 11 issue 4), (ITFG 16 issue 1), (ITFG 20 issue 4) clarifications)	27.10		
	a) In its SFS, 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 (FVTPL) in accordance with Ind AS 109, *Financial Instruments* in its Consolidated Financial Statements (CFS), has it accounted for these investments in the same way in its SFS, and	27.11		
	c) If a parent is required by Ind AS 110, *Consolidated Financial Statements* to measure its investment in its subsidiary at FVTPL in accordance with Ind AS 109, has it also accounted for this investment in the same way in its SFS?	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 FVTPL in accordance with Ind AS 109?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(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.*)			
3	If the investee company has declared dividends, has the entity recognised dividends from its subsidiary, associate or joint venture in the SFS 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 SFS.			
	Has the new parent measured cost at the carrying amount of its share of the equity items shown in the SFS of the original parent at the date of the reorganisation?			
5	Has the entity complied with the following disclosure requirements:	27.15		
	a) Indicated the fact that the financial statements are SFS to enable readers to identify them, and			
	b) Applied all the other applicable Ind AS disclosures (including requirements in Q 6, Q 7 and Q 8) in the SFS?			
6	When the entity is a parent, that in accordance with Ind AS 110 elects not to prepare CFS and instead prepares SFS, has it disclosed in those SFS:	27.16	1	
	a) The fact that the financial statements are SFS and that the exemption from consolidation has been used,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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			
	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	a) 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?	27.16A	2	
	b) Has the above entity presented the disclosures relating to investment entities required by Ind AS 112, *Disclosure of Interests in Other Entities*? (Refer Ind AS 112 checklist)			
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	3	
	a) Identified the financial statements prepared in accordance with Ind AS 110, Ind AS 111, *Joint Arrangements* 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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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,			
	iii. A description of the method used to account for the investments listed under (ii)?			

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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)

*Reference to Schedule III is with respect to Division II

Ind AS-28 Investments in Associates and Joint Ventures

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No*	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? (Refer ITFG bulletin 3 issue 5 clarification)	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		

*Disclosure requirements relating to Ind AS 28 are covered under Ind AS 112 in the ICAI checklist.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
3	Is the investment initially recognised at cost?	28.10		
4	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		
5	Has the entity reduced the carrying amount of investment to the extent of the distribution received from the associate or joint venture?	28.10		
6	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		
7	a) Has the entity applied Ind AS 109 to the financial instruments to which the equity method is not applied?			
	(Note*: Financial instruments include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. An entity applies Ind AS 109 independently to such long-term interests before it applies Q 25 and Q 27-29 (the loss absorption requirements*).	28.14A		
	b) In applying Ind AS 109, has the entity not taken into account any adjustments to the carrying amount of long-term interests that arise from applying this standard?	28.14A		
	(Note: *Ind AS 109 does not apply to interests in associates and joint ventures that are accounted for using the equity method. When instruments containing potential voting rights in substance currently give access to the returns associated with an ownership interest in an associate or a joint venture, the instruments are not subject to Ind AS 109. In all other cases, instruments containing potential voting rights in an associate, or a joint venture are accounted for in accordance with Ind AS 109.)*	28.14		
8	Are all investments in an associate or a joint venture accounted using the equity method unless they qualify for any of the following exemptions:	28.16		
	a) The entity is a parent that is exempt from preparing consolidated financial statement as per paragraph 4(a) of Ind AS 110, or if all of the following apply:	28.17		
	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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
	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 FVTPL in accordance with Ind AS 110,			
	b) If investments are held by or through the entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities?	28.18		
	(Note: *For investments mentioned in Q 8(b) above, entities may elect to measure such investments at FVTPL in accordance with Ind AS 109. Such an election should be made separately for each associate or joint venture at initial recognition of the associate or joint venture.*)			
9	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?	28.15		
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:			
	i. Has the retained interest been valued at fair value as per Ind AS 109, and			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
	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?			
	Application of equity method			
13	Has the entity considered the aggregate of holdings by the entity and its subsidiary in associates and joint ventures? (Note: *The holdings of the group's other associates or joint ventures is ignored by the entity for the above purpose.)*	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)? (Note: *Adjustments may be necessary to give effect to uniform accounting policies.*)	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	a) When downstream transactions provide evidence of a reduction in the net realisable value of the assets to be sold or contributed, or of an impairment loss of those assets, have such losses been recognised in full by the entity?	28.29		
	b) When upstream 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 investor recognised its share in those losses?	28.29		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
17	a) Has the contribution of a non-monetary asset to an associate or joint venture in exchange for an equity interest in the associate or joint venture been accounted for in accordance with Q 15, except when the contribution lacks commercial substance? (Note: *The term commercial substance has been described in Ind AS 16, Property, Plant and Equipment.*)	28.30		
	b) If the contribution mentioned in Q 17(a) above, lacks commercial substance, has the gain or loss been regarded as unrealised, and not recognised unless the entity also applies Q 18 ?			
	c) Have the unrealised gains and losses mentioned in Q 17(b), been eliminated against the investment accounted for using the equity method and not been presented as deferred gains or losses in the entity's consolidated balance sheet or in the entity's balance sheet in which investments are accounted for using the equity method?			
18	If in addition to receiving an equity interest in an associate or joint venture, an entity receives monetary or non-monetary assets, has the entity recognised in full in profit or loss, the portion of the gain or loss on the non-monetary contribution relating to the monetary or non-monetary assets received?	28.31		
19	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? (Refer ITFG bulletin 17 issue 5 clarification)	28.32		
20	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?			
21	Has the entity considered the most recent available financial statements of the associate or joint venture?	28.33		
22	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:	28.34		
	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),			
	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 / Schedule III Ref.	ICAI checklist Q No*	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?			
23	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 Q23(c)? (Refer ITFG 20 issue 5 clarification)	28.35		
	b) 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, unless permitted by Q 23(c) below? (Refer ITFG bulletin 20 issue 5 clarification)	28.36		
	c) Has the entity (not being an investment entity itself) when applying the equity method, elected to retain the fair value measurement applied by its investment entity associate or joint venture to their subsidiaries?	28.36A		
	(Note: *Such election is made separately for each investment entity associate or joint venture, at the later of the date on which* *i. The investment entity associate or joint venture is initially recognised,* *ii. The associate or joint venture becomes an investment entity, and* *iii. The investment entity associate or joint venture first becomes a parent.*)			
24	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, then 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		
25	Has the entity discontinued recognising its share of further losses when its share of losses (of an associate or a joint venture) equals or exceeds its interest in the associate or joint venture?	28.38		
	(Note: *The interest in an associate or a joint venture is the carrying amount of the investment in the associate or joint venture determined using the equity method together with any long-term interests that, in substance, form part of the entity's net investment in the associate or joint venture*.	28.38		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
	Losses recognised using the equity method in excess of the entity's investment in ordinary shares are applied to the other components of the entity's interest in an associate or a joint venture in the reverse order of their seniority (i.e., priority in liquidation).)	28.38		
26	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		
	Impairment losses			
27	Has the net investment in an associate or joint venture impaired and impairment losses have been recognized when both the following conditions occur: a) There is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment (i.e., a loss event) and b) The loss event has an impact on the estimated cash flows from the net investment that can be reliably estimated?	28.41A		
	(Note: Objective evidence that the net investment is impaired includes observable data that comes to the attention of the entity about the following loss events: *a) A significant financial difficulty of the associate or joint venture* *b) A breach of contract, such as a default or delinquency in payments by the associate or joint venture* *c) The entity, for economic or legal reasons relating to its associate's or joint venture's financial difficulty, granting to the associate or joint venture a concession that the entity would not otherwise consider* *d) It becoming probable that the associate or joint venture will enter bankruptcy or other financial reorganisation or* *e) The disappearance of an active market for the net investment because of financial difficulties of the associate or joint venture.*)	28.41A		
28	a) Has the entity tested the entire carrying amount of the investment for impairment in accordance with Ind AS 36, *Impairment of Assets?* (Refer Ind AS 36 checklist) (Refer Q 27)	28.42		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No*	Compliance [Yes/No/NA]
	b) In determining the value in use of the net investment, has the entity estimated the following:			
	i) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate or joint venture and the proceeds from the ultimate disposal of the investment or			
	ii. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal?			
	(Note: *Using appropriate assumptions, both methods give the same result.*)	28.42		
29	Has the recoverable amount[1] of an investment in an associate or joint venture assessed for each associate or joint venture?			
	(Note: *The recoverable amount of an investment in an associate or a joint venture shall be assessed for each associate or joint venture, unless it does not generate cash inflows from continuing use that are largely independent of those from other assets of the entity.*)	28.43		

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

[1] Amendments to Ind AS vide MCA notification dated 18 June 2021 has amended the definition of recoverable amount. In accordance with the revised definition, recoverable amount is higher of value in use and fair value less costs of disposal (earlier costs to sell). The amendment is effective from 1 April 2021.

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)

*Reference to Schedule III is with respect to Division II

Ind AS-29 Financial Reporting in Hyperinflationary Economies

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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 per cent?			
	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.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
4	Has the gain or loss on the net monetary position been included in profit and loss and separately disclosed?	29.9	1	
5	Has the entity applied procedures and judgement in determining whether the restatement of financial statements is necessary?	29.10		
	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? (Note: *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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
13	a) Has the entity identified and ascertained whether restated amount of a non-monetary item exceed the recoverable amount?			
	b) If yes, has the restated amount of such a non-monetary item 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		
	(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 and where it is impracticable to impute the amount of interest, has it restated such assets from the date of payment and not from the date of purchase?	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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? (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.*)	29.26		
19	Has the gain or loss on the net monetary position been included in the statement of profit and loss? (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.*)	29.27 29.28		
	Current cost financial statements			
20	Has the entity restated other items in the balance sheet in accordance with Q 6 to 17? (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.*)	29.29		
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? (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.*)	29.30		
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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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 subsidiary's 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		
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Disclosures			
32	Has the entity disclosed the following:	29.39	2	
	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,			
	b) Whether the financial statements are based on a historical cost approach or a current cost approach,			
	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			
	d) Duration of the hyperinflationary situation existing in the economy?			
	(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		

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

Ind AS-32 Financial Instruments: Presentation

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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. 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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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		
	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 paragraph 2.5 of Ind AS 109?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Presentation			
4	If the entity has issued financial instruments, has the entity classified the financial instrument, or its component parts, on initial recognition 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. (Refer bulletins- (ITFG 13 issue 10), (ITFG 15 issue 1, issue 2 and issue 9), (ITFG 20 issue 3), (ITFG 17 issue 9) clarification)	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.			
	(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? (Refer ITFG bulletin 14 issue 7 clarification)			
	(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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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?			
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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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.*)	32.16C(a)		
	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 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			
	b) The effect of substantially restricting or fixing the residual return to the instrumental holders?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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 reclassification from equity to financial liability and recognised in equity any difference between 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, (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.*)	32.18		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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		
	(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.*)			
	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	32.25		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	classified such a financial instrument as a financial liability, unless:			
	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?			
	(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: (Refer bulletins- (ITFG 13 issue 10), (ITFG 15, issue 1 and issue 2) and (ITFG 17 issue 9) clarifications)	32.28	1	
	a) Has the entity classified these components separately as financial liabilities, financial assets or equity instruments in accordance with Q4, and			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(Note: *For example, the entity should recognise 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? (Refer bulletins- (ITFG 13 issue 10), (ITFG 15, issues 1 and 2), and (ITFG 17 issue 9) clarifications)	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? (Refer bulletins- (ITFG 13 issue 10), (ITFG 15 issue 1 and issue 2) and (ITFG 17 issue 9) clarifications)	32.31		
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.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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	a) 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		
	b) Has the entity disclosed separately, the amount of treasury shares held either in the balance sheet or in the notes in accordance with Ind AS 1, *Presentation of Financial Statements*?	32.34	2	
	c) Also, in case the entity reacquires its own equity instruments from related parties, then has it provided disclosure in accordance with Ind AS 24, *Related Party Disclosures*?	32.34	2	
	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? (Refer bulletins- (ITFG 7 issue 6), (ITFG 9 issue 1), (ITFG 13 issue 1) and FAQ issued by ICAI clarifications)	32.35		
	b) Has the entity recognised distribution to holders of an equity instrument directly as equity? (Refer bulletins- (ITFG 7 issue 6), (ITFG 9 issue 1), (ITFG 13 issue 1) and FAQ issued by ICAI clarifications)	32.35		
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 / Schedule III Ref.	ICAI checklist Q No	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, the amount of transaction costs accounted for as a deduction from equity in the period?	32.39	3	
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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(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*.)			
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		

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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 favorable 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 unfavorable 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.

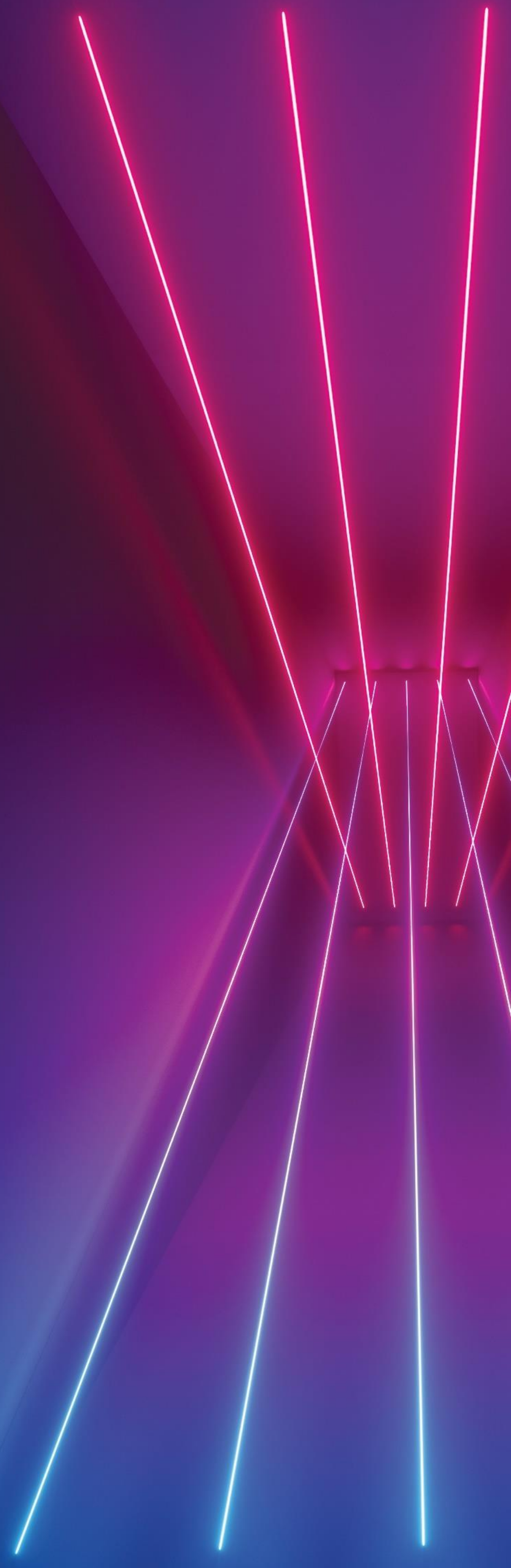
A *puttable instrument* is a financial instrument that gives the holder the right to put the instrument back to the issuer for cash or another financial asset or is automatically put back to the issuer on the occurrence of an uncertain future event or the death or retirement of the instrument holder.

(Source: Ind AS 32, *Financial Instruments: Presentation* as issued by Ministry of Corporate affairs)

*Reference to Schedule III is with respect to Division II

KPMG

Ind AS-33 Earnings Per Share



For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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 (Refer ITFG bulletin 11 issue 3 clarification)			
	b) If presented, profit or loss from continuing operations attributable to those equity holders?			
	(Note: i. *BEPS should be calculated as follows:* $$BEPS = \frac{\text{Profit or loss attributable to ordinary equity holders of the parent entity}}{\text{Weighted average number of ordinary shares outstanding during the period}}$$			
	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 BEPS 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 BEPS 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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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? (Refer ITFG bulletin 10 issue 5 clarification)	33.12		
3	Are the after-tax amount of preference dividends that are deducted from profit or loss equal to:	33.14		
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
8	Has the weighted average number of ordinary shares outstanding during the period, as determined below, been used to calculate the BEPS, 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?	33.20		
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)? (Note: *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.*)	33.21		
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		
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 BEPS 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? (Note: *For example, capitalisation or bonus issue or a share split.*)	33.26		
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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 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		
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?	33.39		
	(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*.)			
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			
	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)?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 DEPS?			
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 DEPS, 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		
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? (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.*)	33.48		
	Additional considerations - convertible instruments			
26	Whether the dilutive effect of convertible instruments has been considered in DEPS?	33.49		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
27	Have contingently issuable ordinary shares been treated as outstanding and included in the calculation of DEPS 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 DEPS 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 DEPS 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 DEPS 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	1	
	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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	a) Has the entity presented in its statement of profit and loss, basic and diluted EPS:	33.66, Sch III Part-II	2	
	i. For profit or loss from continuing operations attributable to the ordinary equity holders of the parent entity, and			
	ii. 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?			
	b) Has the entity presented basic and diluted EPS with equal prominence for all periods presented?			
34	a) Is EPS presented for every period for which statement of profit and loss is presented?	33.67, Sch III Part-II	3	
	b) In a case where DEPS is reported for at least one period, has the entity reported for all periods presented (even if it equals BEPS)?			
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	4	
	(Note: *Where an entity reports discontinued operations, Schedule III requires the disclosure of basic and diluted EPS separately on the face of the statement of profit and loss as below:* *a) For continuing operations,* *b) For discontinued operations, and* *c) For discontinued and continuing operations.*)	Sch III Part-II		
36	Has the entity presented basic and diluted EPS, even if the amounts are negative i.e., loss per share?	33.69	5	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Disclosure			
37	Are the following disclosures made by the entity:	33.70	6	
	a) The amounts used as the numerators in calculating basic and diluted EPS, 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 EPS,			
	b) The weighted average number of ordinary shares used as the denominator in calculating basic and diluted EPS, and a reconciliation of these denominators to each other. The reconciliation shall include the individual effect of each class of instruments that affects EPS,			
	c) Instruments (including contingently issuable shares) that could potentially dilute BEPS in the future, but were not included in the calculation of DEPS because they are antidilutive for the period(s) presented, and			
	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	Financial instruments and other contracts generating potential ordinary shares may incorporate terms and conditions that affect the measurement of basic and diluted EPS. These terms and conditions may determine whether any potential ordinary shares are dilutive and, if so, the effect on the weighted average number of shares outstanding and any consequent adjustments to profit or loss attributable to ordinary equity holders. Has the entity disclosed the terms and conditions of such financial instruments and other contracts? (Refer Ind AS 107, *Financial Instruments: Disclosures)*	33.72	7	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
39	Has the entity disclosed, in addition to basic and diluted EPS, amounts per share using a reported component of the statement of profit and loss other than one required by this standard? (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.*)	33.73	8	

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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)

*Reference to Schedule III is with respect to Division II

Ind AS-34 Interim Financial Reporting

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Compliance under other regulations			
	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		
1	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.)			
	Minimum content of the interim financial statements			
2	Has the entity included at minimum, the following items in interim financial statements:	34.8	1	
	a) A condensed balance sheet			
	b) A condensed statement of profit and loss			
	c) A condensed statement of changes in equity			
	d) A condensed statement of cash flows			
	e) Selected explanatory notes?			
	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	2	
	(Note: *Additional line items or notes shall be included if their omission would make the condensed interim financial statements misleading.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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	3	
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? (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.*)	34.14		
	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	4	
	If the entity considers any event as significant, has it disclosed such significant event(s)? 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, assets arising from contracts with customers, 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,	34.15B	5	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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.*			
	i) *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 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	6	
	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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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,			
	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,			
	(Note: *However, if an entity allocates to reportable segments items such as tax expense (tax income), the entity may reconcile the total of the segments' measures of profit or loss to profit or loss after those items. Material reconciling items shall be separately identified and described in that reconciliation.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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, *Financial Instruments: Disclosures* and Ind AS 113, *Fair Value Measurement,* (refer Ind AS 107 and Ind AS 113 checklists)			
	k) For entities becoming, or ceasing to be, investment entities, as defined in Ind AS 110, *Consolidated Financial Statements*, the disclosures as required in paragraph 9B of Ind AS 112, *Disclosure of Interests in Other Entities*, (refer Ind AS 112 checklist) and			
	l) Disaggregation of revenue from contracts with customers required by Ind AS 115? (Refer Ind AS 115 checklist)			
	(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	7	
	(Note: A*n interim financial report shall not be described as complying with Ind ASs unless it complies with all of the requirements of Ind ASs.*)			
	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	8	
	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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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			
	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? (Note: *The above-mentioned information should be disclosed in addition to the information required in Q 8.*)	34.21		
	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	9	
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(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* *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.)*	34.30		
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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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?			

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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 defines material information and 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)

*Reference to Schedule III is with respect to Division II

KPMG

Ind AS-36 Impairment of Assets

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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) Contract assets and assets arising from costs to obtain or fulfil a contract (Ind AS 115, *Revenue from Contracts with Customers*),			
	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*?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Identifying an asset that may be impaired			
	(Note: *References to 'an asset' in Ind AS 36 apply equally to an individual asset or a 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		
	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:	36.12		
	(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.*)			
	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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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,			
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Measuring recoverable amount			
8	When required in accordance with Q 4 and Q 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?	36.20		
	(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.*)			
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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 in (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		
	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 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.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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,			
	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.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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)?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(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 inflation, future cash flows are estimated in real terms (but include future specific price increases or decreases),*	36.40		
	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:* • *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.))*	36.43		
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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 CGU 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		
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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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?			
	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		
	(Note: *For example, since the discount rate is determined on a pre-tax basis, future cash flows are also estimated on a pre-tax basis.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 CGUs 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 CGU to which the asset belongs?	36.66		
	(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 CGU*)	36.67		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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:	36.68		
	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			
	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 CGU			
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 CGU is determined?	36.75		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Goodwill allocation to CGUs			
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			
	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			

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Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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			
	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 CGUs 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.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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 CGU, 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?			
	(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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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, Impairment testing CGUs with goodwill and non-controlling interests, of Ind AS 36, 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? (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 CGU. 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 CGU under review.*)	36.100		
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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 CGU			
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: a) First, to reduce the carrying amount of any goodwill allocated to the unit (or group of units), and	36.104		
	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: i. Its fair value less costs of disposal (if measurable),	36.105		
	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.*)			
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 Q 66, and			
	ii. Recognised no impairment loss for the asset if the related CGU 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: *External sources of information* a) Observable indications that the asset's (or CGU's) value has increased significantly during the period,	36.111		
	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,			
	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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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? (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*)	36.115		
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 / Schedule III Ref.	ICAI checklist Q No	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? (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.*)	36.120		
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 CGU			
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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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.*)			
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	1	
	a) The amount of impairment losses recognised in profit or loss during the period,			
	b) The line item(s) of the statement of profit and loss in which those impairment losses are included,			
	c) The amount of reversals of impairment losses recognised in profit or loss during the period,			
	d) The line item(s) of the statement of profit and loss in which those impairment losses are reversed,			
	e) The amount of impairment losses on revalued assets recognised in other comprehensive income during the period, if any, and			
	f) The amount of reversals of impairment losses on revalued assets recognised in other comprehensive income during the period, if any?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
82	Has the entity presented the information required in Q 81 with other information disclosed for the class of assets? (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, Property, Plant and Equipment.*)	36.127 36.128	1	
83	If the entity reports segment information in accordance with Ind AS 108 has it disclosed the following for each reportable segment:	36.129	2	
	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	3	
	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:			
	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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 (refer Ind AS 113, *Fair Value Measurement)* 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. (Note: *Key assumptions are those to which the asset's (CGU's) recoverable amount is most sensitive*.)			
	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	4	
	a) The main classes of assets affected by impairment losses and the main classes of assets affected by reversal of impairment losses, and			
	b) The main events and circumstances that led to the recognition of these impairment losses and reversals of impairment losses?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
86	a) Has the entity disclosed assumptions used to determine the recoverable amount of assets (CGU) during the period?	36.132	5	
	b) 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	6	
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	7	
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:	36.134	8	
	a) The carrying amount of goodwill allocated to the unit (group of units),			
	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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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,			
	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), 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, then has the entity disclosed the following information:	36.134		
	i. The period over which management has projected cash flows,			
	ii. The growth rate used to extrapolate cash flow projections,			
	iii. The discount rate(s) applied to the cash flow projections,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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?			
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	9	
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:	36.135	10	
	a) The aggregate carrying amount of goodwill allocated to those units (groups of units),			
	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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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		

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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)

*Reference to Schedule III is with respect to Division II.

Ind AS-37 Provisions, Contingent Liabilities and Contingent Assets

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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. Revenue from contracts with customers (Ind AS 115, *Revenue from Contracts with Customers*), (Note: *This excludes contracts with customers that are or have become onerous.*)			
	iii. Leases (Ind AS 116, *Leases*), (Note: *However, this excludes any lease that becomes onerous before the commencement date of the lease as defined in Ind AS 116. It also excludes short-term leases and leases for which the underlying asset is of low value accounted for in accordance with Ind AS 116 and that have become onerous.*)			
	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*)?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
2	Has the entity applied this standard while making a provision for restructuring (including discontinued operations)? (Also refer Q 41(a))	37.9		
	Recognition			
3	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 4 and 5),			
	b) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation (refer Q 6), and			
	c) A reliable estimate can be made of the amount of the obligation?			
	Present obligation			
4	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		
5	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Probable outflow of resources embodying economic benefits			
6	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			
7	Has the entity ensured that it has not recognised a contingent liability and has appropriately disclosed (refer Q 34) 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		
8	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			
9	a) Has the entity not recognised contingent assets and appropriately disclosed (refer Q 37) 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*			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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			
10	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? (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.*)	37.36		
11	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		
12	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			
13	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		
	Present value			
14	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		
15	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? (Note: *The discount rate(s) shall not reflect risks for which future cash flow estimates have been adjusted.*)	37.47		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Future events			
16	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? (Refer Q 35(g-h))	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			
17	Has the entity ignored any gains from the expected disposal of assets while measuring a provision?	37.51		
	Reimbursement			
18	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		
	Changes in provision			
19	Has the entity reviewed the provision at the end of each reporting period and adjusted to reflect the current best estimate?	37.59		
20	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
21	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			
22	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 provision that was originally recognised for another purpose would conceal the impact of two different events.*)	37.62		
	Future operating losses			
23	Has the entity ensured that it does not recognise provisions for future operating losses?	37.63		
	Onerous contracts			
24	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			
25	Has the entity recognised the provision for restructuring costs, only when the general recognition criteria for provisions (refer Q 3) are satisfied?	37.71		
26	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 at least:			
	i. The business or part of a business concerned,			
	ii. The principal locations affected,			
	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,			

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Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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?			
27	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:	37.75		
	a) Started to implement the restructuring plan, or			
	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 reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements , which provide financial information about a specific reporting entity.)*[1].	37.75		
28	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		
29	Has the entity ensured that the restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:	37.80		
	a) Necessarily entailed by the restructuring, and			
	b) Not associated with the ongoing activities of the entity?			
30	Has the entity ensured that the following cost have been excluded from the restructuring provision:	37.81		
	a) Retraining or relocating continuing staff,			
	b) Marketing, or			
	c) Investment in new systems and distribution networks?			
31	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		

[1] Amendments issued by MCA vide notification no. G.S.R. 463(E) dated 24 July 2020. An entity should apply these amendments when it applies amendments to the definition of material under Ind AS 1 and Ind AS 8.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
32	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		
	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds			
33	a) In case a residual interest in a fund that extends beyond a right to reimbursement (such as a contractual right to distributions once all the decommissioning has been completed or on winding up the fund), then has the entity accounted it in accordance with Ind AS 109, *Financial Instruments,*	37.A5		
	b) Has the contributor recognised its obligation to pay decommissioning costs as a liability and recognised its interest in the fund separately unless the contributor is not liable to pay decommissioning costs even if the fund fails to pay,	37.A7		
	c) Has the contributor determined if it has control, joint control, or significant influence over, the fund by reference to Ind AS 110, *Consolidated Financial Statements*, Ind AS 111, *Joint Arrangements*, and Ind AS 28, *Investments in Associates and Joint Ventures,*	37.A8		
	d) If answer to (c) above is yes, then has the contributor accounted for its interest in the fund in accordance with those standards,			
	e) In case a contributor does not have control or joint control of, or significant influence over, the fund, then has the contributor recognised the right to receive reimbursement from the fund as a reimbursement in accordance with Ind AS 37,	37.A9		
	f) If answer to (e) above is yes, then has it measured the reimbursement at the lower of the following amounts: i. The amount of the decommissioning obligation recognised and			
	ii. The contributor's share of the fair value of the net assets of the fund attributable to contributors,			
	g) Does a contributor have an obligation to make potential additional contribution (for example, in the event of the bankruptcy of another contributor or if the value of the investment assets held by the fund decreases to an extent that they are insufficient to fulfil the fund's reimbursement obligations)?	37.A10		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	h) If yes, then has it disclosed this obligation as a contingent liability that is within the scope of Ind AS 37?			
	i) Has the contributor recognised a liability only if it is probable that additional contributions will be made?			
	Levies			
34	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			
35	Has the entity disclosed following for each class of provision:	37.84	3	
	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	4	
	g) An indication of the uncertainties about the amount or timing of those outflows, (refer Q 16 above)			
	h) The major assumptions made concerning future events, (refer Q 16 above),			
	i) The amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement, and			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	j) Provisions made under this Ind AS separately from provisions made under Ind AS 19?	Sch III Part I Para 6.E.III		
	(Note: *Schedule III requires entities to present dividends proposed to be distributed to equity and preference shareholders for the period and the related amount per share separately. Arrears of fixed cumulative dividends on irredeemable preference shares should also be disclosed separately.*)	Sch III Part I Para 6.I		
36	Has the entity disclosed contingent liabilities, to the extent not provided for in the notes to financial statements, classified as under:	Sch III Part I Para 6.H (i)		
	a) Claims against the company not acknowledged as debts			
	b) Guarantees excluding financial guarantees, and			
	c) Other money for which the company is contingently liable?			
37	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	5	
	a) An estimate of its financial effect, measured under Q 10 to 17,			
	b) An indication of the uncertainties relating to the amount or timing of any outflow, and			
	c) The possibility of any reimbursement?			
38	Has the entity disclosed commitments, to the extent not provided for in the notes to financial statements, classified as under:	Sch III Part I Para 6.H (ii)		
	a) Estimated amount of contracts remaining to be executed on capital account and not provided for,			
	b) Uncalled liability on shares and other investments partly paid, and			
	c) Other commitments (specify nature)?			
39	In determining which provisions or contingent liabilities may be aggregated to form a class, has the entity considered whether the nature of the items is sufficiently similar for a single statement about them to fulfil the requirements in Q 35 and 37? (Note: *It may be appropriate to treat as a single class of provision amounts relating to warranties of different products, but it would not be appropriate to treat as a single class amounts relating to normal warranties and amounts that are subject to legal proceedings.*)	37.87		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
40	Has the entity made disclosure as required by Q 35 and 37 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	6	
41	a) In case a restructuring meets the definition of a discontinued operation, then has the entity provided additional disclosures as required by Ind AS 105? (Refer Ind AS 105 checklist)	37.9	1	
	b) In case an entity starts to implement a restructuring plan, or announces its main features to those affected, only after the reporting period, then has the entity made disclosures as required under Ind AS 10, if the restructuring is material and non-disclosure could influence the economic decisions that users make on the basis of the financial statement? (Refer Ind AS 10 checklist)	37.75	2	
42	Has the contributor disclosed the nature of its interest in a fund and any restrictions on access to the assets in the fund?	37.A11	10	
43	In case where the contributor's obligation to make potential additional contributions is not recognised as a liability, then has it made the disclosures required by Q 37 above?	37.A12	11	
44	In case where a contributor accounts for its interest in the fund in accordance with Q 33 (e) to (h), then has it made the disclosures required by Q 35(i) above?	37.A13	12	
	Contingent asset			
45	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	7	
46	Has the entity stated the fact, where any of the information required in Q 35 to 40 and Q 45 is not disclosed because it is not practicable to do so?	37.91	8	
47	Where disclosure of some or all of the information required in Q 35 to 40 and Q 45 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	9	

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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.[2]

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)

*Reference to Schedule III is with respect to Division II

2 The Conceptual Framework issued by the Institute of Chartered Accountants of India revised the definition of a liability under Indian Accounting Standards. However, MCA issued a clarification along with the Companies (Ind AS) Amendment Rules, 2021 on 18 June 2021 that the definition of a 'liability' as defined in Ind AS 37 has not been revised.

KPMG

Ind AS-38 Intangible Assets

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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*),			
	b) Deferred tax assets (see Ind AS 12, *Income Taxes*),			
	c) Leases of intangible assets accounted for in accordance with Ind AS 116, *Leases,*			
	d) Assets arising from employee benefits (see Ind AS 19, *Employee Benefits*),			
	e) Financial assets, as defined in Ind AS 32,			
	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,			
	i) Assets arising from contracts with customers, that are recognised in accordance with Ind AS 115, *Revenue from Contracts with Customers,*			
	j) The recognition and measurement of exploration and evaluation assets (see Ind AS 106, *Exploration for and Evaluation of Mineral Resources*),			
	k) Expenditure on the development and extraction of minerals, oil, natural gas and similar non-regenerative resources, and			
	l) Intangible assets that are within the scope of another standard?			
2	If the entity has an asset[1] 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		

[1] MCA vide notification dated 18 June 2021 added a footnote to the definition of an 'asset' which clarified that the definition of an asset in Ind AS 38 is not revised following the revision of the definition of an asset in the *Conceptual Framework for Financial Reporting under Indian Accounting Standards* issued in 2021 by ICAI.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 if it is not an integral part of the related tangible asset?			
3	Has the entity (in case where it is a lessee) included rights under licensing agreements for items such as motion picture films, video recordings, plays, manuscripts, patents and copyrights in the scope of Ind AS 38? (Note: *Such above rights held by a lessee are excluded from the scope of Ind AS 116.*)	38.6		
4	Has the entity treated an asset as an intangible asset under this standard only when the following conditions have been satisfied: (Refer ITFG bulletin 22 issue 3 clarification)	38.10		
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	(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		
	(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: a) It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, and	38.21		
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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),	38.28		
	b) Professional fees arising directly from bringing the asset to its working condition,			
	c) Cost of testing whether the asset is functioning properly.)			
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 Costs*?			
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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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? (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.*)	38.35 38.33		
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? (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 complimentary assets such as a trademark (or service mark) and its related trade name, formulas, recipes and technological expertise.*)	38.37		
	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 accounted for the transaction either by: a) Recognising both the intangible asset and the grant initially at fair value, or b) Recognising the asset initially at a nominal amount (the other treatment permitted by Ind AS 20, *Accounting for Government Grants and Disclosure of Government Assistance)* plus any expenditure that is directly attributable to preparing the asset for its intended use?	38.44		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 internal project in a research phase, is the expenditure on research phase of the project recognised as an expense by the entity when it is incurred? (Note: *Entity to ensure that no intangible asset is recognised in the research phase.*)	38.51 38.52 38.54		
	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 in the balance sheet only if the entity demonstrates all of the following: a) The technical feasibility of completing the intangible asset so that it will be available for use or sale,	38.57		
	b) Its intention to complete the intangible asset and use or sell it,			
	c) Its ability to use or sell the intangible asset,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 of the 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? (Note: *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.*)	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? (Refer bulletins- (ITFG 3 issue 13) and (ITFG 7 issue 9) clarification)	38.7AA 38.7AA		
	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)?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
27	If, based on Q 26, an expenditure incurred on an intangible item is recognised as an expense, has such an expense been recognised: (Refer ITFG bulletin 22 issue 4 clarification)	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 38.74		
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? (Note: *For the purpose of revaluations under this standard, fair value shall be measured by reference to an active market.* *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.*	38.75 38.77		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Revaluation model may be applied to an intangible asset that was received by way of a government grant and recognised at a nominal amount (see Q 18).)			
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 be 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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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			
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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,			
	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 exceeded 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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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:	38.96		
	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,			
	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?			
	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			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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?			
	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	a) 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?	38.102		
	b) 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*?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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?			
	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		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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 116 requires otherwise on a sale and leaseback.)	38.113 38.114		
	(Note: *The date of disposal of an intangible asset is the date that the recipient obtains control of that asset in accordance with requirements for determining when a performance obligation is satisfied as per Ind AS 115. Ind AS 116 will be 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		
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 to be included in the gain or loss arising from the derecognition of the intangible asset, in accordance with the requirements for determining transaction price as per provisions of Ind AS 115?	38.116		
	b) Have there been subsequent changes to the estimated amount of the consideration included in the gain or loss?			
	If yes, has the entity accounted for the change in consideration, in accordance with the requirement for changes in the transaction price in Ind AS 115?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
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		
	Disclosures			
68	Has the entity disclosed the following, for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets:	38.118	1	
	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 gross and net carrying amounts of each class of assets at the beginning and end of the period showing:	Sch III Part I Para 6A.IV(ii)		
	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,			
	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),			
	(Note: *Amount of change due to revaluation to be disclosed if the change is 10 per cent or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment in accordance with Schedule III to the 2013 Act.*[2])	Sch III – Part I Para 6A		
	iv. Impairment losses recognised in profit or loss during the period in accordance with Ind AS 36 (if any),			

[2] Amendment to Schedule III made by MCA vide notification dated 24 March 2021. The amendment is effective from 1 April 2021.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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. Disposals,			
	ix. Other changes in the carrying amount during the period?			
	f) Where the company has revalued its intangible assets (including right-of-use assets), disclose as to whether the revaluation is based on the valuation by a registered valuer as defined under Rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017[2]?	Sch III Part-I Para 6L		
	g) In case of intangible assets under development, disclose ageing schedule in a specified format for each of the following[2]:	Sch III Part-I Para 6L		
	i. Projects in progress			
	ii. Projects temporarily suspended.			
	h) In case of intangible assets under development whose completion is overdue or has exceeded its cost compared to its original plan, disclose intangible assets under development completion schedule in a specified format for each of the projects[2]? (Note: *Details of projects where activity has been suspended shall be given separately.*)	Sch III Part-I Para 6L		
69	Has the entity classified the intangible assets (other than goodwill) as under, and disclosed them in its balance sheet under the head 'other intangible assets':	38.119 Sch III Part I Para 6A.IV(i)		
	a) Brands or trademarks,			
	b) Computer software,			
	c) Mastheads and publishing titles,			
	d) Mining rights,			
	e) Copyrights, patents, other intellectual property rights, services and operating rights,			
	f) Recipes, formulae, models, designs and prototypes,			
	g) Licenses and franchises,			
	h) Intangible assets under development,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	i) Others (specify nature)?			
	(Note: *The classes mentioned above may be aggregated or disaggregated into larger or smaller classes if aggregation/disaggregation results in more relevant information for the users of the financial statements.*)			
70	Has the entity disclosed information on impaired intangible assets in accordance with Ind AS 36 in addition to the information required by Q 68 (e) (iii)- (v)?	38.120	2	
71	Has the entity grouped the assets of similar nature and use in the entity's operations into the same class of assets?	38.119		
72	Has the entity disclosed the nature and the amount of change in the accounting estimate that has a material effect in the current period or is expected to have a material effect in subsequent periods resulting from factors like:	38.121 8.39	3	
	a) The assessment of an intangible asset's useful life,			
	b) The amortisation method, or			
	c) Residual values?			
73	In case of an intangible asset, has the entity disclosed:	38.122	4	
	a) The carrying amount and the reasons supporting the assessment of an indefinite useful life (for intangible assets with indefinite useful life). In giving these reasons, the entity shall describe the factor(s) that played a significant role in determining that the asset has 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) (For intangible assets) acquired by way of government grant and initially recognised at fair value, the following:			
	i. The fair value initially recognised for these assets			
	ii. Their carrying amount			
	iii. 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 for the acquisition of intangible assets?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
74	In case of intangible assets accounted for at revalued amounts, has the entity disclosed the following:	38.124	5	
	a) By class of intangible assets:			
	i. The effective date of the revaluation,			
	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 checklist,			
	b) The amount of revaluation surplus at the beginning and end of the period, indicating the changes and the restrictions on the distribution of the balance to the shareholders?			
	Research and development expenditure			
75	Has the entity disclosed the aggregate amount of research and development expenditure recognised as an expense during the period?	38.126	6	
	Other information			
76	Has the entity disclosed the following information:	38.128	7	
	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.*)			

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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)

*Reference to Schedule III is with respect to Division II

Ind AS-40 Investment Property

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Scope			
1	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), 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			
2	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		
3	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		
	(Note: *Ind AS 16 applies to owner-occupied property and Ind AS 116, Leases*[1] *applies to owner-occupied property held by a lessee as a ROU asset.*)	40.7		
4	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?			
5	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		
6	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 33(b) for disclosure of the criteria when the classification is difficult.*)			

[1] Amendments to Ind AS vide MCA notification dated 18 June 2021. The amendment is effective for annual reporting period beginning on or after 1 April 2021.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
7	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			
8	Is the owned 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?			
9	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		
10	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		
11	a) 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		
	b) In case the entity is a lessee, has it recognised an investment property as a ROU asset in accordance with Ind AS 116[2]?	40.19A		
	Measurement at recognition			
12	a) Is the owned investment property measured initially at cost? (Refer ITFG bulletin 12 issue 1 clarification)	40.20		
	b) Are transaction costs included in the initial measurement?			
13	Does the cost of the purchased investment property comprise of purchase price and directly attributable expenditure?	40.21		
14	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
15	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		
16	In case the investment property is held by a lessee as a ROU asset, has the entity (i.e., lessee) measured it initially at its cost as per Ind AS 116?	40.29A		
17	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: i. The exchange transaction lacks commercial substance, or	40.27		
	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.*)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	Measurement after recognition			
18	a) 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		
	b) While measuring the fair value of an investment property that is held as a ROU asset, has the lessee ensured that it measures the ROU asset, and not the underlying property at fair value?	40.40A		
19	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		
20	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		
21	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			
22	a) Has the entity made any transfer to or from an investment property, when and only when, there is a change in use? (Note: *A change in use occurs when a property meets, or ceases to meet, the definition of investment property, and there is an evidence of change in use.*)	40.57		
	b) Does the entity have an evidence of change in use? Some examples of 'evidence of change in use' are: i. Commencement of owner-occupation, for a transfer from investment property to owner-occupied property, ii. Development with a view to owner-occupation, for transfer from investment property to owner-occupied property,	40.57		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	iii. Commencement of development with a view to sale, for a transfer from investment property to inventories, iv. End of owner-occupation, for a transfer from owner-occupied property to investment property, or v. Inception of an operating lease to another party, for a transfer from inventories to investment property. (Note: *In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use.*)			
23	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		
24	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			
25	Has the investment property been derecognised if no future economic benefits are expected from its disposal?	40.66		
26	If the disposal of investment property is achieved by sale or finance lease, is the date of disposal of the property that is sold is the date, the recipient obtains control of the investment property in accordance with requirements for determining when a performance obligation is satisfied in Ind AS 115 or in accordance with Ind AS 116 for disposals effected by entering into a finance lease and/or a sale and leaseback?	40.67		
27	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		
28	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 (unless Ind AS 116 requires otherwise on a sale and leaseback)?			
29	a) For the purpose of determining the gain or loss in Q 28, has the entity recognised the consideration in accordance with the requirements for determining the transaction price as specified in Ind AS 115?	40.70		

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) Where there has been a change in the estimated amount of the consideration included in the gain or loss, has such change been accounted for in accordance with the requirements for changes in transaction price in Ind AS 115?			
30	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		
31	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 25-29, and			
	c) The cost of assets restored, purchased or constructed as replacements is determined in accordance with Q 12-17?			
	Disclosure			
32	Has the entity made the following disclosures as required by Ind AS 116:	40.74	1	
	a) As an owner of an investment property - lessors' disclosures about leases into which it has entered, and			
	b) For investment property held as a ROU asset, the below:			
	i. lessees' disclosures,			
	ii. lessors' disclosures for any operating leases into which it has entered?			
33	Has the entity disclosed the following:	40.75	2	
	a) Its accounting policy for measurement of investment property,			
	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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	d) The amounts recognised in profit or loss for:			
	i. Rental income from investment property,			
	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?			
34	In addition to the above disclosures, has the entity disclosed the following:	40.79	3	
	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 gross and net carrying amounts of each class of investment property at the beginning and end of the period, showing the following:	Sch III Part I Para 6.A.II		
	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,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	vii. Transfers to and from inventories and owner-occupied property,			
	viii. Disposals, and			
	ix. Other changes,			
	e) The fair value of investment property?			
	f) Details of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) whose title deeds are not held in the name of the company in the specified format and where such immovable property is jointly held with others, details are required to be given to the extent of the company's share?	Sch III - Part - I Para VI-L		
	g) Whether the fair value of investment property (as measured for disclosure purposes in the financial statements) is based on the valuation by a registered valuer as defined under Rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017[2]?			
35	In exceptional cases, when the entity cannot measure the fair value of the investment property reliably, has it disclosed:	40.79	3	
	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?			
	Transitional provisions			
36	An entity that applies Ind AS 116 and its related amendments for the first time, has it applied the transition requirements in Appendix C of Ind AS 116 to its investment property held as a ROU asset?	40.84B		
37	Has the entity applied amendments as referred to in Q 22-23 to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments (the date of initial application)?	40.84C		

[2] Amendments to Ind AS vide MCA notification dated 24 March 2021. The amendments are effective from annual reporting period beginning on or after 1 April 2021.

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
38	Has the entity reassessed the classification of property held at that date and if applicable reclassified property (refer Q 2-Q 6) to reflect the conditions that exist at that date?	40.84C		
39	In case an entity reclassifies property at the date of initial application (refer Q 37- Q 38) then has the entity accounted for reclassification applying requirements of Q 24?	40.84E(a)		
40	In case an entity reclassifies property at the date of initial application (refer Q 37- Q 38), then has the entity provided disclosure of the amounts reclassified to, or from, investment property?	40.84E(b)	4	
	(*Note: Disclosure of these amounts reclassified can be as part of the reconciliation of the carrying amount of investment property at the beginning and end of the period as required by Q 34- 35*)	40.84E(b)		

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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 as a right-of-use asset) 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 as a right-of-use asset) 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)

*Reference to Schedule III is with respect to Division II

KPMG

Ind AS-41 Agriculture

For an overview of the standard, please click here

Checklist

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	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*)			
	e) Right-Of-Use (ROU) assets arising from a lease of land related to agricultural activity (refer Ind AS 116*, Leases*)?			
	(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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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.*)			
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		
	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.*)	41.30		
9	Has the entity reassessed the biological asset at its FVLCTS once the fair value of such asset becomes reliable subsequently?	41.31		
	(Note: *Once a biological asset has been measured at FVLCTS, it continues to be measured on that basis until disposal*.)			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	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		
	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	1	
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	2	
13	Has the entity provided description of each group of biological assets (in the form of narrative or quantified description)?	41.41	3	
14	Has the entity provided quantified description of each group of biological asset distinguishing between below:			
	a) Consumable/bearer biological assets, or	41.43	4	
	b) Mature/immature biological assets?	41.45		
	(Note: *For example, an entity may disclose the carrying amounts of consumable biological assets and bearer biological assets by group. An entity may further divide those carrying amounts between mature and immature assets. An entity shall disclose the basis for making any such distinctions.*) 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	5	
	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?			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
16	Has the entity disclosed the following:			
	a) The existence and carrying amounts of biological assets whose title is restricted,	41.49	6	
	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	7	
	b) If answer to above is yes, has the entity presented a reconciliation of the changes in the gross and net carrying amount of biological assets between the beginning and the end of the current period?	41.50 and Schedule IIII Part-I Para 6.AV		
	c) Does the reconciliation include:			
	i. The gain or loss arising from changes in FVLCTS,			
	ii. Increases/decreases due to purchases/harvest or disposal,			
	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 on the translation of a foreign operation into the presentation currency of the reporting entity and,			
	vi. Other changes?			
18	Has the entity disclosed by group or otherwise, the amount of change in fair value less costs to sell of a biological asset due to physical changes and due to price changes in profit or loss? (Note: *Separate disclosure of physical and price changes is useful in appraising current period performance and future prospects, particularly when there is a production cycle of more than one year.*)	41.51	8	

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
19	Agriculture activity is often exposed to climatic, disease and other natural risks. In case an event occurs, which gives rise to a material item of income or expense, then in accordance with Ind AS 1, *Presentation of Financial Statements,* has the entity disclosed the following:	41.53	9	
	a) Its nature and			
	b) Amount of such an item?			
	(*Note: Examples of such an event include an outbreak of a virulent disease, a flood, a severe drought or frost, and a plague of insects*.)			
	Additional disclosures for biological assets where fair value cannot be measured reliably			
20	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	10	
	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?			
21	When an asset is measured according to Q 8(b), then 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 Q 17 (b) and (c) above?	41.55	11	
22	When asset is measured according to Q 8(b) above, then has the entity included the following additionally in the reconciliation:	41.55	11	
	a) Impairment losses,			
	b) Reversals of impairment losses, and			
	c) Depreciation?			
23	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	12	
	a) A description of biological assets,			

Sr. no.	Particulars	Ind AS / Schedule III Ref.	ICAI checklist Q No	Compliance [Yes/No/NA]
	b) An explanation of why fair value has become reliably measurable, and			
	c) The effect of the change?			
24	Has the entity disclosed the nature and extent of government grants recognised in the financial statements?	41.57	13(a)	
25	Has the entity disclosed the unfulfilled conditions and other contingencies attaching to government grants?	41.57	13(b)	
26	Has the entity disclosed significant decreases expected in the level of government grants?	41.57	13(c)	

For additional considerations relating to this chapter on ITFG bulletins, Companies Act, 2013, SEBI requirements and ICDS, please click here

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)

*Reference to Schedule III is with respect to Division II

Annexure - I

Applicability of Ind AS

Applicability of Ind AS

The ITFG has dealt with a number of issues regarding applicability based on Ind AS road map. The Ministry of Corporate Affairs (MCA) laid down an implementation road map for corporate and financial services entities, as given hereunder:

I. <u>Implementation road map for Ind AS by companies (corporate road map)</u>

On 16 February 2015, MCA notified the Companies (Indian Accounting Standards) Rules, 2015, and laid down an Ind AS implementation road map for corporates as given below[1]:

	Phase II	Voluntary adoption
Year of adoption	FY2017-18	FY2015-16 or thereafter
Comparative year	FY2016-17	FY2014-15 or thereafter
Covered companies		
a. Listed companies[2]	All companies listed or in the process of being listed	Any company could voluntarily adopt Ind AS
b. Unlisted companies	Companies having a net worth >= INR250 crore	
c. Group companies	*Applicable to holding, subsidiaries, joint ventures, or associates of companies covered in (a) and (b) above. This will also impact fellow subsidiary companies while preparing Consolidated Financial Statements (CFS) of the holding company.* (Refer ITFG bulletins – (ITFG 15 Issue 10) and (ITFG 19 Issue 6) clarifications)	

(Source: KPMG in India's analysis, 2021, MCA notification dated 16 February 2015)

II. <u>Implementation road map for Ind AS by Non-Banking Financial Companies (NBFCs)</u>[3]

In January 2016, MCA notified the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, and laid down an implementation road map for NBFCs as given below[1]:

	Phase II	Voluntary adoption
Year of adoption	FY2019 – 20	N.A.
Comparative year	FY2018 - 19	N.A.
NBFCs covered in the Ind AS road map		
a. Listed NBFCs	All NBFCs listed or in the process of being listed	Any company could voluntarily adopt Ind AS
b. Unlisted NBFCs	All NBFCs having a net worth >= INR250 crore	

[1] Please note that Phase I of the road map is not applicable now.

[2] Companies whose equity or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India.

[3] The Reserve Bank of India (RBI) (notification dated 13 March 2020) has framed regulatory guidance on Ind AS which will be applicable on Ind AS implementing NBFCs and Asset Reconstruction Companies (ARCs) for the preparation of their financial statements from financial year 2019-20 onwards.

	Phase II	Voluntary adoption
NBFCs covered in the Ind AS road map		
c) Group companies	*Applicable to holding, subsidiaries, joint ventures, or associates of NBFCs covered in (a) and (b) (other than companies already covered under the corporate road map in I above).) This will also impact fellow subsidiary companies while preparing CFS of the holding company.* Refer bulletins - (ITFG 15 issue 10) and (ITFG 19 issue 6) clarifications)	

(Source: KPMG in India's analysis, 2021, MCA 's press release dated 18 January 2016)

III. <u>Implementation road map for Ind AS by financial service entities (financial services road map - other than NBFCs)</u>

In January 2016, MCA announced the Ind AS road map for scheduled commercial banks (excluding regional rural banks) and insurers/insurance companies[4], making Ind AS applicable to the entities from 1 April 2018. However, due to certain reasons such as preparedness of the institutions, amendments to the relevant laws, and a high compliance cost, the Reserve Bank of India (RBI) and the Insurance Regulatory and Development Authority of India (IRDAI) deferred the implementation of Ind AS to banks and insurance companies, respectively, as below:

- The RBI has deferred the applicability of Ind AS to banks till further notice[5].
- The IRDAI has deferred the applicability of Ind AS to the insurance sector till further notice. Additionally, the insurance companies are no longer required to submit proforma Ind AS financial statements to IRDAI on a quarterly basis as was earlier required. (As per the circular issued by IRDAI dated 21 January 2020[6]). Voluntary adoption of Ind AS is not permitted.

[4] Please refer MCA's press release dated 18 January 2016, RBI's circular number RBI/2015-16/315/dated 11 February 2016

[5] The RBI, through its press release dated 5 April 2018, deferred the implementation of Ind AS by one year for scheduled commercial banks. Accordingly, these banks were to prepare their first Ind AS financial statements for financial year beginning 1 April 2019, and the transition date would be 1 April 2018. Subsequently, RBI through a notification dated 22 March 2019, further deferred the implementation of Ind AS for banks till further notice.

[6] IRDAI through its circular no. IRDA/F&A/CIR/ACTS/023/01/2020 dated 21 January 2020 deferred the implementation of Ind AS in the insurance sector in India till further notice.

Key clarifications of the Reserve Bank of India (RBI) guidelines for NBFCs/ARCs[3]

The RBI lays down regulatory provisions relating to various aspects of operation of NBFCs/ARCs such as provisioning of loan exposures, maintenance of regulatory capital, etc. Ind AS prescribes accounting treatment in the financial statements of NBFCs/ARCs, of which certain provisions vary with the regulatory stipulations. Accordingly, NBFCs/ARCs required clarifications on certain aspects. The RBI guidelines bring clarity to and provide directions on many such matters.

The RBI spells out the importance of the involvement of the Board and the Audit Committee of the Board (ACB) in setting and approving policies in assessment of business model and various facts of computing ECL.

Some of the key clarifications provided by RBI guidelines are as follows:

- **Board defined policies on business model assessment:** NBFCs/ARCs should have clearly documented policies, approved by the Board, that defines the business model within which each loan/advance (or group of loans/advances) is held.
- **Expected Credit Loss (ECL) methodologies:** It is essential that all NBFCs/ARCs recognise a significant increase in credit risk and impaired loans on a timely basis, since a delay would aggravate underlying weaknesses in credit quality and adversely affect capital adequacy. Thus, RBI lays the responsibility of approving ECL methodologies/ECL models and change in such models on the Board. Further, the audit committee is accountable for approving:
  - Accounts that are 90 days past due, but which are not considered as impaired, and
  - The classification of accounts that are overdue beyond 30 days, whose risk is not considered to have increased significantly since initial recognition.
- **Creation of impairment reserve and disclosure of impairment provision**: Prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) prescribe certain percentages to be applied while computing provision on advances. However, Ind AS 109, *Financial Instruments* requires entities to compute ECLs on a probability weighted basis. This led to a divergence in the impairment computed under the two norms, which was a matter of great contention.

  The introduction of the requirement to maintain an impairment reserve provides clarity that NBFCs/ARCs are required to compare the impairment as per IRACP and Ind AS 109 and recognise the higher of the two. However, since this mandates the IRACP provision to be recorded (where higher), it would lead to a mandatory carve out from IFRS 9, *Financial Instruments*, which requires entities to record impairment allowance on financial assets based on the loss expected to occur on the asset over 12 months/life of the asset (where there is a significant increase in credit risk on initial recognition).

  The RBI guidelines require the impairment allowance under IRACP and Ind AS 109 to be disclosed in the financial statements.
- **Computation of regulatory capital**: Ind AS prescribes various accounting adjustments that are recorded in equity on a one-time (on implementation of Ind AS) or a regular basis. This affects the computation of regulatory capital, including computation of net owned funds. The RBI guidelines clarify how the Ind AS adjustments should be dealt with while computing regulatory capital and net owned funds.
- **Reference to Ind AS guidelines:** The RBI guidelines do not provide any commentary or technical interpretation pertaining to the accounting standards. Thus, for matters not dealt with by the RBI guidelines, NBFCs/ARCs should refer to notified accounting standards, application guidance, education material and other clarifications of the ICAI.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

ITFG Bulletin	Clarification provided
Bulletin 3 *(Issue 8)*	**Listing criteria for applicability of Ind AS** A company could fall in the Ind AS road map when it meets the listing criteria. If a company ceased to meet the listing criteria of the Ind AS road map immediately before the mandatory Ind AS application date, then it would not be required to comply with Ind AS even if it met the criteria on a prior date.
Bulletin 6 *(Issue 1)*	**Net worth criteria to be met at specified date** Once a company meets the threshold criteria in relation to net worth, then it is required to comply with the Ind AS road map even if its net worth falls below the criteria specified at a later date. In a situation relating to a debt-listed company, where the company met the net worth criterion on 31 March 2014 (i.e., met the net worth criteria for phase I of road map). Later the net worth of the company fell below the specified threshold. However, as per the road map the net worth of the company should be calculated in accordance with the Separate Financial Statements (SFS) of the company as on 31 March 2014 (i.e., when the road map for phase I companies became applicable in the instant case).
Bulletin 6 *(Issue 2)*	**Section 8 companies to prepare Ind AS financial statements if covered under the road map** The companies covered under section 8 of the Companies Act, 2013 (2013 Act), would be required to prepare Ind AS financial statements unless and until any exemption is provided.
Bulletin 6 *(Issue 4)*	**Capital reserve in the nature of promoter's contribution** An entity may have received grant from government, in the nature of promoter's contribution which was included in capital reserve in accordance with the provisions of AS 12, *Accounting for Government Grants*. Such capital reserve (in the nature of promoter's contribution) should be included as a part of net worth only for the purpose of Ind AS applicability. In addition, definition of net worth for Ind AS applicability should not be applied by analogy for determining net worth under other provisions of the 2013 Act.
Bulletin 11 *(Issue 1)*	**Employee Stock Option Plan (ESOP) reserve in computation of net worth** In order to compute net worth for Ind AS applicability, ESOP reserve is required to be included. The ITFG considered the guidance in the Guidance Note on Accounting for Employee Share-based Payments which, *inter alia,* provided that an enterprise should recognise as an expense (except where service received qualifies to be included as a part of the cost of an asset) the services received in an equity-settled employee share-based payment plan when it receives the services, with a corresponding credit to an appropriate equity account, say, 'Stock Options Outstanding Account'. This account is transitional in nature as it gets ultimately transferred to another equity account such as share capital, securities premium account and/or general reserve as recommended in the subsequent paragraphs of this Guidance Note. In addition, the definition of net worth for Ind AS applicability should not be applied by analogy for determining net worth under other provisions of the 2013 Act.

ITFG Bulletin	Clarification provided
Bulletin 12 *(Issue 6)*	**Applicability of Ind AS to a branch of a company incorporated outside India** A company incorporated outside India with limited liability, may have established a branch office in India, with the permission of the Reserve Bank of India (RBI), to provide consultancy services in India. Ind AS road map is applicable to a company as defined in section 2(20) of the 2013 Act. According to the definition, a company means a company incorporated under the 2013 Act or under any previous company law. A branch office of a foreign company established in India does not meet the definition of a company under the 2013 Act. Hence, Ind AS road map is not applicable to a branch of a company not incorporated in India.
Bulletin 15 *(Issue 4)*	**Applicability of Ind AS to entities that are listed or are in the process of listing** The ITFG considered various scenarios relating to the applicability of Ind AS to a company having net worth less than INR250 crore as on 31 March 2017: • **Company was in the process of listing at the beginning of the Financial Year (FY) 2017-18, and ultimately got listed at the end of the year:** Since the company began the process of listing at the beginning of FY2017-18, it falls within phase II of the corporate road map. • **Company is listed at the beginning of FY2017-18 and gets delisted during the year:** Since the company is listed at the beginning of the year, it should comply with Ind AS from the same year irrespective of the fact that it gets delisted at the end of the year. • **Process of listing began during FY2017-18 (May 2017), and company is listed at the end of the year:** Since the company began the process of listing during the year, and the company was listed at the end of the year, it should comply with Ind AS from FY2017-18. Further, if the company was listed during the year (November 2017), it would be required to provide Ind AS financial statements for the relevant quarter(s) (quarter ended December 2017 and consequently March 2018). • **Process of listing began during the year (May 2017) and company is listed post March 2018:** Since the company was in the process of listing at the end of the year, it would still be required to comply with Ind AS and present Ind AS financial statements for the year ending 31 March 2018. • **Company listed its debentures in May 2017, and they were delisted in January 2018:** Since the company is not listed, or in the process of being listed either at the beginning or end of the year, it is not required to prepare Ind AS financial statements for FY2017-18.

ITFG Bulletin	Clarification provided
Bulletin 15 *(Issue 10)*	**Ind AS applicability to entities in a group** A listed entity (B), was covered under the second phase of the Ind AS corporate road map. ITFG evaluated the applicability of Ind AS to its group companies as below: • **Company A (unlisted company with net worth less than INR250 crore), holding company of B:** As per the Ind AS corporate road map, holding, subsidiaries, associate and joint venture companies of entities covered in the Ind AS corporate road map will be required to prepare Ind AS financial statements. Accordingly, company A will be required to prepare Ind AS financial statements. • **Company C (unlisted company with net worth less than INR250 crore), fellow subsidiary of B (subsidiary of company A):** ITFG noted that the requirement to adopt Ind AS does not extend to another subsidiary (i.e., fellow subsidiary) of a holding company which is required to adopt Ind AS because of its holding company relationship with a subsidiary meeting the net worth/listing criteria. However, company C will be required to furnish Ind AS financial statements for the purpose of A's consolidated Ind AS financial statements. Accordingly, company C may voluntarily opt to prepare Ind AS financial statements for the purpose of statutory reporting. • **Company D (unlisted company with net worth less than INR250 crore), an investor that holds 25 per cent stake in B:** An investor company does not qualify as a holding company of company B. Accordingly, company D is not required to comply with Ind AS by virtue of company B falling under the threshold of Ind AS applicability. However, for consolidation purposes, company B will be required to provide financial statement data prepared in accordance with Companies (Accounting Standards) Rules, 2006 for the purpose of preparation of consolidated financial statements of company D as per these rules.
Bulletin 19 *(Issue 6)*	In the context of application of Ind AS to a group, ITFG considered a situation where a parent (ABC Ltd.) and its unlisted subsidiary PQR Ltd. (with net worth of INR50 crore) complied with Ind AS beginning 1 April 2017 considering the requirements of the road map. During financial year 2018-19, ABC Ltd. sold off substantially all of its investment in PQR Ltd. to an unrelated unlisted company, XYZ Ltd. The issue under consideration is after the sale of its shareholding in PQR Ltd. by ABC Ltd., would PQR Ltd. and XYZ Ltd. be required to apply Ind AS. ITFG clarified that PQR Ltd. is required to continue preparing financial statements as per Ind AS considering the requirements of Rule 9 of Ind AS Rules which provides that once a company adopts Ind AS either voluntarily or mandatorily, it would be required to continue preparing financial statements under the Ind AS for all the subsequent years. XYZ Ltd. is a holding company of PQR Ltd. XYZ Ltd. does not meet the specified criteria (either the net worth or the listing criteria) of the Ind AS road map. PQR Ltd. is required to comply with Ind AS only for the sole reason that it was earlier subsidiary of ABC Ltd. Ind AS does not apply to XYZ Ltd. simply by virtue of being PQR's parent. However, it may opt to apply Ind AS voluntarily.

KPMG

ITFG Bulletin	Clarification provided
Bulletin 18 *(Issue 5)*	**Applicability of Ind AS to a Limited Liability Partnership (LLP)** When a company (which was preparing its financial statements as per Ind AS) gets converted to an LLP, the 2013 Act and the Rules framed thereunder cease to apply to it. Instead as an LLP, it is governed by the provisions of the Limited Liability Partnership Act, 2008 and the Rules framed thereunder. Accordingly, upon conversion into an LLP, Ind AS would cease to apply to it.
Applicability of Ind AS to NBFCs	
Bulletin 13 *(Issue 4)*	**Applicability of Ind AS road map to an NBFC performing such a role but not yet registered with the RBI** A company, awaiting its registration as an NBFC with the RBI, may in the meanwhile, be performing the role of NBFC. The definition of an NBFC included in the Rule 4(1)(iii) of the Companies (Indian Accounting Standards) Amendments Rules, 2016, laying down the road map for the applicability of Ind AS to NBFCs is very wide. It covers a company which is carrying on the activity of NBFC. Accordingly, a company which is carrying on the activity of NBFC but not registered with RBI would also be subject to the road map for the applicability of Ind AS as applicable to any other NBFC. However, the requirements with regard to registration, eligibility of a company to operate an NBFC (pending registration) etc. are governed by the RBI Act, 1934, and the Rules laid down thereon and should be evaluated by the company based on its own facts and circumstances.
Bulletin 15 *(Issue 5)*	ITFG considered a company which is a registered stock-broker recognised by the Securities and Exchange Board of India (SEBI) (falling within the definition of NBFC). The net worth of the company as on 31 March 2015 was INR500 crore. The company had applied for termination of its membership to SEBI in July 2016, and received clearance in August 2017, with respect to acceptance of the termination. The ITFG clarified that Ind AS would be applicable to the company depending upon its activities as given below: • If the company was carrying on the activities of an NBFC during the period it was awaiting approval from RBI, then it should comply with Ind AS as per the road map applicable to NBFCs. • If it ceases to carry on the activities of an NBFC, then the corporate road map as applicable to non-NBFC companies should have been followed based on its net worth.

Annexure - II

Executive Summary and Additional Considerations

Ind AS 101
First – time Adoption of Indian Accounting Standards

For checklist, please click here

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.
- Appendix C to Ind AS 12 provides clarification on the accounting for income taxes, when there is an uncertainty over a certain income tax treatment

New developments

On 18 June 2021, MCA issued the Companies (Ind AS) Amendment Rules, 2021 which notified certain amendments to Ind AS including minor amendments to Ind AS 101. The amendments have replaced the term 'financial assets' with 'financial instruments' in Appendix B to the standard (Exceptions to the retrospective application of other Ind AS – classification and measurement). The amendment has been incorporated in the checklist.

Additional considerations

For checklist, please click here

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.
- Section 2(43) of the 2013 Act defines 'free reserve' to mean such reserves which, as per the latest audited balance sheet of a company are available for distribution of dividend, except:
  - Any amount representing unrealised gains, notional gains or revaluation of assets, whether shown as a reserve or otherwise, or
  - Any change in carrying amount of an asset or of a liability recognised in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value.

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 balance sheet any item recognised in accordance with previous GAAP that does not qualify for recognition as an asset or liability under IFRS. 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 PPE, Ind AS 101 provides for additional exemptions that previous 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.
- IFRS 1 defines previous GAAP as the basis of accounting that a first-time adopter used immediately before adopting IFRS. Ind AS 101 defines previous GAAP as the basis of accounting that a first-time adopter used for its reporting requirement in India immediately before adopting Ind AS. The change made it mandatory for Indian entities to consider the financial statements prepared in accordance with the notified Accounting Standards as was applicable to them as previous GAAP when they transition to Ind AS.
- Paragraph D7(a) of IFRS 1 provides an option between 'fair value at the date of transition to Ind AS' and 'previous GAAP revalued amount' as deemed cost for investment property. A first-time adopter may exercise either of the options for accounting its investment property. However, this option has not been provided under Ind AS 101, as Ind AS 40 permits only the cost model.

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

- ICDS are applicable to the specified assessees from financial years beginning 1 April 2016 (AY 2017-18). ICDS will apply for computation of taxable income under the Income Tax Act, 1961 irrespective of the GAAP followed (AS or Ind AS) for preparation of financial statements.
- The Finance Act, 2017 notified on 31 March 2017 has prescribed guidelines for computation of book profit for entities that prepare financial statements under Ind AS. These also specifically relate to the treatment of adjustments made on first-time adoption of Ind AS.

Some of the key clarifications provided by the Ind AS Technical Facilitation Group (ITFG) and FAQs issued by ICAI

ITFG Bulletin	Clarification provided	Ind AS ref. (Q ref.)
	Clarifications with respect to application of the deemed cost exemption	
Bulletin 12 *(Issue 10)*	**Adjustments to deemed cost, being the previous GAAP carrying amount of assets and liabilities** An entity that elects to apply the deemed cost exemption and measure certain assets and liabilities at their previous GAAP carrying amount (as permitted under Ind AS 101) on transition, is not permitted to make any further adjustments to the deemed cost. However, the application of Ind AS principles to an item for which no exemption/exception has been provided in Ind AS 101, may have a corresponding impact on an item measured at deemed cost, being the previous GAAP carrying amount. The ITFG clarified, that in such a situation, the adjustment to assets/liabilities measured at deemed cost is only consequential in nature and arose due to the application of the transition requirements of Ind AS 101. Therefore, the previous	101.D7AA, 101.D14, 101.D15, 101.D8A, 101.D8B (Q 19(d), Q 30(a)(ii), Q 34, Q 35)

Some of the key clarifications provided by the Ind AS Technical Facilitation Group (ITFG) and FAQs issued by ICAI

ITFG Bulletin	Clarification provided	Ind AS ref. (Q ref.)
	GAAP carrying amount would need to be adjusted only for consequential adjustments arising from the application of other Ind AS, such as adjustments on accounting for government grants and processing fees on financial instruments.	
Bulletin 5 *(Issue 3)*	**Applicability of deemed cost exemption** The ITFG clarified that an entity cannot continue with the previous GAAP carrying value as deemed cost on a selective basis for some of the items of PPE and use fair value as deemed cost approach for the remaining items.	101.D7AA (Q 19(d))
Bulletin 5 *(Issue 4)*	**Processing fees on loans paid** A company that has taken loans prior to the date of transition to Ind AS may have capitalised the processing fees on the loan as part of the relevant PPE. It may have also availed of the deemed cost exemption in paragraph D7AA of Ind AS 101 i.e., to continue with the carrying value of PPE under previous GAAP as deemed cost on transition to Ind AS. In this scenario, on transition to Ind AS, the unamortised amount of the processing costs as on the date of transition should be adjusted from the carrying amount of the loan to arrive at the amortised cost of the loan. The corresponding effect of this adjustment should be given in the carrying amount of PPE (irrespective of the fact that the deemed cost exemption under paragraph D7AA of Ind AS 101 has been availed by the company for its PPE), which should be reduced by the amount of processing cost (net of cumulative depreciation). The difference between the adjustments to the carrying amount of the loan and to PPE, respectively, should be recognised in the retained earnings as at the date of transition.	101. D7AA (Q 19(d))
Bulletin 3 *(Issue 9)* Bulletin 5 *(Issue 6)*	**Capital spares** A company that has availed the exemption under paragraph D7AA of Ind AS 101, i.e. to continue with the carrying value under previous GAAP as the deemed cost for all of its PPE on transition to Ind AS, may have capital spares that were recognised as inventory under previous GAAP but are eligible for capitalisation under Ind AS. On transition to Ind AS such capital spares should be recognised as a part of PPE if they meet the criteria for capitalisation under Ind AS 16. Ind AS 16 should be applied retrospectively to measure the amount that will be recognised for such spare parts on the date of transition to Ind AS. Depreciation on these spare parts should begin from the date when they are available for use. The exemption to continue with the carrying value of PPE under previous GAAP as the deemed cost would not apply to such capital spares since these were not recognised as PPE under previous GAAP.	101.10 101. D7AA (Q 3(a), Q 19(d))

ITFG Bulletin	Clarification provided	Ind AS ref. (Q ref.)
Bulletin 3 *(Issue 11)*	**Capital work in progress** Capital work in progress is considered to be in the nature of PPE under construction. Accordingly, the optional exemption under paragraph D7AA of Ind AS 101, to continue with the carrying value under previous GAAP as deemed cost under Ind AS, is also available with regards to capital work in progress.	101.D7AA (Q 19(d))
Bulletin 8 *(Issue 4)*	**Capitalisation of an item of PPE not falling under the definition of an asset** The ITFG clarified that the deemed cost exemption under paragraph D7AA of Ind AS 101 cannot be availed for an asset that did not meet the definition of a tangible asset under previous GAAP (or PPE under Ind AS) and was incorrectly capitalised under previous GAAP. Instead, the incorrect capitalisation would be considered as an error under paragraph 26 of Ind AS 101 and disclosed so in the reconciliation prepared as per paragraph 24.	101.D7AA 101.26 (Q 19(d), Q 45(b))
Bulletin 10 *(Issue 4)*	**Applicability of deemed cost exemption on assets classified as held for sale** Under previous GAAP, 'assets held for sale' in accordance with AS 10, *Property, Plant and Equipment* may be stated at lower of their net book value and net realisable value and presented separately from other fixed assets. On transition to Ind AS, if these assets are found not to fulfil the criteria for being classified as 'held for sale' in accordance with Ind AS 105, then such assets should be reclassified as PPE. However, the entity can avail the deemed cost exemption for such assets since the exemption applies to all PPE recognised in the financial statements at the date of transition to Ind AS, including those that were presented/disclosed separately.	101.D7AA (Q 19(d))
Bulletin 5 *(Issue 5)*	**Government grants for purchase of a fixed asset** A company that has received government grants to purchase a fixed asset prior to the date of transition to Ind AS, may have deducted it from the carrying amount of PPE. Even if the company has availed of the deemed cost exemption in paragraph D7AA of Ind AS 101 (follow carrying amount as per previous GAAP), on transition to Ind AS, in accordance with Ind AS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, the company should recognise the unamortised amount of the government grant as deferred income. The corresponding adjustment should be made to the carrying amount of the PPE, net of cumulative depreciation (irrespective of the fact that the deemed cost exemption under paragraph D7AA of Ind AS 101 has been availed by the company for its PPE). The difference between the deferred income recognised and the adjustment made to the carrying amount of the PPE, should be recognised in the retained earnings as at the date of transition.	101.D7AA (Q 19(d))

ITFG Bulletin	Clarification provided	Ind AS ref. (Q ref.)
Bulletin 12 *(Issue 2)*	**Adjustment to carrying amount of PPE on account of government grant received prior to transition** Entities may elect to measure the PPE at its fair value and use that as its deemed cost on the date of transition to Ind AS in accordance with the principles of Ind AS 101. Considering the principles in Ind AS 113, *Fair Value Measurement*, fair value of the asset is the exit price that would be received to sell the asset in an orderly transaction. As fair value is a market-based measurement and not an entity specific measurement, it is independent of the government grant received on the asset. Consequently, no adjustment with regard to government grant should be made to the fair value of PPE. However, the entity is required to recognise the asset-related government grant outstanding on the transition date as deferred income in accordance with Ind AS 20. The resultant adjustment should, therefore, be made in retained earnings or another category of equity (as may be the case) at the date of transition to Ind AS.	101.30, 101.D5-D7AA (Q 19(a))
Bulletin 12 *(Issue 5)*	**Treatment of intra-group profit in the consolidated financial statements** Please refer ITFG clarification on treatment of intra-group profit in the consolidated financial statements in Ind AS 110 checklist.	101.30, 101.D5-D7AA, 110.B86 (Q 19(d), refer clarification in Ind AS 110)
Bulletin 8 *(Issue 7)*	**Revalued amount of PPE considered as deemed cost** The ITFG clarified that an entity that has deemed the revalued amount of PPE as its cost on the date of transition to Ind AS under paragraph D7AA of Ind AS 101, and elected to apply the cost model for subsequent measurement of PPE as per Ind AS 16, should not carry forward the revaluation reserve (created under the previous GAAP) under Ind AS. This is because, after transition, the entity would no longer be applying the revaluation model under Ind AS 16. The balance outstanding in the revaluation reserve should be transferred to retained earnings or if appropriate, another category of equity. Additionally, deferred tax would need to be recognised on such an asset to the extent of difference between its carrying value in the financial statements and the tax base.	101. D7AA (Q 19(d))
Bulletin 8 *(Issue 5)*	**Reversal of impairment provision** The ITFG clarified that on application of the deemed cost exemption under paragraph D6 of Ind AS 101, the revalued amounts of PPE as per the previous GAAP, are considered as cost under Ind AS. In this case, accumulated depreciation and provision for impairment under previous GAAP have no relevance, and cannot be carried forward or reversed under Ind AS. However, the impairment loss for the period	101.D6 (Q 19(b))

ITFG Bulletin	Clarification provided	Ind AS ref. (Q ref.)
	between the deemed cost determination date (date of revaluation under previous GAAP) and the transition date (when Ind AS accounting and depreciation policies are applied to the asset to arrive at its cost on the date of transition under Ind AS) may be reversed if permitted under Ind AS 36. However, where an entity has not availed of the deemed cost exemption and has opted to apply Ind AS 16 retrospectively in accordance with paragraph 7 of Ind AS 101, then impairment loss can be reversed if permitted by Ind AS 36.	
Bulletin 14 *(Issue 6)*	**Retrospective application of revaluation model in PPE** An entity applied the revaluation model to PPE under previous GAAP. On transition to Ind AS, it elected not to apply the deemed cost exemption under Ind AS 101 but instead opted to retrospectively apply the requirements of Ind AS 16 to all items of PPE and then apply the revaluation model for subsequent measurement. The ITFG clarified that on the date of transition to Ind AS, the revaluation reserve was required to be determined in accordance with the requirements of Ind AS 16. The opening balance of the revaluation reserve carried from the previous GAAP, to that extent should be recognised as revaluation surplus in equity, and the balance amount (to the extent not recognised as revaluation surplus in equity) should be transferred to retained earnings or if appropriate, another category of equity. Any revaluation gains arising on subsequent recognition, i.e. after the date of transition, should be recognised in OCI. The ITFG also clarified that if an entity availed of the deemed cost exemption under paragraph D5 of Ind AS 101 i.e. to consider the fair value of PPE as its deemed cost on the date of transition to Ind AS, then the opening balance of revaluation surplus as per previous GAAP should be transferred to retained earnings or if appropriate, another category of equity disclosing the description of nature and purpose of such amount in accordance with requirements of Ind AS 1. Changes in revaluations after the date of transition (i.e. subsequent recognition) would be recognised through OCI. Also, if an entity has chosen to use revaluation model for subsequent measurement then it has to apply the same policy for all periods (including transition date) presented in the first Ind AS financial statement.	101.30, 101,D5-D7AA (Q 19(a))
Bulletin 3 *(Issue 12)*	**Deemed cost of an investment in a subsidiary** A company can use the fair value of an investment in a subsidiary/associate/joint venture as the measurement basis for deemed cost on transition to Ind AS. If so, then the entity may continue to carry its investment in the subsidiary/associate/joint venture at the transition date fair value in its separate financial statements. The fair value at the date of transition would be deemed to be its cost in accordance with Ind AS 27, *Separate Financial Statements*.	101.D15 (Q 30(a)(ii))

ITFG Bulletin	Clarification provided	Ind AS ref. (Q ref.)
Bulletin 7 *(Issue 8)*	**Investment in debentures of a subsidiary** Please refer ITFG clarification on investment in debentures of a subsidiary in Ind AS 27 checklist.	101.D15, 27.10 (Q 30(a)(ii), refer clarification in Ind AS 27)
Bulletin 10 *(Issue 1)*	**Accounting for interest-free loans provided by holding company in its separate financial statements** An entity that has advanced an interest-free loan to its subsidiary, is required to recognise the differential of the present value of the loan amount and its carrying value as per the previous GAAP as an 'investment in subsidiary' in its separate financial statements prepared as per Ind AS. The ITFG clarified that although the entity exercises the option to measure its investment in its subsidiary at the previous GAAP carrying amount on the date of transition to Ind AS, the differential amount will continue to be recognised as a part of 'investment in subsidiary' and will be added to the amount measured at cost.	101.D15 (Q 30(a)(ii))
Bulletin 11 *(Issue 4)*	**Measurement of investments in subsidiaries, joint ventures and associates at the end of the first Ind AS financial reporting period** The ITFG clarified that if an entity has chosen to measure a particular category of investment (e.g. its investment in subsidiary) at the date of transition at deemed cost, then it is required to carry such an investment at that amount in its first Ind AS financial statements prepared as at the end of the reporting period. However, for investments made in different categories (e.g. in associates or joint ventures), the entity has an option to account for those investments either at cost or in accordance with Ind AS 109.	101.D14, 101.D15 (Q 30(a)(ii))
	Clarifications with respect to application of the exemption to continue with the accounting policy under paragraph 46A of AS 11, *The Effects of Changes in Foreign Exchange Rates*	
Bulletin 1 *(Issue 3)* and Bulletin 7 *(Issue 1)*	**Exemption under paragraph D13AA of Ind AS 101** Application of the option (under Ind AS 101) to continue with the accounting policy under paragraph 46A of AS 11 will be available for only those long term foreign currency loans that were taken/drawn before the beginning of the first Ind AS reporting period i.e. 1 April 2016 for a company falling within phase 1 of the Ind AS adoption road map.	101.D13AA (Q 29)
Bulletin 2 *(Issue 1 and Issue 6)*	**Amortisation of FCMITDA on transition to Ind AS** The balance of the Foreign Currency Monetary Item Translation Difference Account (FCMITDA) to the extent of the amortised cost of the long-term liability to which it relates (computed on the date of transition to Ind AS per Ind AS 109), should be amortised over the balance period of that long-term liability through the statement of profit and loss.	101.D13AA (Q 29)

ITFG Bulletin	Clarification provided	Ind AS ref. (Q ref.)
Bulletin 1 *(Issue 4)*	**Exemption under paragraph D13AA on change in functional currency** When the functional currency of a company changes from INR to any other currency (e.g. USD), then any loans taken in that functional currency (USD) would not be considered as long-term foreign currency monetary items under paragraph 46A of AS 11. Thus, the company cannot continue to recognise the exchange differences, arising from those loans, in the cost of fixed assets under paragraph D13AA of Ind AS 101.	101.D13AA (Q 29)
Bulletin 3 *(Issue 10)*	**Application of the hedge accounting where company avails option under paragraph 46A of AS 11** On transition to Ind AS, a company may continue to avail of the option under paragraph 46/46A of AS 11, under previous GAAP, with respect to foreign currency loans, and capitalise the exchange gain/loss on such foreign currency loans into the cost of the related asset. If such a company has also hedged the cash flows of the long-term foreign currency loan, it would not be permitted to apply hedge accounting under Ind AS. This is because the company has no corresponding foreign exchange exposure that affects profit or loss since it capitalises the exchange differences.	101.D13AA (Q 29)
Bulletin 7 *(Issue 4)*	**Accounting policy for exchange differences to long-term forward exchange contracts** Exemption in paragraph D13AA of Ind AS 101 relates only to foreign exchange differences on long term foreign currency monetary items recognised in the financial statements prior to the first Ind AS financial reporting period and would not apply to long-term forward exchange contracts.	101.D13AA (Q 29)
Bulletin 18 *(Issue 1)*	**Exemption under paragraph D13AA of Ind AS 101 *vis- a- vis* borrowing costs under Ind AS 23** In a case where a company with financial year 2018-19 as the first Ind AS reporting period has applied the accounting treatment laid down by paragraph 46A in its financial statements for the financial year 2017-18, it would continue to apply the same accounting policy upon transition to Ind AS. In this regard, ITFG also noted that a company applying paragraph 46A is required to apply the said paragraph (and not AS 16) to those exchange differences relating to long-term foreign currency monetary items also that otherwise qualify as being in the nature of adjustments to interest cost within the meaning of paragraph 4(e) of AS 16, Borrowing Costs. ITFG has clarified that a company which wishes to continue to avail of the exemption provided by paragraph D13AA of Ind AS 101 is not permitted to apply paragraph 6 (e) of Ind AS 23 to that part of exchange differences on such long-term foreign currency monetary items.	101. D13AA (Q 29)

ITFG Bulletin	Clarification provided	Ind AS ref. (Q ref.)
	Clarifications with respect to application of the exemption for service concession arrangements	
Bulletin 3	**Revenue based amortisation for toll roads**	101.D22
(Issue 13) Bulletin 7 *(Issue 9)*	The ITFG clarified that in harmonisation of the Companies (Accounts) Rules, 2014, Ind AS 38, *Intangible Assets* and Ind AS 101, the principles of Ind AS 38 should be followed for all intangible assets related to service concession arrangements including toll roads once Ind AS is applicable to an entity. For intangible assets (relating to service concessions for toll roads) recognised in the financial statements before the beginning of the first Ind AS financial reporting period, revenue based amortisation would be permitted in accordance with paragraph D22 of Ind AS 101, which provides a specific exemption for toll road intangibles recognised in the financial statements before the beginning of the first Ind AS reporting period. However, the exemption would not apply to a toll road which is under construction as on 1 April 2016 (for entities falling within phase 1 of the Ind AS road map) and has not been recognised as an intangible asset under previous GAAP.	(Q 33(a))
	Other clarifications	
Bulletin 8	**Date of transition for presentation of third balance sheet**	101.6
(Issue 3)	The ITFG clarified that on the date of transition to Ind AS, a company will prepare its balance sheet on the start of that day. Accordingly, the balance sheet of a company with transition date as 1 April 2016 will be prepared as on date of transition to Ind AS i.e. the beginning of business on 1 April 2016 (or, equivalently, close of business on 31 March 2016).	101.10 (Q 3, Q43(b)(iii))
Bulletin 1	**Date of determination of functional currency**	101.10
(Issue 5)	A company would have to determine its functional currency retrospectively on application of Ind AS in light of no specific exception or exemption provided in Ind AS 101.	(Q 43(b)(iii))
ICAI FAQ	**Premium on redemption of financial liabilities**	101.11
(dated 7 April 2017)	Companies may have adjusted premiums and/or other transaction costs incurred on financial liabilities (as defined in Ind AS 109) issued before transition to Ind AS against the securities premium account in the previous GAAP. However, this is not permitted in Ind AS. Accordingly, ICAI clarified that the difference between the carrying amount of the financial liability (as per previous GAAP) on the date of transition and its amortised cost on that date, computed as per the effective interest method specified in Ind AS 109, should be adjusted by crediting the capital reserve account and the corresponding debit would be given to the relevant account which was credited earlier.	(Q 4)

ITFG Bulletin	Clarification provided	Ind AS ref. (Q ref.)
Bulletin 3 *(Issue 14)*	**Depreciation on first-time adoption** An entity, being a first-time adopter of Ind AS, may choose to measure its PPE by retrospective application of Ind AS 16. In that case, the entity is not permitted to re-estimate its depreciation, unless its estimate of depreciation in the previous GAAP was in error. However, when an entity has not estimated the useful life of its assets, but has depreciated its assets as per the minimum requirements of law (at the rates prescribed under Schedule XIV of the Companies Act, 1956), then it will be required to re-compute the depreciation by assessing the useful life of the asset in accordance with Ind AS 16.	101.14 (Q 7)
Bulletin 9 *(Issue 3)*	**Accounting treatment of government grants received by a government company** The ITFG clarified that where a government company had received money from the government, in the nature of a promoter's contribution, it should determine whether the payment received was as a government grant or as a shareholder's contribution. Following would be the accounting treatment in the two scenarios: • *In case the entity concludes that the contribution is in the nature of a government grant*: Entity would apply the principles of Ind AS 20 retrospectively, as required by Ind AS 101. Accordingly, the grant would be recognised as income 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. • *In case the entity concludes that the contribution is in the nature of shareholders' contribution:* Ind AS 20 would not apply, since it specifically scopes out the participation by the government in the ownership of an entity. Thus, in accordance with Ind AS 101, the entity is required to reclassify the contribution received, from capital reserve to an appropriate category under 'other equity' at the date of transition to Ind AS.	101.10, 101.B10 (Q 3, Q 16)
Bulletin 19 *(Issue 1)*	**Business combination accounting in case of acquisitions by first-time adopter** An entity A formed a subsidiary entity B in the year 2009 by subscribing to its 60 per cent of the share capital. During October 2015, entity A acquired additional 25 per cent shares in entity B. Entity A was required to prepare financial statements applying Ind AS for periods beginning on or after 1 April 2018 (i.e., its transition date to Ind AS was 1 April 2017). As formation of entity B was not a business combination, the issue raised to ITFG, was whether the option available to a first-time adopter of Ind AS to restate, or not restate, past business combinations as per Ind AS 103, be available in respect of entity B. Also should entity A account for the	101.B7, 101.C1 (Q12(b)), Q 17(b))

ITFG Bulletin	Clarification provided	Ind AS ref. (Q ref.)
	difference between the consideration paid for the additional 25 per cent shares in entity B acquired by it in October 2015 and the amount of reduction in Non-Controlling Interests (NCI) directly in equity while preparing its opening Ind AS balance sheet as at the date of transition to Ind AS. In this case, ITFG has clarified that, requirements of Ind AS 110, apply in respect of consolidation of not only those subsidiaries that were acquired by way of business combinations but also those entities which were formed by the parent itself and have been the parent's subsidiaries *ab initio*. Accordingly, paragraph 23 and B96 of Ind AS 110 apply to changes in a parent's ownership interest without loss of control of any subsidiary, whether it be a subsidiary whose control was acquired by the parent in a business combination or a subsidiary formed by the parent itself. However, as the entity is a first-time adopter of Ind AS, there is a specific requirement in paragraph B7 of Ind AS 101, in case an entity chooses not to apply Ind AS 103 respectively. This paragraph generally prohibits retrospective application of paragraphs 23 and B96 of Ind AS 110 by a first-time adopter. There is nothing in Ind AS 101 to indicate that the prohibition contained in paragraph B7 on retrospective application of specified requirements of Ind AS 110 is applicable only in respect of subsidiaries acquired by way of business combinations and not in respect of subsidiaries formed by the parent itself. Consequently, if entity A does not restate its past business combinations(paragraph C1 of Ind AS 101), the accounting treatment of purchase of the additional interest in entity B carried out by entity A in accordance with previous GAAP would continue(i.e., no adjustments to the same would be made) while transitioning to Ind AS.	
Bulletin 12 *(Issue 7)*	**Accounting treatment of government loans at a below-market rate of interest** The ITFG clarified that on the date of transition to Ind AS, an entity should use its previous GAAP carrying amount for a government loan as the Ind AS carrying amount, unless it obtained the necessary information to apply the requirements of Ind AS 109 and Ind AS 20 retrospectively, at the time of initial recognition. For subsequent measurement of the loan, the requirements of Ind AS 109 and Ind AS 20 would apply prospectively. Accordingly, the entity would be required to compute the Effective Interest Rate (EIR) of the loan by comparing its carrying amount at the date of transition to Ind AS with the amount and timing of expected repayments to the government. As a result of not applying Ind AS 20 and Ind AS 109 retrospectively to the loan at transition, the benefit of obtaining the loan at a below-market rate of interest	101.B10 (Q 16)

ITFG Bulletin	Clarification provided	Ind AS ref. (Q ref.)
	would not be recognised as a government grant. The ITFG further clarified that deferment of a tax liability payable to the government based on agreement (such as a scheme of deferral of sales tax) is similar to an interest-free loan, and hence, the treatment as mentioned above should be applied to such balances.	
Bulletin 12 *(Issue 9)*	**Retrospective application of Ind AS 109 to financial instruments acquired in past business combinations** Where an entity avails the option to not restate its past business combinations (which were entered into prior to transition to Ind AS), it considers the previous GAAP carrying amounts of assets acquired and liabilities assumed to be their deemed cost on the date of transition to Ind AS. Further, while preparing its opening Ind AS balance sheet, the entity needs to apply the criteria in Ind AS 109 to classify financial instruments on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The resulting classifications are applied retrospectively, from the date of origination of the financial asset or financial liability. While Ind AS 101 does not specifically provide any transitional relief for financial instruments, it also does not specify the accounting treatment if an entity elects not to restate its past business combinations, giving rise to an application issue. In this context, ITFG clarified that the carrying amount of financial instruments acquired as part of the business combination would be their deemed cost at the date of the business combination. The fair value or amortised cost (as required by Ind AS 109) of such financial instruments should be determined from the date of business combination and not from the date of origination by the acquiree company.	101.C1, 101.C2 (Q 17, Q 18(d))
Bulletin 15 *(Issue 6)*	**Applicability of Ind AS to past business combinations of entities under common control** Please refer Ind AS 103 checklist for further details.	101.C1, Ind AS 103 (Q 17)
Bulletin 17 *(Issue 1)*	**Accounting for government grants on amendments to Ind AS 20** As per the revised Ind AS 20 (revisions applicable from financial year 2018-19), entities have a choice for accounting	101.7, 101.8 (Q 5)

ITFG Bulletin	Clarification provided	Ind AS ref. (Q ref.)
	of government grants in the form of non-monetary assets. An entity can either present the non-monetary asset and grant at fair value or record both asset and grant at a nominal amount. Accordingly, where an entity received non-monetary assets prior to the date of transition to Ind AS, on application of Ind AS (say FY 2018-19), it is required to apply the amended Ind AS 20 for all periods presented in its financial statements for 2018-19, including in preparing its opening Ind AS balance sheet as at 1 April 2017. Additionally, under Ind AS 101, there is no mandatory exception or voluntary exemption from retrospective application of Ind AS 20. Consequently, X Ltd. is required to apply the requirements of Ind AS 20, retrospectively at the date of transition to Ind AS (and consequently in subsequent accounting periods). (For further discussion on this clarification, please refer Ind AS 20 checklist.)	
Bulletin 18 *(Issue 4)*	**Whether retrospective restatement of business combination under a court scheme is allowed** For further discussion on this clarification, please refer Ind AS 103 checklist.	101. C1, Ind AS 103 (Q 17)
	Accounting policies	
Bulletin 19 *(Issue 3)*	**First-time adopter of Ind AS-transitional options under individual Ind AS** The transitional provision contained in Ind AS 101 are applicable to a first-time adopter of Ind AS. A first-time adopter does not apply the transitional requirements of individual standards unless specifically required to do so. The transitional requirements of individual standards are available to entities that already apply Ind AS. In this regard, ITFG considered a situation where an entity (ABC Ltd.) complying with Ind AS for the first time from 1 April 2018 was required to comply with Ind AS 115, which had superseded Ind AS 18, *Revenue* and Ind AS 11, *Construction Contracts.* Ind AS 115 is applicable for accounting periods beginning on or after 1 April 2018. The issue discussed is whether a first-time adopter of Ind AS could apply simplified transition method under Ind AS 115. For existing Ind AS users Ind AS 115 provides two methods of accounting for transition i.e. the retrospective method (with or without one or more of four practical expedients) and the cumulative effect method (simplified transition method). While Ind AS 101 is applicable to first-time adopter of Ind AS, it generally requires a retrospective application of the	101.D34, 101.9 (Q 41(a)), (Q 56)

ITFG Bulletin	Clarification provided	Ind AS ref. (Q ref.)
	standards in force at the end of entity's first Ind AS reporting period. There are, however, specific optional exemptions from, and some mandatory exceptions to this general requirement. Ind AS 101 contains specific provisions dealing with the application of transitional provisions of Ind AS 115 by a first-time adopter. A first-time adopter can apply the transitional provisions contained in Ind AS 115 only to the extent required or allowed to do so under Appendices B-D of Ind AS 101. Appendix B-D allows a first-time adopter to apply only the full retrospective adoption method (with practical expedients) given in Ind AS 115. Therefore, a first-time adopter does not have the choice of applying the simplified transition method.	
Bulletin 20 *(Issue 3)*	**Accounting for accumulated arrears of dividend on cumulative preference shares on transition to Ind AS** For further details please refer Ind AS 32 and Ind AS 109 checklists	101.9, Ind AS 32, Ind AS 109 (Q 56)
Bulletin 21 *(Issue 4)*	**Accounting of operating leases of a subsidiary not capitalised by a first-time adopter parent** An entity A Ltd. is a first-time adopter of Ind AS. Its date of transition is 1 April 2018 and it would apply Ind AS for the first time when it prepares its financial statements for the accounting period beginning on 1 April 2019. In the year 2014, A Ltd. acquired an Indian company as its subsidiary. The acquisition qualifies as a business combination as per Ind AS 103. At the date of its acquisition, the acquired subsidiary was a lessee in certain operating leases which were not capitalised in the CFS prepared by A in accordance with previous GAAP. As a first-time adopter of Ind AS, A Ltd. is required to apply Ind AS 101 in preparing its first Ind AS financial statements which would include, *inter alia,* an opening Ind AS balance sheet as at the date of transition to Ind AS. In accordance with Ind AS 101, the general requirement is retrospective application of the standards in force at the end of an entity's first Ind AS reporting period. However, there are certain optional exemptions from, and some mandatory exceptions to this general requirement.	101.D9-11, (Q 26)

ITFG Bulletin	Clarification provided	Ind AS ref. (Q ref.)
	Accordingly, A Ltd. being a first-time adopter could, apply the transitional provisions contained in Ind AS 116 only to the extent required or allowed to do so under Ind AS 101 requirements as follows: • **Exemption from restating past business combinations** For business combinations that occurred before the date of transition, entities have the following choices: – Restate all business combinations – Restate all business combinations after a particular date or – Do not restate any of the business combinations. • **Exemption from retrospective application of Ind AS 116** Ind AS 101 contains certain practical expedients in relation to Ind AS 116. Therefore, A Ltd. could have taken the above choices and it would result in following scenarios: Scenario I: The business combination is restated A Ltd. would need to account for the business combination retrospectively from the acquisition date. Accordingly, it would be required to apply Ind AS 116 to acquired leases as if each of those leases were a new lease at the acquisition date. However, an acquirer is exempted from recognition of ROU assets and lease liability in the following two cases: – Leases for which the lease term (as defined in Ind AS 116) ends within 12 months of the acquisition date or – Leases for which the underlying asset is of low value. A Ltd. would measure the lease liability in respect of a lease at the acquisition date in accordance with Ind AS 116. This would include measuring the lease liability at the present value of the lease payments that are not paid at that date. The lease payments should be discounted using the interest rate implicit in the lease, if that rate could be readily determined. If that rate cannot be readily determined, the lessee should use the lessee's incremental borrowing rate. Further, ITFG has clarified that the incremental borrowing rate would be determined with reference to the acquisition date which represents the commencement date within the meaning of Ind AS 116 in respect of leases acquired in a business combination.	

ITFG Bulletin	Clarification provided	Ind AS ref. (Q ref.)
	Scenario II: The business combination is not restated In case the business combination is not restated, the accounting treatment of the acquired leases in the first Ind AS CFS would be as follows: – Does not avail Ind AS 101 exemption: In case A Ltd. does not select to avail of the exemption provided by Ind AS 101 in respect of leases, it would measure the lease liability and right-of-use asset in respect of the acquired leases at the date of transition to Ind AS by applying Ind AS 116 retrospectively from the acquisition date. This implies, *inter-alia* that the lease payments would be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate determined with reference to the acquisition date would be used. – Avails Ind AS 101 exemption: In case A Ltd. selects to avail of the exemption provided by Ind AS 101 in respect of leases, it would measure the lease liability and right-of-use asset in respect of the acquired leases at the date of transition to Ind AS by applying requirements of Ind AS 101. This implies, inter alia, that the incremental borrowing rate to be applied for measuring the lease liability would be determined with reference to the date of transition to Ind AS.	
Bulletin 21 *(Issue 5)*	**Accounting for foreign exchange differences relating to lease liability** In accordance with Ind AS 101 a first-time adopter is permitted to continue with its previous GAAP policy adopted for accounting for exchange differences arising from translation of Long-Term Foreign Currency Monetary Items (LTFCMI) recognised in its financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. (Paragraph D13AA of Appendix D to Ind AS 101) In a situation an entity, (applying the requirements of Ind AS 116), recognised a lease liability and a ROU asset as at 1 April 2019 in respect of a long-term lease. This lease was entered into before the beginning of its first Ind AS financial reporting period and was classified as an operating lease under the previous GAAP (i.e. under AS 17, *Leases*,). The lease payments are denominated in a foreign currency. The issue under consideration was with regard to accounting of foreign exchange differences relating to lease liability recognisd by the entity. The ITFG deliberated if such foreign exchange differences would be covered by the exemption provided under paragraph D13AA of Ind AS 101 or these should be recognised in the statement of profit and loss.	101.18, Ind AS 116 (Q 57)

ITFG Bulletin	Clarification provided	Ind AS ref. (Q ref.)
	The ITFG clarified that the exemption provided by paragraph D13AA of Ind AS 101 is available only in respect of LTFCMI 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. Additionally, Ind AS 101 specifically provides that an entity should not apply the exemptions contained in Appendices C-D by analogy to other items. Accordingly, ITFG clarified that foreign exchange differences relating to the lease liability recognised by the entity should be charged to the statement of profit and loss. For further details please refer Ind AS 116 checklist.	
Bulletin 23 *(issue 2)*	**Accounting treatment of deferred tax adjustments recognised in equity on first-time adoption of Ind AS** The principle laid down in In Ind AS 12 for accounting of current and deferred tax effects is as follows: Accounting for the current and deferred tax effects of a transaction or other event is consistent with the accounting for the transaction or the event itself. Accordingly, an entity is required to account for tax consequences of transactions and other events in the same way that it accounts for the transaction and other events themselves. Thus, for transactions and other events recognised in the statement of profit and loss, any related tax effects are also recognised outside the statement of profit and loss (i.e. either in Other Comprehensive Income (OCI) or directly in equity, any related tax effects are also recognised either in OCI or directly in equity respectively. The ITFG considered a situation where an Entity X at the time of first-time adoption of Ind AS, made adjustments resulting from recognition of Deferred Tax Asset (DTA) and Deferred Tax Liability (DTL) directly in equity as required by the Ind AS 101. Subsequently, similar deferred tax adjustments were made directly in equity at the time of initial application of Ind AS 115 and Ind AS 116. In the financial year 2019-20, entity X decided to opt for the lower tax rate as per the Ordinance 2019. As a result, DTA and DTL (as referred to above), to the extent unrealised/not settled, would be required to be remeasured. The issue under consideration is whether entity X should recognise the resultant differences in amount of DTA and DTL arising from change in tax rates directly in equity.	101.11 and 101.12, Ind AS 12, Ind AS 115, Ind AS 116 (Q 4)

ITFG Bulletin	Clarification provided	Ind AS ref. (Q ref.)
	The ITFG deliberated the intended meaning of terms 'directly in equity' and 'transaction or event' as envisaged in Ind AS 12. Consequently, the emerging view was that the words 'directly in equity' relate to the base transaction/event and the term 'transaction or event' refers to the source which gave rise to the deferred tax implication. The ITFG considered following examples with respect to the term 'directly in equity': • An entity at the time of first-time adoption of Ind AS restates a previous business combination. This was earlier accounted under previous GAAP on book value basis. As a result, the entity recalculates the depreciation charge for items of PPE acquired as a part of the business combination on the basis of fair value for the previous periods from the date of business combination to the date of transition to Ind ASs and adjusted the resultant increase (or decrease) in retained earnings (in cumulative depreciation) as on the date of transition to Ind AS. ITFG clarified that, in doing so, the entity, in effect, restated the depreciation charge in profit or loss for each of the previous periods from the date of business combination to the date of transition to Ind AS.(Had the entity presented comparative information for all such previous periods, the increased(or decreased) depreciation for a period would have reflected in statement of profit and loss for that period). Accordingly, it was highlighted that the cumulative adjustment to retained earnings at the date of transition to Ind AS is not an adjustment 'directly in equity'. • An entity at the time of first-time adoption of Ind AS remeasures certain equity investments at Fair Value through Other Comprehensive Income (FVOCI). Under previous GAAP, the investments were measured at cost less diminution (other than temporary in nature). The resultant increase/decrease in carrying value of investments were adjusted under an appropriate equity head (e.g. OCI) on the date of transition to Ind AS. ITFG clarified that in doing this, the entity in effect, reflected the fair value changes in OCI for each of the previous periods up to the date of transition.(Had the entity presented comparative information for all such previous periods, the increase(or decrease) in the fair value for a period would be reflected in OCI for that period.). Accordingly, it was highlighted that the cumulative adjustment to equity at the date of transition to Ind AS is not a transaction or event recognised 'directly in equity' and the remeasurement of deferred tax on such item is required to be recognised in OCI.	

ITFG Bulletin	Clarification provided	Ind AS ref. (Q ref.)
	• An entity at the time of first-time adoption of Ind AS adjusts the unamortised balance of costs of issue of equity shares in an appropriate equity head on the date of transition to Ind AS. The adjustment was made in accordance with Ind AS 32, *Financial Instruments: Presentation* that 'transaction costs of an equity transaction shall be accounted for as a deduction from equity'. Accordingly, ITFG clarified that were the entity an existing adopter of Ind AS at the time of issuance of the equity share, it would still have adjusted the issue costs directly in equity. Hence, it was highlighted that the adjustment to equity at the date of transition to Ind AS is an adjustment 'directly in equity'. Additionally, the remeasurement of deferred tax on such item is required to be recognised directly in equity. The ITFG clarified that entity is required to determine (using the current accounting polices) the underlying items (source transaction/events) with respect to which deferred taxes were recognised by it at the time of first-time adoption of Ind AS or at the time of transition to Ind AS 115 or Ind AS 116. Accordingly, the ITFG concluded that depending on the nature of an underlying item, the change in the amount of the related deferred tax asset or deferred tax liability resulting from the remeasurement of the same at lower tax rates introduced by the Ordinance 2019 should be recognised in statement of profit and loss, OCI or directly in equity.	

Ind AS 102
Share-based Payment

Executive summary

For checklist, please click here

- Indian Accounting Standard (Ind AS) 102, *Share-based Payment* 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.
- While computing the number of awards to be included in the measurement of the liability arising from a cash settled share-based payment transaction, the best available estimate of the number of awards expected to vest would be considered and re-estimated on a periodic basis, where necessary, taking into account vesting conditions other than market conditions.
- 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.
- If the terms of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the liability for the original cash-settled share-based payment is derecognised. The equity-settled share-based payment is measured with reference to the fair value of the equity instruments granted as at the modification date and recognised in equity to the extent that goods or services have been received up to that date. Any difference between the carrying amount of the liability derecognised and the amount recognised in equity, is recognised in profit or loss.
- 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.

New development

On 18 June 2021, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards (Ind AS)) Amendments Rules, 2021 which notified certain amendments to Ind AS including an amendment to Ind AS 102. The amendment to Ind AS 102 has replaced the definition of liabilities in accordance with the 'Conceptual Framework for Financial Reporting under Ind AS issued by ICAI' (Conceptual Framework) in the footnote to the definition of 'equity instrument' in Appendix A. The Conceptual Framework defines a liability as a present obligation of the entity to transfer an economic resource as a result of past events.

Effective date: An entity shall apply the amendment retrospectively, in accordance with Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. However, if an entity determines that retrospective application would be impracticable or would involve undue cost or effort, then it shall apply the amendment by reference to paragraph 23-28, 50-53 and 54F of Ind AS 8.

Additional considerations

For checklist, please click here

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 share-based payments.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

- No specific clarifications have been provided by ITFG relating to this standard.

Ind AS 103
Business Combinations

Executive summary

For checklist, please click here

- 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 for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities[1].
- 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.*

[1] Amendments made by MCA vide notification no. G.S.R. 463(E) dated 24 July 2020. An entity is required to apply the amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after the 1 April 2020 and to asset acquisitions that occur on or after the beginning of that period.

New developments

Revised definition of a business and other amendments

On 24 July 2020, MCA notified certain amendments to Ind AS including Ind AS 103. The amendments introduced a revised definition of a business for the purpose of identifying a business combination under Ind AS 103. As per the revised definition, business is 'an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities'.

Other key amendments made to Ind AS 103 are:

- *Elements of a business:* The three elements of a business as defined under Ind AS 103 include, inputs, processes applied to those inputs and outputs. Although businesses usually have outputs, outputs are not essential for an integrated set of activities and assets to qualify as a business.

  In order to be considered as a business, the amendments have clarified that an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Further, if an acquired set of activities and assets has outputs, continuation of revenue does not on its own indicate that both an input and a substantive process have been acquired.

- *Optional concentration test:* The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets.

  An entity may elect to apply, or not to apply, the concentration test. Such an election can be made separately for each transaction or other event.

  If the concentration test is not met or if the entity elects not to apply the test, then it assesses whether the set of assets and activities meet the definition of a business, such that it consists of an input and a substantive process that together significantly contribute to the ability to create outputs.

- *Assessment of a substantive acquired process:* The amendments prescribe how to assess whether an acquired process is substantive in the following situations:

  a) *A set of activities and assets do not have outputs at the acquisition date:* An example of an acquired set of activities and assets that do not have outputs at the acquisition date is an early-stage entity that has not started generating revenues. Accordingly, in such cases, an acquired process or a group of processes would be considered substantive only if both the given criteria are met:

     i. It is critical to the ability to develop or convert an acquired input(s) into outputs and

     ii. The inputs acquired include both an organised workforce that has the necessary skills, knowledge, or experience to perform that process (or group of processes) and other inputs that the organised workforce could develop or convert into outputs.

  b) *A set of activities and assets have outputs at the acquisition date:* An acquired set of activities and assets would be considered to have outputs at the acquisition date, if it was generating revenue at that date, irrespective of the fact that subsequently it will no longer generate revenue from external customers as it will be integrated by the acquirer. Accordingly, in such cases, an acquired process or a group of processes would be considered substantive only if, when applied to an acquired input or inputs, it:

     i. Is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process (or group of processes) or

ii. Significantly contributes to the ability to continue producing outputs and:

  - Is considered unique or scarce or
  - Cannot be replaced without significant cost, effort or delay in the ability to continue producing outputs.

Effective date: An entity is required to apply the amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after the 1 April 2020 and to asset acquisitions that occur on or after the beginning of that period.[2]

Conceptual framework for financial reporting under Ind AS

- In August 2020, the Accounting Standards Board (ASB) of the ICAI has issued a revised *Conceptual Framework for Financial Reporting under Ind AS (Conceptual Framework)*. The Conceptual Framework has been revised basis the revised conceptual framework[3] issued by the International Accounting Standards Board (IASB).
- The Conceptual Framework introduces some new concepts and related clarifications along with revision in definitions and changes in recognition criteria of assets and liabilities under Ind AS.
- As per current provisions of Ind AS 103, to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired, and liabilities assumed must 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 ICAI at the acquisition date. On 18 June 2021, MCA issued the Companies (Indian Accounting Standards) Amendment Rules, 2021 and notified amendments to certain Ind AS including Ind AS 103. The amendments to Ind AS 103 clarified that acquirers are required to apply the definition of an asset and a liability given in Preparation and Presentation of Financial Statements in accordance with Ind AS rather than the Conceptual Framework issued in 2021.

Applicability of amendments to IFRS 3

On 14 May 2020, IASB issued narrow scope amendments to IFRS standards including IFRS 3. The amendments updated IFRS 3 by replacing a reference to an old version of the IASB's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018.

No change has been made in the accounting requirements for business combinations.

Effective date: The amendments are effective for annual periods beginning on or after 1 January 2022.

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[2] The amendments have been incorporated in the checklist.

[3] Conceptual Framework for Financial Reporting issued by IASB in March 2018.

Additional considerations

For checklist, please click here

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-Compromises, Arrangements and Amalgamations of the 2013 Act. With the notification of the relevant sections dealing with compromises, arrangements and amalgamations (including fast track amalgamations and demergers), companies are now required to make an application to the National Company Law Tribunal (NCLT) in case of such schemes.
- The NCLT assumed jurisdiction of the High Courts as the sanctioning authority for certain sections such as compromises, arrangements, reduction of capital and variations of shareholders' rights.
- No compromise or arrangement would 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.
- On 21 August 2019, the MCA has issued a circular (no.09/2019) and clarified that the provision of Section 232(6) of the 2013 Act is an enabling provision which allows the companies in the scheme to decide and agree upon an appointed date from which the scheme should come into force. An appointed date could be a specific calendar date or it could be tied to the occurrence of an event.
- MCA also clarified that the appointed date clarified in the scheme would deemed to be the acquisition date and date of transfer of control for the purpose of conforming to accounting standards (including Ind AS 103).
- On 24 March 2021, MCA issued certain amendments to Schedule III to the 2013 Act (Division I, II and III). In accordance with the amendments, where any scheme of arrangement has been approved by the competent authority in terms of Sections 230-237 of the 2013 Act, then the company shall disclose that the effect of such a scheme of arrangement has been accounted for in the books of account of the company in accordance with the scheme and accounting standards and deviation, if any thereof to be explained. The said disclosure shall be made under 'Additional Regulatory Information' section in the notes to the balance sheet. The amendment is applicable from 1 April 2021.

Some of the key requirements of the Securities and Exchange Board of India for listed companies (SEBI requirements)

- The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) provide procedures (through a circular dated 30 November 2015) to be followed by listed entities for undertaking schemes of arrangements, such as amalgamations, mergers, reconstruction, etc. In order to align SEBI requirements with the 2013 Act, SEBI on 10 March 2017 revised certain obligations in the Listing Regulations (given in circular dated 30 November 2015) in relation to the schemes of arrangements. As per this regulatory framework, companies filing for a scheme of arrangement with stock exchanges post 10 March 2017 need to provide additional information with respect to the scheme. The key changes in this circular relate to the following topics:
  - For schemes of arrangement between a listed and an unlisted entity, the listed entity would have to include certain applicable information pertaining to the unlisted entity involved in the scheme in the format specified for abridged prospectus, which would have to be certified by a SEBI registered merchant banker and submitted to stock exchanges.
  - The SEBI has prescribed e-voting for approval of the scheme instead of postal voting.
  - There is a three-year lock-in requirement relating to shares held by promoters for a scheme involving hiving-off a division from a listed entity into an unlisted entity to the extent of 20 per cent of the post-merger paid up capital of the unlisted issuer.
  - Listed entities are required to submit a detailed 'compliance report' relating to compliance with all regulatory requirements and accounting standards, which is to be certified by the company secretary, chief financial officer and the managing director of the entity.

Significant carve-in/carve-out from IFRS

- **Carve-in**: IFRS 3, *Business Combinations* excludes from its scope business combinations of entities under common control. Ind AS 103 (Appendix C) gives the guidance in this regard.
- **Carve-out**:

  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 separate 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 IT 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.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 12 *(Issue 8)*	**Acquisition date in a scheme approved by NCLT** As per provisions of the 2013 Act (proviso to Section 232(3)), no scheme of arrangement would be sanctioned by the NCLT only if a certificate by the company's auditor has been filed with the NCLT. The certificate should include the effect that the accounting treatment, if any, proposed in the scheme of compromise or arrangement is in conformity with the accounting standards prescribed under Section 133 of the 2013 Act. The ITFG considered a situation where pursuant to a court scheme, a company is merged with another company with an appointed date approved by NCLT (which is prior to the Ind AS implementation date). In view of this, ITFG clarified that if: • **Business combination is under common control:** In such a case, an entity is required to restate its financial statements as if the business combination had occurred from the beginning of the preceding period in the financial statements. • **Business combination is not under common control**: In such a case, the date of acquisition is the date from which an acquirer obtains control of the acquiree. In both the cases, if an auditor considers that as per the proposed accounting treatment, the date from which the amalgamation is effected in the books of accounts of the amalgamated company is different from the acquisition date as per Ind AS 103 i.e., the date on which control has been actually transferred, then the auditor should state the same in the certificate to be issued under Section 232(3) of the 2013 Act. Additionally, if the NCLT approves the scheme with a different appointed date as compared to the acquisition date as per Ind AS 103, then the appointed date approved by the NCLT would be considered as the acquisition date for business combinations. The company would be required to provide appropriate disclosures and the auditor would need to consider the requirements of relevant auditing standards when issuing its certificate.	103.9 (Q 20(a))

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 14 *(Issue 4)*	**Approval of scheme of arrangement post balance sheet date** For further discussion on this clarification, please refer Ind AS 10, *Events after the Reporting Period* checklist.	103.C14, Ind AS 10 (Q 93(e))
Bulletin 18 *(Issue 4)*	**Whether retrospective restatement of business combination under a court scheme allowed** The ITFG considered a situation where an entity (XYZ Ltd.) had an amalgamation prior to implementation of Ind AS, under the order of the High Court. The accounting as per the scheme was not in compliance with the accounting prescribed in Ind AS (i.e., item capitalised by the company under the scheme did not meet the definition of an asset under Ind AS). The issue under consideration was whether XYZ Ltd. should consider the court scheme in carrying out retrospective restatement of the business combination. The ITFG clarified as follows: • Where a business combination occurs on or after the date of transition by the entity to Ind AS but the scheme approved by the relevant authority (Court or the National Company Law Tribunal (NCLT)) prescribes a treatment that differs from the treatment required as per Ind AS 103, the treatment prescribed under the scheme would override the requirements of Ind AS 103. • Where a business combination occurred before the date of transition of the entity to Ind AS but the scheme approved by the relevant authority (Court or the NCLT) prescribed a treatment that differs from the treatment required as per Ind AS 103, the issue whether the restatement of a business combination upon transition to Ind AS is legally permissible requires a careful evaluation of the exact stipulations contained in the scheme. As the schemes approved by the relevant authorities have varying stipulations, each case requires a separate consideration of the issue of legal permissibility of restatement based on its specific facts. Where it is evaluated that under law, the scheme approved by the relevant authority does not preclude restatement upon transition to Ind AS, the restatement is permissible subject to complying with the conditions laid down in this behalf in Ind AS 101.	103.11 (Q 21)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 19 *(Issue 4)*	**Application of capitalisation rate for assets acquired under business combination** For further discussion on this clarification, please refer Ind AS 23, *Borrowing Costs* checklist	103.B6 (Q 14(a))
	Business combinations under common control	
Bulletin 15 *(Issue 6)*	**Applicability of common control guidance to past business combinations** A situation was considered, wherein an entity (Y) merged with its wholly owned subsidiary (X) prior to transition to Ind AS. On a day prior to the merger, the promoters of Y held 49.95 per cent stake in Y. On transition to Ind AS, X opted to apply provisions of Ind AS 103 retrospectively. As per paragraph C1 of Ind AS 101, where a first-time adopter of Ind AS restates its past business combinations to comply with Ind AS 103, it is also required to apply Ind AS 110 from that same date. As per Ind AS 110, investors with less than majority voting rights can also have control over the investee. In this regard, ITFG clarified that X should evaluate whether both X and Y were under common control before and after the amalgamation. If there was common control, X would be required to apply the provisions of Appendix C, *Business combination of entities under common control* to Ind AS 103 retrospectively to the amalgamation.	103.C3, 103.C7 (Q 91(c))
Bulletin 9 *(Issue 2)* Bulletin 19 *(Issue 5)*	**Accounting for common control transactions** The ITFG provided the following clarifications: *Situation 1:* Where an entity merges with its fellow subsidiary (i.e., another entity with the same parent entity), the carrying amounts of assets and liabilities reflected in the separate financial statements of the merged entity, would be the carrying values of the assets and liabilities, as appearing in their stand-alone financial statements of the entities being combined. *Situation 2:* Where an entity merges with its parent entity, the assets, liabilities and reserves of the subsidiary which were appearing in the consolidated	103.C9 (Q 92(a))

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	financial statements of the group immediately before the merger, would now be a part of the separate financial statements of the merged parent entity. The separate financial statements of the parent entity (to the extent of such a common control transaction) would be considered as a continuation of the consolidated group. Accordingly, it would be appropriate to recognise the carrying value of assets, liabilities and reserves pertaining to the combining subsidiary, as appearing in the consolidated financial statements of the parent entity. The legal merger of a subsidiary with its parent or legal merger of fellow subsidiaries is an intra-group transaction. As per Ind AS 110, all intra-group transactions should be eliminated in preparing consolidated financial statements. Hence, in both the given situations, the effect of legal merger should be eliminated while preparing the consolidated financial statements of the parent entity.	
Bulletin 19 *(Issue 5)*	**Accounting for business combinations of entities under common control** In a scenario, where a company (A Ltd.) has two subsidiaries (B Ltd. and C Ltd.), ITFG considered and clarified on the issue of restatement of previous year figures in financial statements of A Ltd. and C Ltd. in the following situations: *Situation 1:* Where an entity merges with its parent entity, the assets, liabilities and reserves of the subsidiary which were appearing in the consolidated financial statements of the group immediately before the merger, would now be a part of the separate financial statements of the merged parent entity. The separate financial statements of the parent entity (to the extent of such a common control transaction) would be considered as a continuation of the consolidated group. Accordingly, it would be appropriate to recognise the carrying value of assets, liabilities and reserves pertaining to the combining subsidiary, as appearing in the consolidated financial statements of the parent entity.	103.C9 (Q 92)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	Situation 2: Where A Ltd transferred one of its division to C Ltd and appointed date for the transfer is 1 October 2018. ITFG assumed that transfer of division from A Ltd to C Ltd. constituted a transfer of business. Additionally, ITFG concluded that the transfer qualified as a common control business transaction from the perspective of C Ltd. on the basis of the following analysis: • C Ltd obtains control of a business that it did not previously control • Both the combining parties, i.e., C Ltd. (the acquirer) and the division transferred, are controlled by A Ltd. before and after the transfer • Control of A Ltd. over the transferee (C Ltd) and the transferor (the transferred division) cannot be said to be transitory since C Ltd. has been a subsidiary of A Ltd. since January 2016. ITFG clarified that C Ltd. would be required to prepare its financial statements (including comparative information) for the year ended 31 March 2019 as if the transfer of the division had occurred from the beginning of the comparative period presented in the financial statements for the year ended 31 March 2019 i.e., 1 April 2017, and not the appointed date of 1 October 2018 specified in the scheme.	
Bulletin 16 *(Issue 5)*	**Demerger of one of the businesses of parent to its subsidiary and court approved scheme** A parent (company B) demerged one of its businesses under the order of the High Court (HC) and sold it to its subsidiary (company A) in FY2016-17 (which was the year of transition to Ind AS i.e. Ind AS is applicable from FY2017-18). Company A accounted for the transaction under Accounting Standards. The ITFG considered following two scenarios for the given case: **Scenario A: Accounting treatment of demerger not prescribed in the court-approved scheme:** As per ITFG, in case the court approved scheme does not prescribe any accounting treatment for the demerger in the books of company A, then the transaction would be considered akin to a transaction occurring on or after the date of transition to Ind AS. Therefore, it would be accounted for as per relevant requirements under Ind AS, irrespective of its accounting under previous GAAP.	103.C9 (Q 92(a))

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	The demerger qualifies as a 'common control business combination', therefore, company A would be required to account for the demerger under 'pooling of interest method'. Accordingly, company A in its financial statements for FY2016-17, would be required to recognise assets and liabilities acquired from company B at their respective book values as appearing in the books of company B. While presenting the comparative amounts in the Ind AS financial statements for FY2017-18, company A would be required to restate the amount of assets and liabilities recognised under IGAAP for FY2016-17 following pooling of interest method. Further, assuming that both the acquirer and the acquiree were under common control as on 1 April 2016, ITFG clarified that the financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period (i.e., 1 April 2016) in the financial statements, irrespective of the actual date of the combination. **Scenario B: Accounting treatment of demerger prescribed in the court-approved scheme:** The ITFG in the present case clarified that the accounting treatment of a transaction as required under an order of a court/tribunal (or other similar authority) overrides the accounting treatment that would otherwise be required to be followed in respect of the transaction. Accordingly, in the given case, if the court approved scheme of demerger prescribed the accounting treatment for the demerger in the books of company A (for instance, recognition of assets and liabilities acquired at their respective fair values as at the date of demerger), then company A would be required to follow the treatment prescribed in the scheme in its financial statements for the FY2016-17. Further, if the effect of such treatment has to be carried over in subsequent years, then also the same treatment of court approved scheme would be followed in the subsequent years subject to compliance of auditing standards.	

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	The ITFG considered the announcement of the council of ICAI with respect to disclosures to be made in cases where a court/tribunal makes an order sanctioning an accounting treatment which is different from that prescribed by an Accounting Standard (AS). The announcement, *inter alia,* requires the following disclosures to be made in the financial statements of the year in which different treatment has been given: • A description of the accounting treatment made along with the reason that the same has been adopted because of the court/tribunal order. • Description of the difference between the accounting treatment prescribed in the AS and that followed by the company. • The financial impact, if any, arising due to such a difference.	
Bulletin 22 *(Issue 5)*	**Restatement of comparative information in financial statements** In a situation, an entity ABC Ltd. merges into PQR Ltd. (common control business combination). The order of NCLT approving the scheme of merger was received on 27 March 2019 (appointed date for the merger is 1 April 2016). PQR Ltd. has been applying Ind AS with effect from financial year beginning 1 April 2016 (transition date is 1 April 2015). The issue under consideration is while preparing the financial statements for the year ended 31 March 2019, would comparative figures only for the year ended 31 March 2018 have to be restated or balance sheet as of 1 April 2017 is also required to be presented. Appendix C of Ind AS 103 requires only restatement of comparative information and does not require a third balance-sheet at the beginning of the preceding period (unless the beginning of the preceding period also happens to be the date of transition to Ind AS in a particular case). Thus, as per Appendix C, PQR Ltd. would be required only to restate financial statements for the year ended 31 March 2019 with comparative information for 31 March 2018.	103.C9 (Q 92(a))

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 22 *(Issue 6)*	**Applicability of restatement of comparative information to the transferor and transferee** Two entities B Ltd. and C Ltd. (both under common control of another entity A Ltd.) filed a scheme of arrangement with NCLT in the year 2017. As per the scheme, one of the business divisions of B Ltd. was to be demerged and merged with C Ltd. The scheme was approved by the NCLT in June 2019 (i.e., before the approval by the Board of Directors of the financial statements for the year ended 31 March 2019). The appointed date of merger as per the scheme was 1 April 2018. Both the entities are required to prepare their first Ind AS financial statements for year ended 31 March 2018. In this situation, ITFG considered and clarified on the following two issues: • **Whether the financials of C Ltd. for the financial year 2017-18 should be restated considering that the appointed date of the merger is 1 April 2018** The ITFG clarified that as per requirements of Ind AS 103, C Ltd. would be required to restate financial statements for the year ended 31 March 2019 with comparative information for 31 March 2018 (financial year 2017-18) regardless of appointed date as 1 April 2018. • **Whether the financials of B (demerged entity) for the financial year 2017-18 should be restated given the fact that Ind AS 103 is not applicable to the demerged entity** The issue under consideration is with regard to applicability of Appendix C to demerged entity (i.e., transferor in the given case) with respect to restatement of comparative information. Appendix C requires accounting for a common control business combination only from the perspective of the transferee. Accordingly, ITFG clarified restatement of comparative information applies only to the transferee (i.e., C Ltd.) and not the transferor (i.e., B Ltd.). However, B Ltd.is required to evaluate any disclosure to be made in consonance with Ind AS 105, *Non-current Assets Held for Sale and Discontinued Operations.*	103.C9, Ind AS 105 (Q 92(a))

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 19 *(Issue 1)*	**Business combination accounting in case of acquisitions by first-time adopter** For further details on the clarification refer Ind AS 101 checklist	103.C7, 103.C9, Ind AS 101 (Q 91(c)) (Q92(a))
Bulletin 21 *(Issue 4)*	**Accounting of operating leases of a subsidiary not capitalised by a by first-time adopter parent** For further details on the clarification refer Ind AS 101 checklist	103.28A,103.28B, Ind AS 101 (Q 44(c))

Ind AS 104
Insurance Contracts

For checklist, please click here

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.

New developments

- In June 2020, the International Accounting Standards Board (IASB) has issued amendments to IFRS 17, *Insurance Contracts*. The amendments, *inter alia,* aim to ease transition to IFRS 17 and deferred the effective date of the standard by two years. Accordingly, the standard would now be applicable to annual reporting periods beginning on or after 1 January 2023 with earlier application permitted as long as IFRS 9, *Financial Instruments* is also applied. The deferral is intended to allow time for an orderly adoption of the amended IFRS 17 by jurisdictions around the world.
- In December 2021, IASB has also issued narrow scope amendments to transition requirements for insurers applying IFRS 17 and IFRS 9 for the first time. The amendment to IFRS 17 would enable entities to improve the usefulness of comparative information presented on initial application of IFRS 17 and IFRS 9.
- In India, Ind AS 117, *Insurance Contracts* (converged with IFRS 17) is still at an exposure draft stage and will be updated based on the amendments made to IFRS 17.
- The Insurance Regulatory Development Authority of India (IRDAI), on 21 January 2020, deferred the implementation of Ind AS by the insurance sector in India till further notice. Further, the insurance companies are no longer required to submit proforma Ind AS financial statements to IRDAI on a quarterly basis as was earlier required.

- On 18 June 2021, MCA notified certain amendments to Ind AS including Ind AS 104. The amendments highlight that Appendix 1 of Ind AS 104 contains comparison between Ind AS 104 and IFRS 4. IFRS 4 contains provisions that address concerns arising from the different effective dates of IFRS 9 and IFRS 17 and accordingly, provides following two optional approaches:

a) A temporary exemption from applying IFRS 9 and

b) An overlay approach.

IFRS 4 prescribes following two options for entities that issue insurance contracts within the scope of IFRS 4:

a) The option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued and

b) An optional temporary exemption from applying IFRS 9 to companies whose activities are predominantly connected with insurance up to 2023.

In accordance with the amendments to Ind AS 104, the above optional temporary exemptions have not been included in Ind AS 104.

Additional considerations

For checklist, please click here

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.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

- No specific clarifications have been provided by ITFG relating to this standard.

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

For checklist, please click here

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 represented 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 off 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 on the face of the statement of profit and loss.
- The comparative statement of profit and loss is restated for discontinued operations.

New development

On 18 June 2021, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2021 which notified certain amendments to Ind AS including a minor amendment to Ind AS 105. The amendment to Ind AS 105 has replaced the term 'fair value less costs to sell' with the words 'fair value less costs of disposal' in the definition of recoverable amount. Accordingly, recoverable amount will be the higher of an asset's fair value less costs of disposal and its value in use.

Effective date: The amendment is effective from 1 April 2021.

Additional considerations

For checklist, please click here

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

- There are no specific requirements in the 2013 Act relating to this standard.

Significant carve-outs from IFRS

- Requirements regarding presentation of discontinued operations in the separate statement of profit and loss, where separate statement of profit and loss 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. 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 have been prescribed under ICDS relating to this standard.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 22 *(Issue 6)*	**Requirement to restate in case of common control merger** Two entities B Ltd. and C Ltd. (both under common control of another entity A Ltd.) filed a scheme of arrangement with NCLT in the year 2017. As per the scheme, one of the business divisions of B Ltd. was to be demerged and merged with C Ltd. The scheme was approved by the NCLT in June 2019 (i.e., before the approval by the Board of Directors of the financial statements for the year ended 31 March 2019). The appointed date of merger as per the scheme was 1 April 2018. Both the entities are required to prepare their first Ind AS financial statements for year ended 31 March 2018. In this situation, ITFG considered and clarified on the following two issues: • **Whether the financials of C Ltd. for the financial year 2017-18 should be restated considering that the appointed date of the merger is 1 April 2018** The ITFG clarified that as per requirements of	(Q 31)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	Ind AS 103, *Business Combinations,* C Ltd. would be required to restate financial statements for the year ended 31 March 2019 with comparative information for 31 March 2018 (financial year 2017-18) regardless of appointed date as 1 April 2018. • **Whether the financials of B (demerged entity) for the financial year 2017-18 should be restated given the fact that Ind AS 103 is not applicable to the demerged entity** The issue under consideration is with regard to applicability of Appendix C of Ind AS 103 to demerged entity (i.e., transferor in the given case) with respect to restatement of comparative information. Appendix C of Ind AS 103 requires accounting for a common control business combination only from the perspective of the transferee. Accordingly, ITFG clarified restatement of comparative information applies only to the transferee (i.e., C Ltd.) and not the transferor (i.e., B Ltd.). However, B Ltd. is required to evaluate any disclosure to be made in consonance with Ind AS 105.	

Ind AS 106
Exploration for and Evaluation of Mineral Resources

For checklist, please click here

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 impairment losses (if any) shall be 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.

New development

- On 18 June 2021, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2021 which notified certain amendments to Ind AS including a minor amendment to Ind AS 106. The amendment to Ind AS 106 has replaced the reference of 'Framework for Preparation and Presentation of Financial Statements' with the 'Conceptual Framework for Financial Reporting under Ind AS issued by ICAI' in respect of guidance on recognition of assets arising from development.

Effective date: An entity shall apply the amendment for annual periods beginning on or after 1 April 2021. An entity shall apply the amendment retrospectively in accordance with Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.* However, if an entity determines that retrospective application would be impracticable or would involve undue cost or effort, then it shall apply the amendment to Ind AS 106 by reference to paragraphs 23-28, 50-53 and 54F of Ind AS 8.

Additional considerations

For checklist, please click here

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

- Schedule II to the 2013 Act prescribes indicative useful life in respect of assets used in exploration, production and refining oil and gas. Where an entity adopts a useful life different from what is indicated, the financial statements should disclose such difference and provide justification, duly supported by technical advice.

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 ICDS relating to this standard.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

ITFG Bulletin	Clarification provided	Ind AS ref (*Q ref*)
Bulletin 22 *(Issue 3)*	**Accounting for mining lease rights as intangible assets after demonstration of technical feasibility and commercial viability of extracting a mineral resource** Both Ind AS 16, *Property, Plant and Equipment* and Ind AS 116, *Leases* exclude from their respective scope the accounting for mining for extraction of limestone or similar such resources. Though, accounting guidance related to exploration for, and evaluation of mineral resources is provided in Ind AS 106, however, Ind AS 106 does not apply after both the following characteristics of extracting a mineral resource are demonstrable: • The technical feasibility and • Commercial viability. (Please refer to checklist on Ind AS 38, *Intangible Assets* for more details on the issue)	106.17, Ind AS 38 (Q 13)

Ind AS 107
Financial Instruments: Disclosures

For checklist, please click here

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 the following:
  - Carrying amounts,
  - Fair values,
  - Items designated at Fair Value Through Profit or Loss (FVTPL),
  - Investments in equity instruments designated at Fair Value Through Other Comprehensive Income (FVOCI),
  - 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.

New development

Amendments with regard to interest rate benchmark reform (IBOR reform)[4]

The MCA has issued amendments to Ind AS in respect of the IBOR reform in two phases:

- **Phase 1** deals with amendments that provide certain relaxations in hedge accounting principles due to uncertainties caused in the run up to the transition, (these amendments were notified by the Ministry of Corporate Affairs (MCA) vide notification no. G.S.R. 463(E) dated 24 July 2020[5].
- **Phase 2** deals with amendments to Ind AS when contracts are modified due to the IBOR reform.

On 18 June 2021, MCA notified certain amendments to Ind AS 107 as part of Phase 2 of the IBOR reform. The amendments provide additional disclosures to be provided by an entity regarding the effect of the IBOR reform on an entity's financial instruments and risk management strategy. Accordingly, entities are required to disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages these risks and
- The entity's progress in completing the transition to alternative benchmark rates, and how the entity is managing the transition.

The amendments pursuant to phase 1 and phase 2 have been incorporated in the checklist.

Effective date: An entity shall apply phase 2 amendments to Ind AS 107 when it applies the amendments to Ind AS 109, Ind AS 104, *Insurance Contracts* or Ind AS 116, *Leases*.

Additionally, in respect of current period and each prior period presented, the amendments exempt an entity from disclosing in the reporting period in which it first applies the IBOR Phase 2 reform, the amount of adjustment (pursuant to application of amendments to Ind AS 107):

- For each financial statement line item affected and
- If Ind AS 33, *Earnings per Share*, applies to the entity, for basic and diluted earnings per share.

RBI Advisory

On 8 July 2021, the Reserve Bank of India (RBI) through an advisory issued the 'Road map for LIBOR Transition'. All banks and financial institutions are encouraged to incorporate robust fallback clauses in existing and new financial contracts. Additionally, banks and financial institutions are encouraged to cease entering into new financial contracts that reference LIBOR or Mumbai Interbank Forward Offer Rate (MIFOR) and instead use any widely accepted alternate reference rates no later than 31 December 2021. However, RBI exempts contracts referencing LIBOR or MIFOR undertaken for the purpose of managing risks arising out of LIBOR/MIFOR contracts entered on or before 31 December 2021.

Amendments to Schedule III to the Companies Act, 2013 (2013 Act)

On 24 March 2021, MCA issued certain amendments to Schedule III to the 2013 Act. The amendments enhance the disclosures required for the preparation of financial statements. Some of the key additional disclosures introduced are as follows:

- Disclosure on trade receivables and trade payables ageing schedule.
- Separate disclosure on current maturities of long-term borrowings.
- Disclosure on loans or advances in the nature of loans granted to promoters, directors, KMPs and related parties that are repayable on demand or without specifying any terms or period of repayment.

The amendments relevant to the standard have been incorporated in the checklist.

Effective date: The amendments are effective from 1 April 2021.

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[4] 'Interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate such as that resulting from the recommendations set out in the Financial Stability Board's July 2014 report 'Reforming Major Interest Rate Benchmarks'.

[5] Phase 1 amendments are effective for annual reporting periods beginning on or after 1 April 2020.

Additional considerations

For checklist, please click here

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

- There are no specific requirements in the 2013 Act related to disclosure of financial instruments.

Significant carve-outs from IFRS

- There are no carve outs from IFRS in respect of this standard.

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

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

Key requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)

- Regulations 31 read with Schedule V (Part C) of the Listing regulations mandates listed entities to make disclosure regarding commodity price risk and hedging activities in the corporate governance report section of the annual reports. On recommendation of the Corporate Governance Committee formed under the chairmanship of Shri Uday Kotak, SEBI by way of circular dated 15 November 2018 prescribed the format in which these disclosures are required to be made. Therefore, these disclosures would be part of the corporate governance report of the annual report and would contain the following:
  - The risk management policies with respect to commodities including through hedging
  - The total exposure (both on asset and liability side) to various commodities (in INR terms)
  - Percentage of these exposures that have been hedged through commodity derivates, taken both in the domestic and international market.
  - Commodity risks faced by the listed entity during the year and how they have been managed.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 13 *(Issue 8)*	**Disclosure of foreign currency risk** The ITFG clarified that if an entity capitalises the exchange differences as permitted by paragraph D13AA of Ind AS 101, *First-time adoption of Indian Accounting Standards*, the financial risk related disclosure requirements of Ind AS 107 would still apply to such long-term foreign currency monetary items (for which the option under paragraph D13AA of Ind AS 101 has been availed). This is because, the entity continues to remain exposed to foreign currency risk in respect of such instruments, and these could lead to an indirect impact in the statement of profit and loss or equity, for example through depreciation or amortisation of the capitalised amount of exchange differences.	107.40, 107.41, 107.42 (Q 96(b)), (Q 97(c))

Ind AS 108
Operating Segments

For checklist, please click here

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.

Additional considerations

For checklist, please click here

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

- The MCA through its circular dated 23 February 2018 (S.O. 802 (E)) has exempted government companies (covered under the Ind AS road map) engaged in defence production from applying this Ind AS.

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 the ICDS relating to this standard.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 13 *(Issue 3)*	**Disclosure of major customers in case of single operating segment** ITFG clarified that an entity which operates in a single operating segment is also required to disclose information on transactions with a single external customer that contributes 10 per cent or more of the entity's revenues. This information includes disclosure of the fact of such an extent of reliance, total amount of revenues from each such customer and the identity of segment or segments reporting the revenues.	108.34 (Q 25)

KPMG

Ind AS 109
Financial Instruments

Executive summary

For checklist, please click here

- 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 model 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,
  - FVOCI, 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 FVTPL 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 FVTPL, 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 credit 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.

New developments

Amendments pursuant to interest rate benchmark reform (IBOR reform)[6]

The MCA has issued amendments to Ind AS in respect of the IBOR reform in two phases:

- **Phase 1** deals with amendments that provide certain relaxations in hedge accounting principles due to uncertainties caused in the run up to the transition (these amendments were notified by the Ministry of Corporate Affairs (MCA) vide notification no. G.S.R. 463(E) dated 24 July 2021[7])
- **Phase 2** deals with amendments to Ind AS when contracts are actually modified due to the IBOR reform.

On 18 June 2021, MCA notified certain amendments to Ind AS 109 as part of Phase 2 of the IBOR reform. The amendments provide relaxations while accounting for a modification in a financial instrument caused by the IBOR reform. It also provides relief in certain aspects of hedge accounting on account of the IBOR reform. Additionally, the amendments require entities to provide information to investors about the nature and extent of risks to which the entity is exposed to from financial instruments that are subject to IBOR reform (covered under Ind AS 107, *Financial Instruments: Disclosures* checklist).

The amendments to Ind AS 109 pursuant to Phase 2 can be categorised in the following areas:

- **Practical expedient for modification of financial instruments**: As per the practical expedient, entities are required to update the effective interest rate of the financial instruments that have been modified by the IBOR reform. Accordingly, no gain or loss would be recognised as a result of modification of the financial instruments.
- **Relief for hedging relationships**: When a company ceases to apply the IBOR Phase 1 amendments to a hedging relationship, it will apply the following exceptions to the hedging relationship:
  - **Change in hedge documentation**: The amendments permit entities to amend the formal designation of a hedging relationship to reflect the changes that are required by IBOR reform. This change needs to be made by the end of the reporting period and would not result in a discontinuation of the hedge or the designation of a new hedging relationship.
  - **Amounts accumulated in cash flow hedge reserve:** Once the interest rate benchmark of the hedged item and hedging instrument has been updated to an alternative benchmark rate, as a result of the IBOR reform, the amount accumulated in the cash flow hedge reserve would be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined. Therefore, amounts from the cash flow hedge reserve would be reclassified to profit or loss only when the cash flows of the amended hedged item affect profit or loss.
  - **Groups of items:** When a group of items is designated as a hedged item and an item in the group is amended to reflect the changes that are required by the IBOR reform, entities should allocate the hedged items to sub-groups based on the benchmark rate being hedged, and designate the benchmark rate for each sub-group as the hedged risk. Each sub-group would be assessed separately to determine whether it is eligible to be a hedged item.
  - **Designation of risk components**: If a company reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it can designate the alternative benchmark rate as a non-contractually specified risk component even if it is not separately identifiable at the designation date. This is applied on a rate-by-rate basis[8] and also applicable to a new hedging relationship.

The amendments pursuant to phase 1 and phase 2 have been incorporated in the checklist.

Effective date: The phase 2 amendments will be effective for annual reporting periods beginning on or after 1 April 2021.

[6] Interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate such as that resulting from the recommendations set out in the Financial Stability Board's July 2014 report 'Reforming Major Interest Rate Benchmarks.

[7] Phase 1 amendments are effective for annual reporting periods beginning on or after 1 April 2020.

[8] From the date when an entity designates an alternate benchmark rate for the first time.

Additional considerations

For checklist, please click here

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

- Companies that may have received moneys (as deposits) from their directors, are required to disclose such a receipt, by way of notes to the financial statements. Private companies, are additionally required to disclose moneys received (as deposits) from the relatives of the directors.

RBI Advisory

- On 8 July 2021, the Reserve Bank of India (RBI) through an advisory issued a 'Road map for LIBOR Transition'. All banks and financial institutions are encouraged to incorporate robust fallback clauses in existing and new financial contracts. Additionally, banks and financial institutions are encouraged to cease entering into new financial contracts that reference LIBOR or Mumbai Interbank Forward Offer Rate (MIFOR) and instead use any widely accepted alternate reference rates no later than 31 December 2021 except contracts referencing LIBOR or MIFOR undertaken for the purpose of managing risks arising out of LIBOR/MIFOR contracts entered on or before 31 December 2021.

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 and other financial instruments of similar nature. 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 2016 or entered on or after 1 April 2016. 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 2016.

ICDS VIII – Securities

- ICDS VIII has two parts - Part A 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. When cost of a specific security cannot be identified, it shall be determined on the basis of the first-in-first-out method or the weighted average cost formula.

- *FAQ 19 to ICDS:* With respect to the subsequent measurement of securities held as stock-in-trade, CBDT clarified that securities are first required to be aggregated category wise. The aggregate cost and NRV of each category of security is then compared, and the lower of the two is taken as the carrying value of the security as per ICDS VIII.

- Part B of ICDS VIII deals with securities held by a scheduled bank or public financial institution formed under a Central or State Act or so declared under the Companies Act, 1956 or the 2013 Act. Securities are required to be classified, recognised and measured in accordance with the extant guidelines issued by the Reserve Bank of India, and any claim for deduction in excess of the said guidelines shall not be taken into account.

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 2016 shall be capitalised for the year commencing on or after 1 April 2016 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 2016.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG) and FAQs issued by the Institute of Chartered Accountants of India (ICAI)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 14 *(Issue 5)*	**Accounting for shares held as stock-in-trade** 'Investments in shares of other entities' meet the definition of financial instruments, accordingly, these will be recognised and measured in accordance with Ind AS 109, presented as per the requirements of Ind AS 32 and disclosed as per the principles enunciated in Ind AS 107, *Financial Instruments: Disclosures*. The ITFG clarified that shares held by a broking entity for trading on its own account (as stock-in-trade) are also financial instruments which are specifically excluded from the scope of Ind AS 2, *Inventories*.	109.2.1 (Q 1)
Bulletin 8 *(Issue 9)* Bulletin 17 *(Issue 4)*	**Recognition of dividend income on an investment in debt instrument** The ITFG considered an example of a redeemable preference share as a debt instrument with legal form of income as dividend. In order to assess if Solely Payment of Principal and Interest (SPPI) test[9] is met for a redeemable preference share, an entity would need to evaluate if the dividend is discretionary or non-discretionary. An entity would need to consider applicable legal provisions in the relevant jurisdiction and also specific terms and conditions associated with the preference shares to determine whether the payment of dividend on the instrument is at the discretion of the issuer. • **Where payment of dividend is not at the discretion of the issuer**, the contractual cash flows (dividends and redemption proceeds) associated with the preference share would be akin to those associated with a plain-vanilla loan or other plain-vanilla debt instrument unless the cash flows do not meet the SPPI test. In this case the dividend income would be recognised in the form of 'interest income'. If the preference shares meet the business model test as well, then they may be subsequently classified at amortised cost or at FVOCI (unless the entity has chosen the fair value	109.5.4.1 (Q 50, Q 51, Q 52 and Q 53)

[9] The SPPI test refers to determining whether the cash flow characteristics of the instrument are solely in the nature of payments of principal and interest on the principal amount outstanding.

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	option). In this case the dividend income would be accounted for as explained below: – **Debt instrument is subsequently measured at amortised cost:** Interest income on such assets is computed in the manner as is specified below: o *Where the asset is not credit-impaired:* Compute interest income by applying EIR to the gross carrying amount o *Where the asset is a purchased or originated credit-impaired financial asset:* Compute interest income by applying credit adjusted EIR to the amortised cost of the financial asset o *Where the asset is not a purchased or originated credit-impaired financial asset, but subsequently has become credit impaired:* Compute interest income by applying EIR to the amortised cost of the financial asset during the periods the asset is considered as credit impaired, and when the credit risk improves so that the financial asset is no longer credit impaired, compute interest income by applying the EIR to the gross carrying amount of the debt instrument. – **Debt instrument is classified and measured at FVOCI:** Interest income is recognised in the statement of profit and loss in accordance with the EIR method • **Where payment of dividend (whether cumulative or non-cumulative) is at the discretion of the issuer,** the contractual cash flows characteristics differ from those of a basic lending arrangement. Hence, such a preference share fails the SPPI test and would be classified at FVTPL. In this case, interest income may form part of the fair value gains or losses of the instrument or be presented separately. The entity would be required to give disclosures for its accounting policy in accordance with disclosure requirements contained in Ind AS 107.	
Bulletin 10 *(Issue 2)*	**Accounting for processing fees paid relating to undisbursed term loan** ITFG provided clarity on the accounting treatment for processing fees on the undisbursed portion of a term loan. • **Where it is probable that the undisbursed term loan will be drawn down in the future:** The processing fee pertaining to the loan will be accounted for as a transaction cost under Ind AS 109. • **Where it is *not* probable that the undisbursed term loan will be drawn down in the future:** The processing fee pertaining to the loan will be recognised as an expense on a straight-line basis, over the term of the loan.	109.5.1.1 (Q 39)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 12 *(Issue 4)*	**Accounting for prepayment fees and loan processing fees paid in a refinancing arrangement** A refinancing arrangement involving a new loan from another bank to pay off an old loan (taken prior to transition to Ind AS) would be considered as a modification, resulting in derecognition of the old loan. The ITFG considered the accounting treatment for unamortised processing costs and prepayment premium on the old loan as well as processing fees paid for the new loan as follows: • **Original loan:** The difference between the carrying amount of the original loan and the consideration paid would be recognised in the statement of profit and loss. **Unamortised processing fees on old loan:** These would be charged to the statement of profit and loss. • **Prepayment premium:** Since the refinancing arrangement results in derecognition of the old loan, the prepayment fees paid by the entity would be considered as costs or fees incurred on extinguishment of the loan and included as a part of gain or loss on extinguishment (in the statement of profit and loss). • **New loan processing fees:** Processing fees on the new loan facility are an integral part of originating the new loan. These would be considered as a transaction cost and included in computing the EIR of the new loan.	109.5.1.1, 109.3.3.3 (Q 39, Q 20)
Bulletin 17 *(Issue 2)*	**Inclusion of Dividend Distribution Tax (DDT) on preference shares in Effective Interest Rate (EIR)** The ITFG considered a situation, wherein an entity (ABC Ltd.) issued cumulative redeemable preference shares carrying a fixed rate of dividend per annum, redeemable at a specified premium at the end of eight years from the date of their issue. Basis the terms of the instrument, and in accordance with Ind AS 32, these were classified as financial liabilities in their entirety. In accordance with the guidance contained in Ind AS 32, if a financial instrument is classified as a financial liability in its entirety the 'dividend' thereon is in the nature of interest and is accordingly charged to the statement profit and loss. When applying the EIR method, an entity generally amortises any fees, points paid or received, transaction costs and other premiums or discounts that are included in the calculation of EIR over the expected life of the financial instrument. ITFG clarified that dividend on preference shares were considered to be in the nature of interest. Accordingly, the related DDT would be regarded as part of interest cost and would form part of EIR calculation.	109.5.1.1 (Q 39)
Bulletin 13 *(Issue 6)*	**Timing of recognition of renegotiation gain/loss** ITFG considered and clarified that if a debt instrument is in default in a particular financial year (say year 1), and the terms of the instrument have been renegotiated in the next financial year (say year 2) (prior to approval of the financial statements), the modification gain or loss on the renegotiated debt instrument would be recognised in the financial year in which the renegotiation contractually takes place (i.e., year 2).	109.5.4.3 (Q 55, Q 56)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 20 *(Issue 3)*	**Accounting for accumulated arrears of dividend on cumulative preference shares on transition to Ind AS** A loss-making entity (P) issued cumulative preference shares prior to transition to Ind AS. Other facts are as below: • It did not pay dividend to its preference shareholders • The accumulated arrears of cumulative preference dividend were disclosed as 'contingent liability' in the notes to the financial statements • On transition to Ind AS, the preference shares were classified as financial liability in accordance with the principles of Ind AS 32. The issue under consideration was the accounting for the accumulated arrears of preference dividend post transition to Ind AS. The ITFG clarified that preference shares that are classified in entirety as financial liability are accounted for under Ind AS 109 in the same manner as a redeemable debenture or a typical loan. This implies, *inter alia*, that the dividends on preference shares are accrued in the same manner as interest on debentures or loans. In the given situation, the preference shares would be classified as financial liability in their entirety (the covenant of their terms of issue relating to dividends would represent a contractual obligation of P to pay such dividends). Accordingly, these dividends would be accrued in the same manner as interest on debentures or loans. At the date of transition, the amortised cost of the shares (which includes unpaid dividend) would be computed retrospectively from the date of their issue using the Effective Interest Rate (EIR) method (Ind AS 101, does not provide any mandatory exception or optional exemptions for such financial instrument). While computing the amortised cost of the preference shares using the EIR method, the dividends that have accrued but not paid would be reflected in the carrying amount of the liability. In accordance with Ind AS 101, the difference between the amortised cost and the carrying amount of the preference shares as per the previous GAAP would be adjusted directly in retained earnings (or, if appropriate, another category of equity) as at the date of transition. Further, dividend for periods after the date of transition would be accrued in each period, in the same manner as interest, and if unpaid would get reflected in the amortised cost as at the end of the period.	109.4.2.1, Ind AS 32 (Q 27)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
FAQ on elaboration of terms used in Ind AS 109	**Elaboration of terms 'infrequent number of sales' or 'insignificant in value'** The ICAI clarified that there is no rule of thumb in terms of indicative percentage to determine 'infrequent number of sales' or 'insignificant in value', since it may not be applicable in all cases, considering the differing quantum, configuration and nature of financial assets in different entities. Entity's management should, therefore, exercise judgement and establish certain guiding criteria in determining the situations in which sales of financial assets occurring before the maturity date may not be considered inconsistent with the 'held to collect' business model.	109.4.1.2 read with 109.B4.1.3B (Q 23(a))
Bulletin 3 *(Issue 10)*	**Application of the hedge accounting where company avails option under para 46A of AS 11** Please refer clarification on applicability of hedge accounting where company avails option under para 46A of AS 11, provided in Ind AS 101 checklist.	109.6.3, 101.D13AA (Q 101, refer clarification in Ind AS 101)
Bulletin 15 *(Issue 3)*	**Classification of incentives receivable from government entities as financial assets** The ITFG clarified that as per the definition of 'contract' and 'contractual' under Ind AS 32, a contract need not be in writing, and may take a variety of forms. Accordingly, when the government provides incentives which are receivable by entities when they comply with stipulated conditions (for example, sales tax refunds), there is an understanding between the government and the entities regarding the rights and obligations of the scheme, and a one-to-one agreement may not be entered into. Once the entities comply with the conditions attached to the schemes, they rightfully become entitled to the incentives. Thus, such an incentive receivable would fall within the definition of financial instruments, and accounted for as a financial asset in accordance with Ind AS	109.3.1.1, (Q 3(b))
Bulletin 15 (Revised) *(Issue 7)*	**Accounting for interest free refundable security deposits** The ITFG considered an interest-free refundable security deposit given by an entity (for example, a lease deposit). Since the deposit represents the entity's contractual right to receive cash from the holder of the deposit, it is a financial asset in accordance with Ind AS 32. ITFG stated that where the effect of time value of money is material, the refundable security deposit would be discounted and be shown at its present value at the time of initial recognition. With regard to the rate at which these would be discounted, the entity should evaluate on the basis of its own facts and circumstances. Further, whether the effect of time value of money is material should be determined on the basis of overall consideration of total cash flows, etc. The difference between the transaction price and the fair value as determined above should be accounted in accordance with Ind AS 109. For example, in case of an interest free rent deposit paid to a lessor, the difference between the present value of deposit and the amount of deposit paid would form part of Right-Of-Use (ROU) asset and would be depreciated over the lease term[10].	109.5.1.1, 109.B5.1.1 (Q 38)

[10] Based on guidance given in question 52 of Educational Material on Ind AS 116, *Leases* issued by ICAI in January 2020.

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 18 *(Issue 3)*	**Accounting treatment of an interest free loan received by a subsidiary from its holding company** Where a subsidiary company (S Ltd.) receives an interest free loan from its holding company (H Ltd.), which is repayable at the end of five years, such a loan should be initially recognised at its fair value determined according to the principles laid down in Ind AS 113. On a consideration of the substance of the transaction and in the absence of any factors that lead to a different conclusion as to its nature, the excess of the loan amount over the fair value of the loan at initial recognition should appropriately be regarded as an equity infusion by the parent and should therefore be credited directly to equity.	109.5.1.1, 109.B5.1.1 (Q 38)
Bulletin 16 *(Issue 3)*	**Derecognition of financial liabilities** On failure to repay a foreign currency loan by an entity (DG Ltd.), the lending bank crystallised the liability into Indian Rupees (INR) and the loan became its Non-Performing Asset (NPA). The bank assigned the loan to an Asset Reconstruction Company (ARC). ARC subsequently negotiated with DG Ltd. to arrive at the following settlement (entered into post implementation date of Ind AS by DG Ltd.): • A hair cut by ARC for some portion of the loan • Partial settlement of the loan by issue of fully paid-up equity shares at traded market price and • The balance loan amount would be paid in installments over seven years at a revised interest rate, which was linked to the Marginal Cost of funds-based Lending Rate (MCLR). ITFG clarified that DG Ltd. would be required to assess whether change of the lender (assignment of loan) from bank to the ARC is a legal release from the primary liability to the bank. Accordingly, if DG Ltd. concludes that: • **Change of lender results in legal release from primary liability:** It should derecognise entire amount of the existing loan and the new arrangement with ARC would be accounted for as a new loan. The difference between the carrying amount of the financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) would be recognised in the statement of profit and loss. • **Change of lender does not result in legal release from primary liability:** It should consider whether there is a substantial modification of terms of the existing financial liability or a part of it. If as per the quantitative test, the terms of a financial liability are considered to be substantially different, the modification is considered substantial, and the original loan would be	109.3.3.1 109.3.3.2, 109.B3.3.6, 109.3.3.4 (Q 18, Q 19(b), Q 21(b))

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	derecognised. However, if modification of terms fail to meet the quantitative threshold, then it could not be concluded that the modification is not substantial. Therefore, in such a case, a qualitative analysis would be required to determine whether modifications of the terms that are not captured by the quantitative analysis are substantial. The ITFG clarified that, the part of the loan that would be settled by way of issue of equity shares of DG Ltd. at their fair value, should be accounted for in accordance with Appendix D of Ind AS 109, *Extinguishing Financial Liabilities with Equity Instruments* and paragraph 3.3.4 of Ind AS 109. With respect to the balance portion, since the modifications relate to terms that are captured by the quantitative test (i.e., the haircut, rescheduling of repayment, and change in interest rate), the ITFG concluded that there are no additional factors requiring a qualitative analysis. Therefore, if the quantitative threshold of 10 per cent is met, then modification of terms should be considered to be substantial and vice-versa.	
	Accounting for financial guarantees	
Bulletin 12 *(Issue 3)*	**Assessment of whether a comfort letter is a financial guarantee contract** ITFG clarified that a significant feature of a financial guarantee contract is the contractual obligation to make specified payments in case of default by the credit holder. Accordingly, a financial guarantee contract may take any name and may have various legal forms (for example a comfort letter, on the basis of which a credit holder receives a bank loan). If the contract meets the definition in Ind AS 109, it should be accounted for as a financial guarantee contract as per Ind AS 109.	109.2.1 (Q 2g)
Bulletin 13 *(Issue 2)*	**Accounting for a financial guarantee received by a company from its director** ITFG clarified that where a loan agreement with a bank requires a personal guarantee of one of the directors of the company for the term loan to be executed (and in case of default by the company, the director will be required to compensate for the loss that bank incurred); the contract between the director and the company should be evaluated to determine if it qualifies as a financial guarantee contract as defined in Ind AS 109. Further, if no guarantee fee is involved, the entity needs to exercise judgment in assessing the substance of the transaction taking into consideration relevant facts and circumstances such as whether the director is being compensated in any other way for providing such a guarantee. Therefore, if no fee has been paid to the director (or other related	109.2.1 (Q 2g)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	party), and such party is not being compensated in any other manner, the company is not required to account for such a financial guarantee in its financial statements considering that the unit of account is the guaranteed loan. The loan is recognised at its fair value – expected to be the face value of the loan proceeds received by the company. However, ITFG also clarified that this transaction would require disclosure under Ind AS 24, for guarantees given to or received from related parties.	
Bulletin 12 *(Issue 11)*	**Accounting treatment for a financial guarantee for a loan taken by an associate company** ITFG considered a situation where an entity (V) had given a financial guarantee against a loan taken by its associate company (S) and was receiving guarantee commission against the same. In this regard, ITFG clarified that the contract would be accounted for as: • **In the opening Ind AS balance sheet:** V needs to determine whether the commission received by it is equivalent to the premium that S would pay to obtain a similar guarantee in a standalone arm's length transaction. If this is the case, then at initial recognition (i.e., in the opening Ind AS balance sheet), the fair value of the financial guarantee contract is likely to equal the commission received. • **Subsequent measurement:** Financial guarantee contracts should subsequently be measured at the higher of the amount of loss allowance (estimate of the expected loss that would devolve on the guarantee contract) and the amount initially recognised less cumulative amount of income recognised in accordance with Ind AS 18, *Revenue*[11].	109.4.2.1, 109.5.5.1 (Q 27c, Q 62)
Bulletin 16 *(Issue 1)*	**Accounting for financial guarantee by guarantor and beneficiary** A subsidiary (S Ltd.) had given a financial guarantee to a bank in respect of a loan obtained by its parent (P Ltd.) from the bank. S Ltd. did not charge any guarantee fee/commission from P Ltd. The loan had been accounted on amortised cost basis in the stand-alone as well as Consolidated Financial Statements (CFS) of P Ltd. Accounting by guarantor (S Ltd.) *On initial recognition* ITFG clarified that S Ltd. is required to recognise the financial guarantee contract initially at its fair value. In the absence of any specific guidance in Ind AS 109 or any other standard with respect to determination of fair value of such financial guarantee, ITFG suggested the following approaches for determining fair value based on the principles of Ind AS 113: • Amount that an unrelated, independent third party would have charged for issuing the financial guarantee.	109.2.1, 109.4.2.1(c) (Q 2g, Q 27c)

[11] The ITFG clarification was issued prior to notification of Ind AS 115, *Revenue from Contracts with Customers*. For guidance on subsequent measurement, refer bulletin 16 (*Issue 1*).

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	• Present value of the amount by which the interest (or other similar) cash flows in respect of the loan are lower than what they would have been if the loan was an unguaranteed loan. • Present value of the probability-weighted cash flows that may arise under the guarantee (i.e., the expected value of the liability). The fair value so computed would be recognised as a liability (i.e., deferred income such as 'unearned financial guarantee commission'). Further, since S Ltd. has not charged a guarantee commission, therefore, the economic substance of the arrangement in the given case is distribution/repayment of capital made by S Ltd. to its parent (P Ltd.). Accordingly, the debit should be made to an appropriate head under 'equity'. As per ITFG, it would not be appropriate to debit the fair value of the guarantee to profit or loss (as if it were a non-reciprocal distribution to a third party) as it would fail to properly reflect the existence of the parent-subsidiary relationship that would have caused S Ltd. not to charge the guarantee commission. *Subsequent accounting* According to ITFG, the application of Ind AS 115 would result in the amount of unearned financial guarantee commission which was recognised initially as liability, being amortised over the period of the guarantee. Consequently, the balance of the unearned financial guarantee commission would decline progressively over the period of the guarantee. Additionally, at each reporting date, S Ltd. would be required to compare the unamortised amount of the deferred income with the amount of loss allowance determined in respect of the guarantee using the expected credit loss model as at that date. Accordingly, in case: • *Amount of loss allowance is lower than the unamortised amount of deferred income:* Liability of S Ltd. (with respect to financial guarantee) would be represented by the unamortised amount of the financial guarantee commission. • *Amount of loss allowance is higher than the unamortised amount of deferred income:* S Ltd. would be required to recognise a further liability equal to the excess of the amount of the loss allowance over the amount of the unamortised unearned financial guarantee commission. An exception to the general measurement principles is provided for financial guarantee contracts that are designated at inception as at FVTPL or that arise when a transfer of a financial asset does not qualify for derecognition or results in continuing involvement. Such contracts are measured in accordance with specific provisions in Ind AS 109. <u>Accounting by beneficiary (P Ltd.)</u> Ind AS 109 does not specifically address the accounting for financial guarantees by the beneficiary. In the given case, ITFG considered	

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	the economic substance of the transaction, and concluded that: • The provision of a financial guarantee by S Ltd. is an integral part of the arrangement for the loan taken by P Ltd. from the bank, thus the guarantee commission should be treated as a transaction cost. Accordingly, the fair value of the loan should be debited to the carrying amount of the loan, this would in effect result in such fair value being included in determination of EIR of the loan • The provision of guarantee by S Ltd. without charging guarantee commission is analogous to a distribution by S Ltd. to P Ltd, accordingly, the fair value of the loan should be credited in accordance with Ind AS 27, *Separate Financial Statements*. As per Ind AS 27, in the separate financial statements of the parent, investment in the subsidiary should be accounted for at cost or in accordance with Ind AS 109. Accordingly: – If the investment is **accounted for at cost**, then distribution received (i.e., credit of fair value of the guarantee) should be given to profit or loss. Impairment would be considered separately – If the investment is accounted for at **FVOCI**, distribution would be recognised is profit or loss, unless the distribution clearly represents a recovery of a part of cost of investment – If the investment is accounted for at **FVTPL**, distribution received would be credited to profit or loss. The fact that S Ltd. has not paid any dividend to P Ltd. earlier would not impact this accounting treatment. Further, ITFG also clarified that this transaction would require disclosure under Ind AS 24, for guarantees given to or received from related parties.	
Bulletin 16 *(Issue 7)*	**Financial guarantee by a parent for a loan taken by its subsidiary that is repaid early** Where a parent (P Ltd.) provided a guarantee for a loan (of 10 years) taken by its subsidiary (S Ltd.) prior to transition to Ind AS, on the date of transition to Ind AS, P Ltd. should recognise the financial guarantee obligation in its separate financial statements and the corresponding impact should be in the 'investment in subsidiary' considering the terms of the guarantee. Subsequently, the financial guarantee would be recorded in accordance with Ind AS 109. The ITFG clarified that where the loan is prepaid, the change in the estimated life of the loan should be accounted for as a change in the accounting estimate, and as per the provisions of Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors,*	109.2.1, 109.4.2.1c (Q 2g, Q 27c)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	the effect of change in an accounting estimate should be recognised prospectively by including it in profit or loss in the: i. *Period of the change:* If the change affects that period only or ii. *Period of the change and future periods:* If the change affects both. Further, if a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it should be recognised by adjusting the carrying amount of the related asset, liability or equity item in the period of the change. As per ITFG, the attribution debited to investment upon providing guarantee is in substance the consideration that the parent would have collected for providing similar guarantee to an unrelated third party. Generally, in case of prepayment of loan by an unrelated third party, the parent would not have refunded the consideration and would have recognised the entire unrecognised commission in the statement of profit and loss. Therefore, the ITFG clarified that similar approach should be followed for guarantee given to the subsidiary. Accordingly, in the given case, amount of financial guarantee obligation initially recognised (say at INR1,000) would be amortised as income in each accounting period as per Ind AS 109. At the end of year six (year of prepayment), P Ltd. would have INR400 as the carrying value of financial guarantee in its financial statements. Since S Ltd. has repaid the loan and no obligation exists for P Ltd., therefore, P Ltd. should reverse the balance outstanding as guarantee obligation with corresponding recognition of revenue of INR400 in the statement of profit and loss.	

Ind AS 110
Consolidated Financial Statements

For checklist, please click here

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,

- 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 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).

Schedule III

- An entity preparing consolidated financial statements should mutatis mutandis follow the requirements of Schedule III to the 2013 Act, as applicable to an entity preparing stand-alone financial statements (i.e., balance sheet, statement of changes in equity and statement of profit and loss).
- All Indian and foreign subsidiaries, associates and joint ventures will be covered under consolidated financial statements. The entity is required to disclose the list of subsidiaries or associates or joint ventures which have not been consolidated in the consolidated financial statements, along with the reasons of not consolidating.
- In the consolidated financial statements, entities are required to disclose the following as additional information for the parent, Indian and foreign subsidiaries, NCI in all subsidiaries, Indian and foreign associates and joint ventures:
  - Amount and percentage of net assets to the consolidated net assets (net assets is total assets minus total liabilities),
  - Amount and percentage of share in profit or loss to the consolidated profit or loss,
  - Amount and percentage of share in OCI to the consolidated OCI, and
  - Amount and percentage of total comprehensive income to the consolidated total comprehensive income.

Additional considerations

For checklist, please click here

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

- The 2013 Act considers control over composition of the board of directors or exercise or control of more than one-half of the total voting power of a company as the basis for deciding holding/subsidiary relationship. However, for the purpose of preparing consolidated financial statements under Ind AS, the holding/subsidiary relationship will be determined in accordance with Ind AS 110.
- The 2013 Act provides relief to unlisted subsidiary companies (wholly-owned and partially-owned subsidiaries of an Indian parent entity) from preparing consolidated financial statements. This relief is in line with the requirements of paragraph 4 of Ind AS 110. Subsidiaries of foreign companies in India have not been granted an exemption from the preparation of the consolidated financial statements.
- On 30 January 2020, the MCA issued amendments to the Companies (Accounts) Rules. As per the amendments, every Non-Banking Financial Company (NBFC), which is required to comply with Ind AS should file their separate financial statements together with the consolidated financial statements with Registrar of Companies in the prescribed format. The amendments are effective from 5 February 2020.

Significant carve-outs from IFRS

- One of the essential requirements (under both IFRS 10, *Consolidated Financial Statements*, and Ind AS 110) for an entity to qualify as an investment entity is that the entity measures and evaluates the performance of substantially all of its investments on fair value basis. In this context IFRS 10 paragraph B85(a) provides that to meet this requirement, an entity would need to elect to account for any investment property using the fair value model in IAS 40, *Investment Property*. Ind AS 40, *Investment Property*, does not permit fair valuation of investment property. Consequently, above paragraph of IFRS 10 is not included in Ind AS 110.

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)

- 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.
- Listed entities are required to provide their unaudited/audited, quarterly and annual financial results as the case may be, as per the formats of the balance sheet and statement of profit and loss, prescribed in Schedule III to the 2013 Act.
- For further clarification please refer to Ind AS 34 checklist.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG) and FAQs issued by the Institute of Chartered Accountants of India (ICAI)

ITFG Bulletin	Clarification Provided	Ind AS ref (Q ref)
Bulletin 5 *(Issue 1)*	**Principle of control as per Ind AS 110 to be applied** In a certain case, an entity did not consolidate a subsidiary under AS 21, *Consolidated Financial Statements*, under previous GAAP, when control was intended to be temporary or there were severe long-term restrictions that impair the ability to transfer funds in the near future. The ITFG clarified that control definition as per Ind AS 110 would be applied to assess whether an investor controls another entity. Accordingly, since Ind AS 110 does not provide exemption from consolidation due to temporary control or severe long-term restrictions, the entity is required to consolidate all its subsidiaries unless they meet the specific exemption from consolidation.	110.4B (Q 1(f))
Bulletin 8 *(Issue 6)*	**Accounting for accumulated losses of subsidiaries** The ITFG clarified that an entity having a subsidiary/multiple subsidiaries with accumulated losses on the date of transition to Ind AS, should account for the accumulated losses of the subsidiary(ies) in its consolidated financial statements as below: • **When past business combinations are not restated based on the exemption in Ind AS 101, *First-Time Adoption of Ind AS***: The entity would be required to attribute the total profit or loss and each component of other comprehensive income to the owners of the parent and to the NCI prospectively, from the date of transition • **When past business combinations are restated**: The entity will be required to attribute the accumulated losses of the subsidiaries, to the owners of the parent and to the NCI, retrospectively from the date of application of Ind AS 103, in its consolidated financial statements on the date of transition.	110.B94 (Q 9 (j))
Bulletin 11 *(Issue 6)*	**Consolidation of financial statements of a subsidiary following a different method of depreciation** ITFG clarified that selection of the method of depreciation is an accounting estimate, and not an accounting policy. Though Ind AS 110 requires members of the group to use uniform accounting policies for like transactions and other events in similar circumstances, this requirement is not applicable for accounting estimates made while preparing financial statements. Accordingly, a subsidiary can have a different method of estimating depreciation for Property, Plant and Equipment (PPE), if its expected pattern of consumption is different. The method once selected in the stand-alone financial statement of the subsidiary should not be changed while preparing the consolidated financial statements.	110.19 (Q 8)
Bulletin 11 *(Issue 7)*	**Applicability of Ind AS to non-corporate entities** ITFG clarified that Ind AS is applicable to corporates only, and non-corporates cannot apply it even voluntarily. However, where a non-corporate entity is a subsidiary/joint venture/associate of a company that is required to apply Ind AS, it will be required to prepare its financial statements data as per Ind AS for the purpose of consolidation.	110.B87 (Q 9e)

ITFG Bulletin	Clarification Provided	Ind AS ref (Q ref)
FAQ on consolidation of LLP and partnership firms	**Consolidation of subsidiaries, associates and joint ventures in the legal form of an LLP or partnership firm** The ICAI clarified that an entity that controls a Limited Liability Partnership (LLP) and/or a partnership firm or holds such LLP and/or partnership firm as its associate or joint venture, is required to consolidate the financial statements of such LLP and/or partnership firm while preparing its consolidated financial statements.	110.5 (Q 2)
Bulletin 15 *(Issue 9)*	**Accounting for outstanding retired partner's capital balances by a partnership firm** For further discussion on the clarification, please refer Ind AS 32 checklist.	110.19 (Q 8)
Bulletin 12 *(Issue 5)*	**Treatment of intra-group profit in consolidated financial statements** ITFG considered a situation, where an entity (XYZ) was consolidating the financial statements of another entity (ABC) for the first time under Ind AS (since the other entity was not considered a 'subsidiary' under the previous GAAP). The entities had entered into a transaction for sale of an asset (with a profit margin for XYZ), that resulted in ABC recognising an item of PPE in its financial statements under previous GAAP. On transition to Ind AS, while preparing its consolidated financial statements, XYZ availed of the deemed cost exemption provided under para D7AA of Ind AS 101. In view of this, ITFG clarified that while consolidating the financial statements of ABC, XYZ would first have to eliminate the intra group profit recognised in PPE in the separate financial statements of ABC, in accordance with Ind AS 110. It would then apply the deemed cost exemption.	110.B86 (Q 9c)
Bulletin 13 *(Issue 7)*	**Accounting for partial disposal of an investment in a subsidiary** In a specific scenario where the stake of a parent in a particular subsidiary is reduced/diluted due to infusion of additional funds by another investor without a loss of control, ITFG concluded that this was in the nature of an equity transaction. Therefore, it would have no impact on goodwill or the statement of profit and loss. It clarified that NCI are recorded at fair value (or proportionate share in the recognised amounts of the acquiree's identifiable net assets, if chosen) only at the date of the business combination. Subsequent changes due to purchases or sales when control is maintained, are recorded at the NCI's proportionate share of the net assets. Additionally, the following disclosures should be made in the financial statements of the parent entity: • **Separate Financial Statements (SFS):** No impact and investment in the subsidiary would continue to be recognised at its carrying amount, but the dilution/reduction of shareholding, should be disclosed appropriately in the financial statements.	110.B96 (Q 11)

ITFG Bulletin	Clarification Provided	Ind AS ref (Q ref)
	• **Consolidated Financial Statements (CFS):** The entity is required to present a schedule that discloses 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.	
Bulletin 19 (*Issue 1*)	**Business combination accounting in case of acquisitions by first-time adopter** For further discussion on the clarification, please refer Ind AS 101 checklist.	110.23, 110.B96 (Q 11)
Bulletin 17 *(Issue 5)*	**Equity accounting in the CFS of investor in case of loss of control** The ITFG clarified that when an investor loses control of a subsidiary, and instead retains a joint control (or an interest representing significant influence), it recognises such investment retained in the former subsidiary at its fair value. Such fair value is regarded as the cost on initial recognition of an investment in the joint venture (or an associate). Further, on acquisition of the investment (or on gaining such interest), any 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 would be recognised as goodwill or directly in equity as capital reserve. Appropriate adjustments to the entity's share of the associate's or joint venture's profit or loss after acquisition are made in order to account, for example, for depreciation of the depreciable assets based on their fair values at the acquisition date. Similarly, appropriate adjustments to the entity's share of the associate's or joint venture's profit or loss after acquisition are made for impairment losses such as for goodwill or PPE. The fair value of identifiable assets and liabilities are considered to be the cost of the assets and liabilities for the investor to the extent of its share in the investee. Accordingly, appropriate adjustments arising out of fair valuation of assets/liabilities impacting profit or loss would be made in the CFS of the investor. (For further discussion on this clarification, please refer Ind AS 28 checklist)	110.25, Ind AS 28 (Q 12)
Bulletin 20 *(Issue 2)*	**Consolidation by an investment entity** Ind AS 110 provides that an entity is an investment entity, if it meets the following 'three essential tests': • Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services • Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both and • Measures and evaluates the performance of substantially all of its investments on a fair value basis. In a situation, A Ltd. is an investment entity as per Ind AS 110 which holds controlling stake in several start-ups including exit strategies for each of its investment in the start-up companies.	110.27, 110.31,110.32, 110.33,110.B85H (Q 14) (Q 20), (Q 21)

ITFG Bulletin	Clarification Provided	Ind AS ref (Q ref)
	Subsequently, A Ltd. incorporates a wholly-owned subsidiary S Ltd., which invests in infrastructure e.g., office space, Information Technology (IT) equipment and specialised software and hires skilled employees to provide investment management services to the investors as well as to third parties. S Ltd. is funded by equity contribution from A Ltd. Other than the above, A Ltd. has no other asset, liability or activity. A Ltd. does not have any exit strategy in place for its investment in S Ltd. in its CFS, it values the investments in start-up subsidiaries at fair value through profit or loss and consolidates S Ltd. as per Ind AS 110. **In the Year 2** The above position continues in Year 2. **In the Year 3** (i.e., the year of re-structuring) A Ltd. transfers investments in start-up companies to a newly formed wholly-owned subsidiary, B Ltd. It also transfers to B Ltd. its investment in S Ltd. Consideration for the transfer is in the form of issue of equity shares by B Ltd. A Ltd. does not have any exit strategy in place for its investment in B Ltd., but the exit strategies for each of the investments in start-up companies continue to be in place. ITFG clarified on the following accounting issues: • **In the post-restructuring scenario, whether A Ltd. is still an investment entity?** In the post-restructuring scenario, A Ltd. holds the investments in subsidiaries indirectly through B Ltd. Further, B Ltd. satisfies all the three conditions of definition of the investment entity as given in Ind AS 110 for classification as an investment entity. While A Ltd. has no exit strategy in place for its investment in B Ltd., exit strategies for each of the investments in start-up companies are still in place. Paragraph B85H of Ind AS 110 provides that an investment entity is not required to have a potential exit strategy for its investment in another investment entity that was formed in connection with the entity for legal, regulatory, tax or similar reasons, provided that the investment entity investee has a potential exit strategy for all of its investments that could be held indefinitely. It was concluded in this case that even though A Ltd. does not have an exit strategy in respect of B Ltd., it still qualifies as an investment entity since B Ltd. has exit strategies in place in respect of start-up companies and satisfies the other conditions for classification as an investment entity. Hence, in the given case A Ltd. is an investment entity in the post-restructuring scenario also. • **Whether B Limited qualifies to be an investment entity?** B Ltd. qualifies to be an investment entity since it has exit strategies in respect of start-up companies and satisfies the other conditions for classification as an investment entity.	

ITFG Bulletin	Clarification Provided	Ind AS ref (Q ref)
	• **Post-restructuring, A Ltd. is required to prepare CFS? If yes, how will it consolidate its subsidiaries and what would be the valuation basis?** It was clarified that in the given case, A Ltd. should prepare CFS since post restructuring also, it has subsidiaries including S Ltd., and start-up companies. Further, A Ltd., should consolidate S Ltd. and measure investments in the start-up companies at FVTPL.	

Ind AS 111
Joint Arrangements

For checklist, please click here

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.

New development

On 18 June 2021, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2021 which notified amendments to Ind AS which includes clerical changes to Ind AS 111.

Additional considerations

For checklist, please click here

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 accounting for common control transactions involving the acquisition of an interest in a joint operation when the parties are 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 requirements have been prescribed under ICDS relating to this standard.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

- No specific clarifications have been provided by ITFG relating to this standard.

Ind AS 112
Disclosure of Interest in Other Entities

Executive summary

For checklist, please click here

- 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.
- All requirements of this Ind AS (except with respect to disclosure of summarised financial information) would also apply to subsidiaries, joint arrangements, associates and unconsolidated structured entities that are classified (or included in a disposal group that is classified) as held for sale or discontinued operations in accordance with Ind AS 105, *Non-current Assets Held for Sale and Discontinued Operations*.
- 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.

Additional considerations

For checklist, please click here

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 – Q 19 and Q 24 – Q 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 requirement has been prescribed under the ICDS relating to this standard.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 13 *(Issue 7)*	**Accounting for partial disposal of an investment in a subsidiary** (For further discussion on this clarification, please refer Ind AS 110 checklist.)	112.8, Ind AS 110 (Q 14)

Ind AS 113
Fair Value Measurement

For checklist, please click here

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.

Additional considerations

For checklist, please click here

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

- In October 2017, Ministry of Corporate Affairs (MCA) notified the section on valuation by registered valuers under the 2013 Act and issued the Companies (Registered Valuers and Valuation) Rules, 2017 (the Rules). As per these, while performing the valuation of property, stock, shares, debentures, securities, goodwill, any other assets, net worth of a company, or its liabilities under the 2013 Act or its rules, a registered valuer, is required to adhere to the requirements of the Rules.
- While valuation standards are yet to be issued and notified under the 2013 Act by MCA, in August 2018, the Institute of Chartered Accountants of India (ICAI) issued the 'ICAI Valuation Standards' (ICAI VS), which would be applicable for all valuation engagements on mandatory basis under the 2013 Act. These valuation standards are recommendatory for valuation engagements under other statutes like Income Tax, Securities and Exchange Board of India (SEBI), Foreign Exchange Management Act (FEMA), etc. These standards are effective for valuation reports issued on or after 1 July 2018.

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

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

ITFG Bulletin	Clarification provided	Ind AS ref. (Q ref.)
Bulletin 15 *(Issue 9)*	**Accounting for amounts outstanding towards retired partners' capital balances by a partnership firm** The ITFG considered a situation wherein a partnership firm was required to prepare Ind AS compliant financial statements for the purpose of consolidation. The firm had amounts outstanding towards retired partners' capitals, which were repayable on demand. The ITFG clarified that amounts outstanding towards retired partners' capital balances met the definition of a financial liability. Accordingly, they would be initially recognised at fair value. As per Ind AS 113, the fair value of a financial liability with a demand feature is not less than the amount payable on demand and will be discounted from the first date that the amount could be required to be paid.	113.47 (Q 27)
Bulletin 17 *(Issue 9)*	**Computation of financial liability in compound financial instruments** Please refer clarification on puttable optionally convertible preference shares with discretionary dividend and an embedded call option.	113.47, Ind AS 32 (Q.27)
Bulletin 16 *(Issue 1)*	**Accounting for financial guarantee at fair value** A subsidiary (S Ltd.) had given a financial guarantee to a bank in respect of a loan obtained by its parent (P Ltd.) from the bank. S Ltd. did not charge any guarantee fee/commission from P Ltd. **Accounting by guarantor (S Ltd.)** *On initial recognition* ITFG clarified that S Ltd. is required to recognise the financial guarantee contract initially at its fair value. In the absence of any specific guidance in Ind AS 109 or any other standard with respect to determination of fair value of such financial guarantee, ITFG suggested the following approaches for determining fair value based on the principles of Ind AS 113: • Amount that an unrelated, independent third party would have charged for issuing the financial guarantee Present value of the amount by which the interest (or other similar) cash flows in respect of the loan are lower than what they would have been if the loan was an unguaranteed loan • Present value of the probability-weighted cash flows that may arise under the guarantee (i.e., the expected value of the liability).	113.41 (Q 23 b)

Ind AS 114
Regulatory Deferral Accounts

For checklist, please click here

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.

New development

On 18 June 2021, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2021 which notifies amendments to Ind AS including Ind AS 114. As per Ind AS 114, an entity may change its accounting policies for the recognition, measurement and derecognition of 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 no less relevant to those needs. The amendments to Ind AS 114 clarify that the term 'faithful representation' which is used in the Conceptual Framework for Financial Reporting under Ind AS issued by ICAI, encompasses the main characteristics that the Framework for the Preparation and Presentation of Financial Statements in accordance with Ind AS called 'reliability'. However, for the purpose of Ind AS 114, the term 'reliable' would be based on the requirements of Ind AS 8.

Effective date: The amendment is effective from annual reporting periods beginning on or after 1 April 2021.

Additional considerations

For checklist, please click here

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

- 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 on 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 become 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 requirement has been prescribed under ICDS relating to share-based payments.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

- No specific clarifications have been provided by ITFG relating to this standard.

Ind AS 115
Revenue from Contracts with Customers

Executive summary

For checklist, please click here

- Ind AS 115, *Revenue from Contracts with Customers* (the standard), is based on the core principle that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services.
- The standard provides the following five step model for recognition of revenue from contracts with customers:
  - Step 1: Identify the contract with customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligation
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Step 1: Identify the contract with customer

- A contract is an agreement between two or more parties that creates enforceable rights and obligations. It may be written, oral or implied by customary business practices and needs to meet all of the following criteria:
  - It is legally enforceable
  - It is approved and all the parties are committed to their obligations
  - Rights to goods or services and payment terms can be identified
  - Collection of consideration is considered probable and
  - It has commercial substance i.e., the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract.

Step 2: Identify the performance obligations in the contract

- At contract inception, entities are required to identify as a performance obligation an implicit or an explicit promise to transfer to the customer a distinct good or service (or bundle of goods or services)
- A good or service that is promised to a customer is distinct if both the following criteria are met:
  - *The good or service is capable of being distinct:* Customers can benefit from the good or service on its own or with other readily available resources. Various factors may provide such evidence, such as when the good or service can be used, consumed, sold for an amount that is greater than scrap value or held in a way that generates economic benefits
  - *The promise to transfer the good or service is distinct within the context of the contract:* The promise to transfer the good or service is separately identifiable from other promises in the contract.

Step 3: Determine the transaction price

- Determination of transaction price is done by considering all amounts to which an entity expects to be entitled in exchange for transferring promised goods or services excluding amounts collected on behalf of third parties (for example, some sales taxes). Additionally, the consideration may include fixed amounts, variable amounts, or both.

Step 4: Allocating the transaction price to performance obligation

- The objective of allocating transaction price is for an entity to allocate transaction price to each performance obligation in an amount that depicts expected entitlement for transferring the promised goods or services.

- The stand-alone selling price is the price at which an entity would sell a promised good or service separately to a customer. Entities shall allocate the transaction price in proportion to the stand-alone selling price of each distinct good or service (determined at contract inception). The stand-alone selling price is determined as below:
  - *Observable price:* the best evidence of a stand-alone selling price is the observable price of a good or service when the entity sells that good or service separately in similar circumstances and to similar customers,
  - *Estimated price:* if a stand-alone selling price is not directly observable, an entity shall estimate it by considering all information available to the entity, maximise the use of observable inputs and apply estimation methods consistently in similar circumstances. Some of the estimation methods are:
    - Adjusted market assessment approach
    - Expected cost plus a margin approach and
    - Residual approach.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

- Revenue is required to be recognised when (i.e., at a point in time) or as (i.e., over a period of time) the entity satisfies a performance obligation by transferring the control of a promised good or service to the customer.
- A performance obligation is satisfied **over time** if either:
  - Customer simultaneously receives and consumes the benefits as the entity performs
  - Customer controls the asset as the entity creates or enhances it or
  - The entity's performance does not create an asset with an alternative use and there is right to payment for performance to date.
- If a performance obligation is not satisfied over time, an entity satisfies the. performance obligation at a **point in time**.
- Measurement of revenue is dependent upon the determination of the transaction price allocated to that performance obligation.

Costs

- The standard includes guidance on accounting for incremental costs to obtain and costs to fulfil a contract that are not in the scope of another standard.

Presentation

- An entity recognises a contract asset when it transfers goods or services before it has unconditional right to payment, and a contract liability when the customer makes a payment before it receives the goods or services.

Disclosures

- An entity provides specific quantitative and qualitative disclosures to enable users of the financial statements to understand the nature, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Effective date and transition

- The standard became effective on 1 April 2018.
- An entity may make the transition to the standard using one of two methods:
  - Apply the standard retrospectively (with optional practical expedients) and record the effect of applying the standard at the start of the earliest presented comparative period.
  - Apply the standard to open contract at the date of initial application and record the effect of applying the standard at that date. The comparative periods presented are not restated.

New development

On 18 June 2021, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2021 which notifies amendments to certain Ind AS including minor amendments to Ind AS 115[12].

[12] Please note that the change does not have any significant impact on the questions covered in the checklist.

Additional considerations

For checklist, please click here

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

- MCA notified an amendment to the Schedule II of the 2013 Act. The amendment clarifies that companies following Ind AS would be unable to apply revenue-based amortisation method to toll road intangible assets that are recognised after the beginning of the first year of adoption of Ind AS. (Refer Ind AS 38 checklist.).

Significant carve-outs from IFRS

- 'Penalties' have been excluded from the list of examples given in relation to computation of variable consideration due to which the amount of consideration can vary under Ind AS as compared to that computed in accordance with IFRS 15, *Revenue from Contracts with Customers.* Ind AS 115 provides additional guidance to explain the accounting treatment of 'penalties'.
- An entity is required to present separately the amount of excise duty included in the revenue recognised in the statement of profit and loss.
- Additional disclosures as compared to IFRS 15 are prescribed. An entity is required to present reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price showing separately each of the adjustments made to the contract price specifying the nature and amount of each such adjustment.
- Additional guidance has been given in Ind AS 115 to explain the accounting treatment in case of transfers of control of a product to a customer with an unconditional right of return.

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

ICDS III, Construction Contracts

- ICDS III 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 FAQs on ICDS clarify that retention money, which is a part of an overall contract revenue, should be recognised as revenue, only when it is reasonably certain that it will be ultimately collected.
- Since there is no specific ICDS notified for real estate developers, Build Operate and Transfer (BOT) operators and leases yet, therefore, relevant provisions of the IT Act and ICDS shall apply to these transactions as may be applicable (refer FAQ on ICDS).
- The transitional provisions under notified ICDS provide that in case of construction contracts which commenced prior to applicability of ICDS, but were not completed by 31 March 2016, contract revenue and contract costs associated with such contracts are to be recognised based on the method followed by an entity prior to the applicability of the ICDS i.e., 1 April 2016.

ICDS IV, Revenue Recognition

- 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, except in following cases:
  - Where services are provided by an indeterminate number of acts over a specified period of time, revenue may be recognised on a straight-line basis over the specified period, and
  - Revenue from service contracts with a duration of not more than 90 days may be recognised when the rendering of services under that contract is completed or substantially completed.
- 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 except accrual of interest on refund of any outstanding tax, duty or cess.

  Interest on tax, duty and cess would be recognised in the PY in which it is received.
  - It has been clarified that interest should be accrued on time basis and royalty should be accrued on the basis of contractual terms. Subsequent non-recovery in either cases can be claimed as deduction in view of amendment to Section 36(1)(vii) of the Income Tax Act, 1961 (IT Act). Further, the provision of the IT Act (for example, Section 43D relating to special provisions in case of income of public financial institutions, public companies, etc.) shall prevail over the provisions of ICDS. (Refer FAQ on ICDS)
  - In case of foreign companies generating income in relation to interest, royalty and fees for technical services rendered, relevant ICDS should be applied for computation of these income on gross basis for arriving at the amount chargeable to tax. (Refer FAQ on ICDS).
- 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 2016, but not completed by the said date.
- There is no specific ICDS notified for real estate developers, Build Operate and Transfer (BOT) operators and leases. Therefore, relevant provisions of the IT Act and ICDS shall apply to these transactions as may be applicable (refer FAQ on ICDS). On notification of the ICDS on real estate transactions (currently in the draft stage), transactions of the real estate developers will be governed by the said ICDS.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 19 *(Issue 2)*	**Timing of revenue recognition** The standard provides a control-based approach to be applied to all transactions at the contract inception. An entity needs to evaluate whether it transfers control of the good or service over-time or at a point in time for the purposes of recognising revenue. It provides that revenue is recognised over-time when any of the following criteria are met: a) Customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs b) Entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced c) Entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. If none of the above criteria are met, then control of the good or service transfers at a point in time. In this context, ITFG discussed an issue relating to a shipping entity involved in transportation of petroleum products from one port to other. The contracts with customers state that the contract would not be terminated once the entity takes delivery of goods from the customers at the port and sails to the designated port of destination. The issue raised was whether the performance obligation of the entity under a typical contract with customers is satisfied over time or point in time. In the given case, the entity would need to evaluate its performance obligation to determine if it satisfies any of the requisite criterion. For evaluating criteria (a), in the given case an entity may not be able to readily identify whether a customer simultaneously receives and consumes the benefits from the entity's performance as the entity performs. The entity is required to evaluate whether another entity would need to substantially re-perform the work carried out by the entity to date. If that work would not need to be substantially re-performed, then revenue would be recognised over time.	115.32,115.35, 115.41 (Q 85)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	Considering the nature of performance obligation of the entity, it would not be meeting criterion (b) as it would not be able to create or enhance an asset that the customer controls as the asset is created or enhanced. In the given case, for evaluation of criterion (c), an entity should consider whether the performance obligation creates an alternative use to the entity. Additionally, in determining whether it has an enforceable right to payment for performance completed to date requires consideration of the detailed requirements and guidance provided in the standard. While the right to payment for performance completed to date does not need to be for a fixed amount, the entity must be entitled, at all times throughout the duration of the contract, to an amount that at least compensates the entity for performance completed to date if the contract is terminated by the customer or another party for reasons other than the entity's failure to perform as promised. In assessing the existence and enforceability of a right to payment for performance completed to date, an entity is required to consider the contractual terms as well as any legislation or legal precedent that could supplement or override those contractual terms. Further ITFG provided that basis the above evaluation, if entity concludes that the performance obligation of the entity under its contract with a customer is satisfied over time, then the entity is required to determine an appropriate method of measuring progress on the basis of the relevant requirements and guidance contained in Ind AS 115. Ind AS 115 specifies two types of methods: input method and output method, which an entity should consider based on the nature of the goods or services that the entity promised to transfer to the customer in determining the appropriate method for measuring progress.	
Bulletin 19 *(Issue 3)*	**First-time adopter of Ind AS-transitional options under Ind AS 115** Please refer Ind AS 101 Checklist	115.C3 (Q 146(a))
Bulletin 22 *(Issue 4)*	**Applicability of standard to distribution of gifts** Revenue is accounted for in accordance with standard only in case the counterparty to the contract is a customer. Further, a contract should create enforceable rights and obligations. In case the conditions regarding a legally enforceable 'contract' and 'customer' are not met, the transaction would not fall within its scope. For further details on the clarification refer Ind AS 38 checklist.	115.6, 115.10, Ind AS 38 (Q 6), (Q 3)

Ind AS 116
Leases

For checklist, please click here

Executive summary

- Ind AS 116, *Leases* requires an entity to assess at the inception of the contract, whether the contract is, or contains, a lease.
- A contract is, or contains, a lease if it conveys the right to control the use of an identified asset (explicitly or implicitly specified in the contract) for a period of time in exchange for a consideration.
- The standard lays emphasis on which party controls the use of the identified asset. A customer has the right to control the use of an identified asset, if it has the:
  - Right to obtain substantially all of the economic benefits from use of the identified asset and
  - Right to direct the use of the identified asset i.e., it has the right to direct how and for what purpose the asset is used throughout the period of use.
- Once a lease is identified, a lessee is required to recognise a Right-Of-Use (ROU) asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments on the balance sheet.
- ROU asset will be measured at cost and the lease liability will be measured at the present value of the lease payments that are not paid at that date.
- The cost of the ROU asset will include following amounts:
  - Initial measurement of lease liability
  - Prepaid lease payments less any lease incentives received
  - Initial direct costs incurred by the lessee and
  - Estimated costs to dismantle, remove or restore the underlying asset.
- The lease payments to be included in the measurement of lease liability comprise the following payments:
  - Fixed payments (including in-substance fixed payments)
  - Variable lease payments that depend on an index or a rate
  - Amounts expected to be payable by the lessee under residual value guarantees
  - The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
  - Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.
- For calculating the amount of lease liability, the lease payments will be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate.
- While determining the lease term, termination options held by the lessor only are not considered. Termination options held by the lessee will also be considered.
- Subsequently, the lease liability is measured at amortised cost using the effective interest method. A ROU asset will be measured at cost less accumulated depreciation and accumulated impairment.
- A lessee is required to remeasure the lease liability by discounting the revised lease payments based on either unchanged discount rate or a revised rate depending upon the facts and circumstances of a case.
- A lessee may elect not to apply the lease accounting model to:
  - Leases with a lease term of 12 months or less that do not contain a purchase option i.e., short term leases.
  - Leases for which the underlying asset is of low value when it is new – even if the effect is material in aggregate.

- If a lessee sub-leases an asset, or expects to sub-lease an asset, the head lease does not qualify as a lease of a low-value asset.
- A lessor will classify each of its leases as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to the ownership of an underlying asset. The lease classification test is based on Ind AS 17, *Leases* classification criteria.
- A change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease will be accounted for as a lease modification by a lessor and a lessee.
- In a sale-and-leaseback transaction, an entity is required to apply the requirements for determining when a performance obligation is satisfied in Ind AS 115 to determine whether the transfer of an asset is accounted for as a sale of that asset.

Effective date and transition

- The standard became effective on 1 April 2019.
- A lessee is permitted to:
  - Apply Ind AS 116 to contracts that were previously identified as leases applying Ind AS 17
  - Not to apply Ind AS 116 to contracts that were not previously identified as containing a lease applying Ind AS 17.
- An entity can make the transition to the standards by using any of the following methods:
  - Apply the standard retrospectively to each prior reporting period presented applying Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* or
  - Apply the standard retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application (with optional practical expedients). The comparative periods presented are not restated.

New developments

COVID-19 related rent concession

- On 24 July 2020 and subsequently on 18 June 2021, MCA notified certain amendments to Ind AS including Ind AS 116. The amendments permit lessees, as a practical expedient, not to assess whether rent concessions that occur as a direct consequence of COVID-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications.
- The amendment does not affect lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.
- Lessees applying the practical expedient are also required to make additional disclosures.

Effective date: For COVID-19 related rent concessions beyond 30 June 2021, a lessee shall apply the amendment for annual reporting periods beginning on or after 1 April 2021. In case a lessee has not yet approved the financial statements for issue before the issuance of the amendment, then the same may be applied for annual reporting periods beginning on or after the 1 April 2020.

A lessee should apply the amendments retrospectively and recognises the cumulative effect of initially applying them as an adjustment in the opening balance of retained earnings (or other component of equity, as appropriate) of the reporting period in which they are first applied.

The disclosure requirements of Paragraph 28(f) of Ind AS 8 do not apply on initial application of the amendments.

Amendments pursuant to interest rate benchmark reform

- On 18 June 2021, MCA notified certain amendments to Ind AS 109, *Financial Instruments* as part of Phase 2 of the IBOR reform. The amendments introduce a practical expedient for modifications in the financial instrument that result directly from IBOR reform. Due to this practical expedient an entity would not derecognise or adjust the carrying amount of financial instruments for modifications required by IBOR reform but would instead update the effective interest rate to reflect the change in the interest rate benchmark. The practical expedient would be applied when the modification is required as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis used immediately before the modification. No gain or loss would be recognised as a result of modification of the financial instruments.

  Amendments provide similar practical expedient in Ind AS 116. Accordingly, while accounting for the lease modification (i.e., remeasuring the lease liability) that is required by IBOR reform, the lessee will use a revised discount rate that reflects the change in interest rate.

Effective date: An entity shall apply the amendments for annual reporting periods beginning on or after 1 April 2021. An entity shall apply the amendment retrospectively in accordance with Ind AS 8. However, an entity is not required to restate prior periods to reflect the application of the amendments. An entity may restate prior period if it is possible without the use of hindsight. If an entity does not restate prior periods, the entity should recognise any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application of the IBOR Phase 2 amendments in the opening retained earnings (or other component of equity, as appropriate) of the annual reporting period that includes the date of initial application of the IBOR Phase 2 amendments.

Amendments to Schedule III – Presentation of lease liabilities

- MCA through a notification dated 24 March 2021 has issued certain amendments to Schedule III to the Companies Act, 2013 (2013 Act). In accordance with the amendments, lease liabilities should be disclosed separately under the head 'financial liabilities' (current/non-current as the case may be) under 'equity and liabilities' section on the face of the balance sheet.

Effective date: The amendments are effective from 1 April 2021.

Additional considerations

For checklist, please click here

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

- IFRS 16 requires that ROU asset that meet the definition of an investment property shall be measured at fair value, if lessee applies fair value model in IAS 40, *Investment Property* to its investment property. However, Ind AS 116, has no such requirement, since Ind AS 40, *Investment Property* prohibits the use of fair value model.
- IFRS 16 requires classification of cash payments for interest portion of lease liability applying requirements of IAS 7, *Statement of Cash Flows*. IAS 7 provides option of treating interest paid as operating or financing activity. However, Ind AS 116 specify that cash payments for interest portion of lease liability will be classified as financing activities, since Ind AS 7, *Statement of Cash Flows* requires interest paid to be treated as financing activity only.

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.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	Determination of lease term	
Bulletin 21 and 22 *(Issue 1)*	While determining the lease term only the enforceable rights of the lessee to renew or extent the lease beyond the non-cancellable period are taken into consideration. For example: a. *In case a lease agreement grants a lessee a right to renew or extend the lease beyond the non-cancellable period without the consent of the lessor:* In such a case, the lessee has the right to use the asset beyond the non-cancellable period. Accordingly, the period covered by the lessee's option to renew or extend the lease is included in the lease term if the lessee is reasonably certain to exercise that option. b. *In case a lease agreement, in which the lessee can renew or extend the lease beyond the non-cancelable period only with the consent of the lessor:* In such a case, the lessee does not have the right to use beyond the non-cancellable period. By definition, there is no contract beyond the non-cancellable period if there are no enforceable rights and obligations existing between the lessee and the lessor beyond that term.	116.B34 (Q 29)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 21 *(Issue 1)*	**Recognition exemption - Short-term lease** A lease agreement qualifies as a short-term lease, in case it (i.e., the lease agreement including any addendum thereto or a side agreement) has all of the following characteristics: • It is for a period of 12 months or less • It does not grant a renewal or extension option to the lessee • It does not grant a purchase option to the lessee. The ITFG clarified that a lease with above characteristics would be considered as a short-term lease even if there is a past practice of the lease being renewed upon expiry of the lease term (with the mutual consent of both the lessor and the lessee).	116.5 (Q 21 (a))
Bulletin 21 *(Issue 2)*	**Accounting treatment of rent equalisation liability** Under Ind AS 17, lease rentals under an operating lease were recognised as an expense on a straight-line basis over the lease term unless: • Another systematic basis is more representative of the time pattern of the user's benefit even if the payments of the lessors are not on that basis. • Lease rentals are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met. This generally results in recognition of lease equalisation liability in the books of lessee. The ITFG clarified following treatment of rent equalisation liability under both the approaches to transition to Ind AS 116: • **Retrospective approach:** Under this approach, the accounting treatment of rent equalisation liability would be as follows: – For each lease, the amount of the lease liability and the related ROU asset as at the beginning of the preceding period (i.e., 1 April 2018) would be determined as if Ind AS 116 had always been applied. – The difference between the ROU asset (together with lease equalisation liability) and lease liability would be recognised in retained earnings (or other component of equity, as appropriate). – The comparative amounts presented in the financial statements for the year ended 31 March 2020 would be restated.	116.6 (Q 24)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	In accordance with the requirements of Ind AS 1, if the retrospective application of Ind AS 116 has a material effect on the information in the balance sheet at the beginning of the preceding period (i.e., 1 April 2018), a third balance sheet as at 1 April 2018 would also need to be presented. • **Modified retrospective approach:** Under the modified retrospective approach, either of the following two options would be applied: *Option I: ROU asset is measured as if Ind AS 116 had been applied since the commencement date but discounted using the lessee's incremental borrowing rate at the date of initial application*: If the lessee adopts option I, then the difference as at the date of initial application between the ROU asset (together with lease equalisation liability) and lease liability would be recognised in retained earnings (or other component of equity, as appropriate). The comparative amounts for the year ended 31 March 2020 would not be restated. Also, a third balance sheet would not be presented at the beginning of the preceding period i.e., 1 April 2018. *Option II: ROU asset is measured at an amount equal to the lease liability:* If the lessee adopts option II, then the rent equalisation liability would be determined by deducting the said liability from the amount of lease liability. The comparative amounts for the year ended 31 March 2020 would not be restated. Also, a third balance sheet would not be presented at the beginning of the preceding period i.e., 1 April 2018.	
Bulletin 21 (*Issue 3*)	**Non-refundable lease premium amount equaling market value** XYZ Ltd. (a manufacturing entity and a lessee) acquired a plot of land several years back on a 99 years lease from Industrial Development Corporation (ID Corp) (the lessor) of the State Government for its business purposes. An upfront non-refundable lease premium was paid at the time of execution of lease deed (equal to market value of the land at that time). Additionally, the lessee would pay a nominal lease rent on an annual basis over the entire 99 years period (i.e., the lease term). However, XYZ Ltd. could transfer the leased land to a third party after prior consent of the ID Corp. The lease deed does not have any specific clause on renewability upon completion of abovesaid lease term of 99 years. Also, the website of the ID Corp mentions lease would be renewable after the expiry of 99 years but not clear if any further lease premium would need to be paid upon completion of 99 years of lease to renew the lease. In this situation, ITFG considered the following issues: • *Upfront payment equal to the present value of payments over the lease term* ITFG deliberated on whether the transaction described is a lease within the meaning of Ind AS 116 specifically when the upfront payment made by the lessee accounts to almost all of the present value of the payments to be made over the lease term. Considering the definition under Ind AS 116, it was clarified that for a contract (or a part of a contract) to qualify as a lease, exchange of consideration for the ROU of the underlying asset is essential. However, the timing or pattern of flow of such consideration is not relevant in determining whether or not an arrangement is a lease.	116.27 (Q 41)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	In the present situation, the lease deed executed between the company and the ID Corp creates enforceable rights and obligations between the two parties and thus, constitutes a contract. This contract conveys the ROU of a specified parcel of land (the underlying asset) to the company for 99 years in exchange for upfront payment of lease premium and annual payment of lease rent (consideration). Accordingly, in the current situation, the ITFG clarified that the lease deed qualifies as a lease within the meaning of Ind AS 116, even though almost all of the consideration has been paid upfront. • *Accounting treatment of the lease in the books of the lessee* The accounting treatment of the lease in the books of lessee in accordance with Ind AS 116, when it was classified as a finance lease under Ind AS 17 would be as follows: – **Lease liability**: The amount of lease liability immediately upon transition to Ind AS 116 would be similar regardless of whether the company applies full retrospective approach or modified retrospective approach to account for the transition. – **ROU asset**: The amount of ROU asset immediately upon transition to Ind AS 116 would be similar regardless of whether the company applies full retrospective approach or modified retrospective approach to account for the transition. – **Lease term**: If the lease term was correctly determined by the lessee under Ind AS 17, the same assessment of lease term would continue under Ind AS 116. Further, a leasehold land is a depreciable asset even if the lease term is very long unless the title transfer to the lessee at the end of the lease term or the lessee has a purchase option that is reasonably certain to be exercised.	
Bulletin 21 *(Issue 4)*	**Accounting of operating leases of a subsidiary not capitalised by a first-time adopter parent** For further details please refer Ind AS 101 checklist	116.26, Ind AS 101 (Q 40)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 21 *(Issue 5)*	**Accounting for foreign exchange differences relating to lease liability** In accordance with Ind AS 101, a first-time adopter is permitted to continue with its previous GAAP policy adopted for accounting for exchange differences arising from translation of Long-Term Foreign Currency Monetary Items (LTFCMI) recognised in its financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. (Paragraph D13AA of Appendix D to Ind AS 101) In a situation considered by ITFG, an entity (applying the requirements of Ind AS 116), recognised a lease liability and a ROU asset as at 1 April 2019 in respect of a long-term lease. This lease was entered into before the beginning of its first Ind AS financial reporting period and was classified as an operating lease under the previous GAAP (i.e., under AS 17). The lease payments are denominated in a foreign currency. The issue under consideration was with regard to accounting of foreign exchange differences relating to lease liability recognised by the entity. The ITFG deliberated if such foreign exchange differences would be covered by the exemption provided under paragraph D13AA of Ind AS 101 or these should be recognised in the statement of profit and loss. The ITFG clarified that the exemption provided by paragraph D13AA of Ind AS 101 is available only in respect of LTFCMI 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. Additionally, Ind AS 101 specifically provides that an entity should not apply the exemptions contained in Appendices C-D by analogy to other items. Accordingly, ITFG clarified that foreign exchange differences relating to the lease liability recognised by the entity should be charged to the statement of profit and loss.	116.26 (Q 40)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 22 *(Issue 2)*	**Lessor accounting for lease rental income in case of on operating lease** In respect of accounting for operating leases by a lessor, Ind AS 17 did not require or permit scheduled lease rental increases to be recognised on a straight-line basis over the lease term if lease rentals were structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Instead, Ind AS 17 required such increases to be recognised in the respective period of increase. This was a significant difference (a carve-out) from its corresponding international standard IAS 17, *Leases*. However, there is no such carve-out in Ind AS 116. Thus, Ind AS 116 requires operating lease rentals to be recognised on a straight-line basis (or on another systematic basis if such other basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished). ITFG considered a situation wherein an entity Y Ltd. entered into a lease agreement to provide on lease an office building to another entity X Ltd. for a period of five years beginning 1 April 2017. As per the lease agreement: • The lease rental for each subsequent year was to increase by 10 per cent over the lease rental for the immediately preceding year • The scheduled 10 per cent annual increase in lease rentals was in line with expected general inflation to compensate for Y Ltd.'s expected inflationary cost increases. Y Ltd. did not recognise the lease rental income on a straight-line basis. The ITFG considered and clarified the accounting of the rental income of the operating lease by the lessor in accordance with Ind AS 116 as follows: • Y Ltd. is required to recognise operating lease rentals from the office building given on lease on a straight-line basis over the lease term, even though the lease rentals are structured to increase in line with expected general inflation to compensate for its expected inflationary cost increases. • The resultant change in manner of recognition of operating lease rentals by Y Ltd. represents a change in an accounting policy which would need to be accounted for as per Ind AS 8 in the absence of specific transitional provisions in Ind AS 116 dealing with the change.	116.81 (Q 104)

Ind AS 1
Presentation of Financial Statements

Executive summary

For checklist, please click here

- 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 not classified as current if the lender has agreed, after the reporting date but before the financial statements are authorised 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. Schedule III is divided into three parts, i.e., Division I, II and III[13]. Division II is applicable to a company whose financial statements are drawn up in compliance with Ind AS and Division III is applicable to a Non-Banking Financial Company (NBFC) whose financial statements are drawn up in compliance with Ind AS.

Applicability

- Division II of Schedule III provides instructions for the preparation of financial statements and additional disclosure requirements for companies.
- 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.

Materiality

- It requires financial statements to disclose all 'material' items. An information is considered to be *material* if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.[14]

  For the purpose of application of the definition, Ind AS 1 provides that materiality depends on the nature or magnitude of information, or both. An entity needs to assess whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole. Further, information is considered to be obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The standard also provides certain examples of circumstances that may result in information being obscured.

  The definition of what is material given in Ind AS 1 is to be referred while applying the principles of Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.* However, while preparing the statement of profit and loss, Schedule III to the 2013 Act specifies that a company should disclose a note for any item of income or expenditure which exceeds one per cent of the revenue from operations or INR1,000,000, whichever is higher, in addition to the consideration of materiality.

Compliance with Ind AS and the 2013 Act

- In situations where compliance with the requirements of the 2013 Act including Ind AS requires any change in treatment or disclosure (including addition, amendment, substitution or deletion in the head/sub-head or any changes in the financial statements or statements forming part thereof) in the formats given in Schedule III, then Schedule III permits such changes to be made and the requirements of Schedule III would stand modified accordingly.

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[13] Notified by MCA on 11 October 2018. Since the checklist has been prepared for corporates in general, the changes suggested by Division III (providing format of balance sheet and statement of profit and loss for NBFCs) have not been incorporated in the checklist.

[14] The definition of 'material' has been revised by MCA vide notification no. G.S.R. 463(E) dated 24 July 2020. The revised definition applies prospectively for annual periods beginning on or after 1 April 2020. Related amendment has also been made in Ind AS 8, *Accounting Policies, Changes in Accounting Estimates*.

- The disclosure requirements specified in Schedule III would be in addition to and not in substitution of the disclosure requirements specified in Ind AS. Companies would be required to make additional disclosures specified in Ind AS either in the notes or by way of additional statement(s) unless required to be disclosed on the face of financial statements. Similarly, all other disclosures as required by the 2013 Act should be made in the notes in addition to the requirements of Schedule III.

Other key considerations

- Schedule III sets out the minimum requirements for disclosure on the face of the financial statements. Cash flow statement should be prepared, where applicable, in accordance with the requirements of the relevant Ind AS.
- Line items, sub-line items and sub-totals should be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the company's financial performance or position or to cater to industry, or to sector-specific disclosure requirements or when required for compliance with the amendments to the 2013 Act.
- It does not permit companies to avail of the option of presenting assets and liabilities in the order of liquidity, as provided by Ind AS 1. However, such information may be presented as additional information in the notes to the financial statements.
- 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.

ICAI Guidance Note on Division II-Ind AS Schedule III to the 2013 Act (GN)

- The ICAI in July 2019 issued a revised GN to provide guidance in the preparation and presentation of financial statements in accordance with Ind AS Schedule III, for entities adopting Ind AS. The disclosure requirements under Ind AS, the 2013 Act, other pronouncements of ICAI, other statutes, etc. would be in addition to the guidance provided in this GN. Entities are encouraged to refer to the detailed guidance provided in this GN when they prepare Ind AS financial statements.

New developments

Revised definition of 'material'

- On 24 July 2020, MCA notified certain amendments to Ind AS including Ind AS 1. The amendments revised the definition of material under Ind AS 1. As per the revised definition, an information is considered to be material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Refer 'Materiality' section above for more details.

Effective date: The revised definition applies prospectively for annual periods beginning on or after 1 April 2020. Related amendment has also been made in Ind AS 8, *Accounting Policies, Changes in Accounting Estimates*.

Conceptual framework for financial reporting under Ind AS

- In August 2020, the Accounting Standards Board (ASB) of ICAI has issued a revised Conceptual Framework for Financial Reporting under Ind AS (Conceptual Framework). The Conceptual Framework has been revised basis the revised conceptual framework[15] issued by the International Accounting Standards Board (IASB).
- The Conceptual Framework introduces some new concepts and related clarifications along with revision in definitions and changes in recognition criteria of assets and liabilities under Ind AS.

[15] Conceptual Framework for Financial Reporting issued by IASB in March 2018.

- On 18 June 2021, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2021 and notified amendments to certain Ind AS including Ind AS 1. The amendment has replaced the reference of word 'Framework' with *'Conceptual Framework for Financial Reporting under Ind AS (Conceptual Framework) issued by the Institute of Chartered Accountants of India (ICAI)'* wherever applicable in the standard. For instance, presentation of true and fair view requires faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities and income and expenses set out in the Conceptual Framework issued by ICAI.

Effective date: An entity shall apply these amendments for annual reporting periods beginning on or after 1 April 2021. An entity shall apply the amendments retrospectively in accordance with Ind AS 8. However, if an entity determines that the retrospective application would be impracticable or would involve undue cost or effort, it shall apply the amendments to Ind AS 1 by reference to paragraphs 23-28, 50-53 and 54F of Ind AS 8.

Amendments to Schedule III to the 2013 Act

On 24 March 2021, MCA issued certain amendments to Schedule III to the 2013 Act. The amendments enhance the disclosures required for the preparation of financial statements. Some of the key additional disclosures introduced are as follows:

Balance sheet

- **Change due to revaluation:** Details in relation to amount of change due to revaluation of Property, Plant and Equipment and intangible assets (if change is 10 per cent or more in aggregate of the net carrying value of each class of PPE/intangible assets.
- **Additional note on share capital:** Shareholding of promoters to be disclosed in the note on share capital in the notes to the balance sheet in a specified format.
- **Additional regulatory information:** Prescribed information to be provided under a new section 'Additional regulatory information' in the notes to the balance sheet. For example:
  a. Title deeds of immovable property not held in the name of the company
  b. Ageing schedule for capital work in progress/intangible assets under development (including whose completion is overdue or has exceeded its cost compared to its original plan)
  c. Details of benami property held in terms of amount, beneficiaries, reference in the balance sheet, details of proceedings against the company along with status/nature, etc.

Statement of profit and loss

Additional disclosures to be provided in the notes to the statement of profit and loss with respect to:

- **Undisclosed income:** Any transaction not recorded in the books of accounts that has been surrendered or disclosed as income in the tax assessment.
- **Corporate Social Responsibility (CSR):** Disclosure include details relating to CSR amount required to be spent by the company during the year, shortfall at the end of the year, total of previous years shortfall, reasons for shortfall, nature of CSR activities and movements in the provision created in respect of a liability during the year.
- **Crypto currency or virtual currency:** If the company has traded or invested in crypto currency or virtual currency during the year, it is required to disclose the following:
  a. Profit/loss on such transactions
  b. Amount of currency held at the reporting date
  c. Deposits or advances from any person for the purpose of trading or investing in such currency.

Effective date: The amendments are applicable from 1 April 2021.

Additional considerations

For checklist, please click here

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.
- **National Company Law Tribunal (NCLT) approved schemes**: An entity may be required to comply with the accounting, presentation and disclosure requirements prescribed in an NCLT 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 INR10 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)1, *Accounting Policies*

- **Prudence**: ICDS does not recognise the concept of prudence. Hence, it disallows recognition of expected losses or mark-to-market (MTM) losses unless specifically permitted by any other ICDS.

However, ICDS remain silent on the treatment of mark-to-market unrealised gains. The Central Board of Direct Taxes, in its Frequently Asked Questions, clarified that, in accordance with the principles applicable to MTM losses, MTM gains or expected gains would not be recognised, unless its recognition is in accordance with the provisions of any other ICDS.

- **Materiality**: 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'. Reasonable cause has not been defined by the ICDS and hence, would involve exercise of judgement by the management and the tax authorities.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 13 *(Issue 5)*	**Disclosure of operating profit on the face of the statement of profit and loss** ITFG clarified that presentation of an operating profit measure in the statement of profit and loss is not appropriate as classification of expenses by function is not permitted under Ind AS 1 and Ind AS Schedule III. Such a presentation is a more appropriate presentation of performance for entities that classify expenses by function. In addition, certain items which are credited to the statement of profit and loss may not form part of measure of operating profit and would result in change in the format of statement of profit and loss as prescribed by Schedule III applicable to Ind AS companies. However, the entity may provide such additional information in the notes.	1.85, 1.99 and Schedule III (Q 22(f), Q 25(d))
Bulletin 16 *(Issue 2)*	**Treatment of income tax related interest and penalties under Ind AS vis-à-vis IFRS** The ITFG clarified that the obligations for current tax and those for interest or penalties arise due to reasons that are fundamentally different in nature and Ind AS 1 requires an entity to separately present items of a dissimilar nature or function unless they are immaterial except when required by law. Therefore, interest or penalties related to income tax cannot be clubbed with current tax. (For further discussion on this clarification, please refer Ind AS 12 checklist.)	1.29, Ind AS 12 (Q 18(b))
Bulletin 17 *(Issue 8)*	**Classification of interest related to delay in payment of taxes** The ITFG clarified that local taxes not paid by due date represent interest bearing liabilities. Judgement is required to be exercised based on the evaluation of facts and circumstances of each case, to determine whether the interest	1.29 (Q 18(b))

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	payable for delay in payment of taxes is compensatory in nature for time value of money or penal in nature. On the basis of evaluation, if an entity concluded that interest was: • **Compensatory in nature:** Such an interest would be required to be included in finance cost • **Penal in nature**: It would be classified as 'other expenses'	
Bulletin 21 *(Issue 2)*	**Accounting treatment of rent equalisation liability** For further details on the above issue please refer to Ind AS 101 checklist.	1.40A, Ind AS 101 (Q 3(a) (vii))
Bulletin 22 *(Issue 7)*	**Presentation and accounting treatment of waiver of interest on the loan taken** ITFG considered an issue related to the accounting treatment of interest on the loan for the year 2018-19. An entity A has an outstanding loan as at the year end 2018-19 in its Ind AS financial statements. The outstanding loan (repayable on demand and not related to qualifying assets) was taken from one of its directors during the year 2015-16. In previous years, the interest was charged and paid to the directors. However, in respect of interest on the loan for the year, 2018-19, a waiver was obtained from the director without amendment of the loan agreement. ITFG noted that A is contractually obligated to pay interest on the loan obtained from the director but the same has been waived off in the current year. ITFG clarified that in order to achieve fair presentation, appropriate accounting treatment would be to recognise contractual obligation for payment of interest as well as the waiver thereof. Thus, A would be required to account for the following items: • Recognise interest as an item of expense • Waiver of interest as an item of income. Further, the same would also require to be disclosed as related party transactions. (It was assumed that the director is not a shareholder and is not compensated through remuneration for the interest waived).	1.15, 1.97 (Q 1), (Q 25 (b and e))

Ind AS 2
Inventories

Executive summary

For checklist, please click here

- Indian Accounting Standard (Ind AS) 2, *Inventories* defines inventories as assets:
  - 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 Value (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 method if they approximate the actual cost.
- NRV is the estimated realisable value of inventories less estimated cost to be incurred to make the sale.
- If the NRV 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.

Additional considerations

For checklist, please click here

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)) II, *Valuation of Inventories*

- ICDS II was revised on 29 September 2016. The revised ICDS permits standard cost method as a technique to measure the cost of inventory, and prescribes the following disclosures, where standard costing is used as a measurement of cost of inventory:
  - Details of inventories measured at standard cost, and
  - A confirmation that standard cost approximates the actual cost.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

- No specific clarifications have been provided by ITFG relating to this standard.

Ind AS 7
Statement of Cash Flows

For checklist, please click here

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. The statement of cash flows 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.
- 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. However, in case of listed entities, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 require the use of the indirect method in preparing the cash flow statement.
- The entity presents its cash flows in the manner most appropriate to its business.
- 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.
- For annual reporting periods beginning on or after 1 April 2017, an entity is required to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Additional considerations

For checklist, please click here

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

- The 2013 Act defines the term 'financial statements' to include:
  - Balance sheet as at the end of the financial year,
  - Statement of profit and loss for the financial year,
  - Cash flow statement for the financial year,
  - Statement of changes in equity, if applicable, and
- Any explanatory note forming part of the above statements.
- 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.
- For one person company, small company, dormant company and private company (if such private company is a start-up), financial statements may not include the cash flow statement.

Significant carve-outs from IFRS

- In case of other than financial entities, IAS 7, *Statement of Cash Flows* 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 items to be classified as items 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 have been prescribed under the ICDS relating to this standard.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 16 *(Issue 4)*	**Classification of units of money-market mutual funds as cash equivalents** The ITFG evaluated whether investments made by an entity in units of money-market mutual funds (i.e., those investing in money-market instruments such as treasury bills, certificates of deposit and commercial paper) that are traded in an active market or are puttable by the holder to the fund at Net Asset Value (NAV) at any time could be classified as cash equivalents under Ind AS. In doing so, it assessed the three cumulative conditions prescribed in Ind AS 7: **a) Investment must be for meeting short-term cash commitments:** This evaluation should be based on the management's intent which could be evidenced from documentary sources such as investment policy, investment manuals, etc. It could also be	7.6, 7.7 (Q 1)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	corroborated by the actual experience of buying and selling those investments. However, such investments should be held only as a means of settling liabilities, and not as an investment or for any other purposes. Therefore, this condition requires an assessment of facts and circumstances of each case. b) **Investment must be highly liquid**: Units of a money market mutual fund that are traded in an active market or that can be put back by the holder at any time to the fund at their NAV could meet the condition of the investment being highly liquid. c) **Amount that would be realised from the investment must be known, with no more than an insignificant risk of change in value of the investment**: This condition requires that the amount of cash that would be received should be known at the time of initial investment. Additionally, an entity would have to ensure that the investment is subject to insignificant risk of changes in value for it to be classified as cash equivalent. As per ITFG, units of money-market funds would not be able to meet the last condition as their value keeps changing primarily due to changes in interest rates. However, as per ITFG there could be situations wherein this last condition could be met for instance, units of money-market mutual funds have been acquired for a very brief period before the end of tenure of a mutual fund and the maturity amounts of the mutual funds are pre-determined and known. In such a case, it could be argued that the redemption amount of the units is known and subject only to an insignificant change in value.	

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

For checklist, please click here

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 an 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.

New developments

On 24 July 2020, the Ministry of Corporate Affairs (MCA) notified certain amendments to Ind AS including Ind AS 8. The amendments revised the definition of the term 'material' under Ind AS 1. As per the revised definition, an information is considered to be *material* if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Amendments to Ind AS 8 requires entities to refer the revised definition of 'material' under Ind AS 1 as well.

Effective date: An entity shall apply the amendments prospectively for annual periods beginning on or after 1 April 2020.

Conceptual framework for financial reporting under Ind AS

- In August 2020, the Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India (ICAI) has issued a revised *Conceptual Framework for Financial Reporting under Ind AS (Conceptual Framework)*. The Conceptual Framework has been revised basis the revised conceptual framework[16] issued by the International Accounting Standards Board (IASB).
- The Conceptual Framework introduces some new concepts and related clarifications along with revision in definitions and changes in recognition criteria of assets and liabilities under Ind AS.
- On 18 June 2021, MCA issued the Companies Ind AS Amendments Rules, 2021 and made amendments to certain Ind AS including Ind AS 8. The amendment has replaced the reference of word 'Framework' with '*Conceptual Framework for Financial Reporting under Ind AS (Conceptual Framework) issued by ICAI*' in the standard.

Effective date: An entity shall apply the amendment for annual periods beginning on or after 1 April 2021 retrospectively in accordance with Ind AS 8. However, if an entity determines that retrospective application would be impracticable or would involve undue cost or effort, it shall apply the amendment by reference to paragraphs 23–28 of Ind AS 8.

[16] Conceptual Framework for Financial Reporting issued by IASB in March 2018.

Additional considerations

For checklist, please click here

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

- IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* provides that IFRS are accompanied by guidance to assist entities in applying their requirements. Guidance that is not an integral part of IFRS does not contain requirements for financial statements. Ind AS 8, relevant paragraph has been modified by not including the text given in the context of the guidance forming non-integral part of the Ind AS, as such guidance has not been given in the Ind AS.

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 is '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.

Clarifications provided by the Central Board of Direct Taxes (CBDT) in the form of Frequently Asked Questions (FAQs)

- **Interplay between ICDS and maintenance of books of account:** Entities are required to maintain books of account and prepare financial statements as per accounting policies prescribed in the 2013 Act and the Rules thereto. The accounting policies mentioned in ICDS-I, *Accounting Policies* being fundamental in nature, should be applied for computing income under the heads 'Profits and gains of business or profession' (PGBP) or 'Income from other sources' (IOS). (Refer FAQ 1 on ICDS)
- **Applicability of ICDS to companies which have adopted Ind AS:** ICDS should be applied for computation of taxable income under the head PGBP or IOS, irrespective of the accounting standards adopted by companies (i.e., either Accounting Standards or Ind AS). (Refer FAQ 5 on ICDS)
- **Meaning of reasonable cause:** The CBDT has highlighted that sufficient guidance is available to interpret the term 'reasonable cause'. Therefore, an assessee should apply the available guidance to its facts and circumstances and judge if a change in accounting policy meets the criteria for reasonable cause. (Refer FAQ 9 on ICDS)
- **Disclosures specified under ICDS:** Net effect on the income due to application of ICDS is to be disclosed in the return of income. Disclosures of significant accounting policies and disclosures required under ICDS should be made in the tax audit report in the Form 3CD. There are no separate disclosure requirements for persons who are not liable to tax audit. (Refer FAQ 25 on ICDS)

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 22 *(Issue 2)*	**Accounting for lease rental income** In respect of accounting for operating leases by a lessor, Ind AS 17, *Leases* did not require or permit scheduled lease rental increases to be recognised on a straight-line basis over the lease term if lease rentals were structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Instead, Ind AS 17 required such increases to be recognised in the respective period of increase only. This was a significant difference (a carve out) from its corresponding IFRS which was IAS 17, *Leases.* However, it is important to note that the above carve out is not carried forward in Ind AS 116. Thus, Ind AS 116 requires operating lease rentals to be recognised on a straight-line basis (or on another systematic basis if such other basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished). An entity Y Ltd. (lessor) entered into a lease agreement to provide on lease an office building to another entity X Ltd. (lessee) for a period of five years beginning 1 April 2017. The terms of the lease agreement are as follows: • The lease rental for the first year was INR5,00,000 • The lease rental for each subsequent year was to increase by 10 per cent over the lease rental for the immediately preceding year • The scheduled 10 per cent annual increase in lease rentals was in line with expected general inflation to compensate for Y Ltd.'s expected inflationary cost increases. The lease was classified by Y Ltd. as an operating lease. Further, in accordance with Ind AS 17, Y Ltd. recognised a lease rental income of INR5,00,000 for the year 2017-18 and INR5,50,000 for the year 2018-19. Thus, Y Ltd. did not recognise the lease rental income on a straight-line basis. The ITFG considered and clarified the accounting of the rental income of the operating lease by the lessor, in accordance with Ind AS 116 as follows: • Y Ltd. is required to recognise operating lease rentals from the office building given on lease on a straight-line basis over the lease term, even though the lease rentals are structured to increase in line with expected general inflation to compensate for its expected inflationary cost increases • The resultant change in manner of recognition of operating lease rentals by Y Ltd. represents a change in an accounting policy which would need to be accounted for as per Ind AS 8, in the absence of specific transitional provisions in Ind AS 116 dealing with the change. (For further details on the clarification refer Ind AS 116 checklist.)	8.19, Ind AS 116 (Q 10)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 21 *(Issue 2)*	**Accounting treatment of rent equalisation liability** ABC Ltd. (the lessee), had several long-term lease contracts for lease of office buildings, cars, etc. and had classified them as operating leases under Ind AS 17. Under Ind AS 17, the related lease rentals were recognised on a straight-line basis over the lease term of the respective leases taking into consideration the 10 per cent escalation in lease rentals every year. Therefore, ABC Ltd. recognised a rent equalisation liability in its balance sheet as on 31 March 2019. Ind AS 116 provides two optional approaches to a lessee for transition as follows: • Full retrospective approach (no practical expedient) • Modified retrospective approach (with practical expedient). The accounting treatment of rent equalisation liability appearing in the balance sheet of ABC Ltd. when it applies Ind AS 116 is explained as below: • Application of full retrospective approach Under this approach, the lessee applies Ind AS 116 retrospectively in accordance with Ind AS 8. The accounting treatment of transition from Ind AS 17 to Ind AS 116 would be as follows. a) For each lease, the amount of the lease liability and the related Right-Of-Use (ROU) asset as at the beginning of the preceding period (i.e., 1 April 2018) would be determined as if Ind AS 116 had always been applied. b) The difference between the ROU asset (together with lease equalisation liability) and lease liability would be recognised in retained earnings (or other component of equity, as appropriate) c) The comparative amounts presented in the financial statements for the year ended 31 March 2020 would be restated. Additionally, in accordance with the requirements of Ind AS 1, if the retrospective application of Ind AS 116 has a material effect on the information in the balance sheet at the beginning of the preceding period (i.e., 1 April 2018), a third balance sheet as at 1 April 2018 will also need to be presented.	8.22-8.25, Ind AS 116 (Q 11, Q 12, Q 13)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	• Application of modified retrospective approach Under the modified retrospective approach either of the following two methods would be applied: a) ROU assets is measured as in Ind AS 116 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application: The accounting would be as follows: i. The difference as at the date of initial application between the ROU asset (together with lease equalisation liability) and lease liability would be recognised in retained earnings (or other equity, as appropriate) ii. Comparatives would not be restated iii. A third balance sheet would not be presented at the beginning of the preceding period (i.e., 1 April 2018). b) ROU asset is measured at an amount equal to the lease liability: The accounting would be as follows: i. Consider rent equalisation liability as accrued lease payments and the amount of ROU would be determined by deducting the said liability from the amount of lease liability ii. Comparatives would not be restated iii. A third balance sheet would not be presented at the beginning of the preceding period (i.e., 1 April 2018). (For further details on the clarification please refer Ind AS 116 checklist.)	
Bulletin 11 *(Issue 6)*	**Consolidation of financial statements of a subsidiary following a different method of depreciation** For further discussion on the clarification, please refer to Ind AS 110, *Consolidated Financial Statements* checklist.	8.35, 8.38, Ind AS 110 (Q 7)
Bulletin 16 *(Issue 7)*	**Financial guarantee by a parent for a loan taken by its subsidiary that is repaid early** The ITFG clarified that a change in the estimated life of a loan should be accounted for as a change in an accounting estimate. Accordingly, the effect of this change should be recognised prospectively by including it in profit or loss either in the period of change or in the period of change and future periods. Further, if the change in accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it should be recognised by adjusting the carrying amount of the related asset, liability or equity item in the period of the change. (For further discussion on the clarification, please refer Ind AS 109, *Financial Instruments* checklist.)	8.36, Ind AS 109 (Q 16), (Q 17)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 17 *(Issue 1)*	**Accounting for government grants on amendments to Ind AS 20** Ind AS 20, *Accounting for Government Grants and Disclosure of Government Assistance* provides an entity with a choice for accounting of government grants in the form of non-monetary assets. Accordingly, an entity can either present the non-monetary asset and grant at fair value or record both asset and grant at a nominal amount. The provision is applicable from Financial Year (FY) 2018-19. Where an entity had transitioned to Ind AS prior to FY 2018-19, and is following an accounting policy of recognising government grant and the related asset at fair value (as required by the pre-amended Ind AS 20), it can change its accounting policy only if the change: a) is required by an Ind AS or 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 statements. Considering that the amended Ind AS 20 provides entities with an accounting policy choice between recognising the grant and the asset initially either at fair value or at a nominal amount, X Ltd. is not required to change the accounting policy relating to the grant. However, X Ltd. is permitted to change its accounting policy voluntarily, if such change would provide reliable and 'more relevant' information. (For further discussion on the clarification, please refer Ind AS 20 checklist.)	8.14, 8.15, 8.29, Ind AS 20 (Q 6), (Q 23)
Bulletin 8 *(Issue 2)*	**Disclosure of impact of new standard not yet effective** In a situation where an entity has not applied a new Ind AS that has been issued but is not yet effective, Ind AS 8 requires the disclosure of the fact that the issued Ind AS (not yet effective) has not been applied. Additionally, disclosure is required of known or reasonably estimable information relevant to assess the possible impact that application of the new Ind AS is likely to have on an entity's financial statements in the period of initial application.	8.30 (Q 24)

Ind AS 10
Events after the Reporting Period

For checklist, please click here

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*).

Additional considerations

For checklist, please click here

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, 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.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 14 *(Issue 4)*	**Approval of a scheme of arrangement post balance sheet date** The ITFG considered a scheme of arrangement involving merger of two fellow subsidiaries (i.e., entities under common control), which was filed with the National Company Law Tribunal (NCLT) prior to the end of the reporting period under Ind AS (31 March 2018). The NCLT approved the scheme after the reporting date but before the approval of financial statements by the Board of Directors, with an appointed date prior to the reporting date (1 April 2017). ITFG clarified that where the court order approves a scheme with retrospective effect subsequent to the balance sheet date but before the approval of financial statements, the effective date for accounting is prior to the balance sheet date. In this case, the court's approval is an event that provides additional evidence to assist the estimation of amounts of assets and liabilities that existed at the balance sheet date. Therefore, an adjusting event has occurred which requires adjustment to the assets and liabilities of the transferor company which are being transferred. Therefore, the effect of business combination is required to be incorporated in the separate financial statements of the transferee for the financial year ending 31 March 2018.	10.8 (Q 1)

Ind AS 12
Income Taxes

Executive summary

For checklist, please click here

- 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 the balance sheet.
- The entity offsets current tax assets and current tax liabilities only when it has a legally enforceable right to set off current tax 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.
- Appendix C to Ind AS 12 clarifies accounting for uncertainties related to income tax treatments that have yet to be accepted by tax authorities, and to reflect this uncertainty in the measurement of current and deferred taxes. Key points are as follows:
  - **Consideration of uncertain tax treatments individually/collectively:** Entities should first determine whether they should assess the impact of uncertain tax treatments individually or collectively, with other uncertain tax treatments, depending on which approach would better predict the resolution of the uncertainty.

- **The key test:** The key test is whether it is probable that the taxation authority would accept the tax treatment used or planned to be used by the entity in its income tax filings. If yes, then the amount of taxes recognised in the financial statements should be consistent with the entity's income tax filings. Otherwise, the effect of uncertainty should be estimated and reflected in the financial statements (as a part of the overall measurement of tax). This would require the exercise of judgement by the entity.
- **Recognition and measurement of uncertainty:** The appendix prescribes the measure that provides a better prediction of the resolution of uncertainty should be adopted by the entity, which is as below:
  - *The most likely amount*: Being, the single most likely amount, in a range of possible outcomes, or
  - *The expected value method*: Which is a sum of probabilities of a range of possible outcomes.

  Entities are required to reassess the judgements and estimates applied, and update the amounts in the financial statements, if facts and circumstances change.
- **Accounting impact:** Depending on their current practice, entities may need to increase their tax liabilities or recognise an asset. The timing of derecognition may also change.
- **Disclosures:** Entities are required to comply with the meaningful disclosure requirement under Ind AS 1, *Presentation of Financial Statements* and the disclosure requirements under Ind AS 12.

New Development

Conceptual framework for financial reporting under Ind AS

In August 2020, the Accounting Standards Board (ASB) of the ICAI has issued a revised Conceptual Framework for Financial Reporting under Ind AS (Conceptual Framework). The Conceptual Framework has been revised basis the revised conceptual framework[17] issued by the International Accounting Standards Board (IASB).

The Conceptual Framework introduces some new concepts and related clarifications along with revision in definitions and changes in recognition criteria of assets and liabilities under Ind AS.

On 18 June 2021, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2021 and notified certain amendments to Ind AS including Ind AS 12. The amendment has made minor clerical change to paragraph 29 of Ind AS 12 (relating to deductible temporary difference).

[17] Conceptual Framework for Financial Reporting issued by IASB in March 2018.

Additional considerations

For checklist, please click here

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

- The MCA through a notification dated 5 February 2018 (S.O. 529 (E)) has exempted certain government companies from applying the provisions relating to deferred tax assets and deferred tax liabilities within this Ind AS for a period of seven years with effect from 1 April 2017.
- The exempted government companies are as follows:
  – Public financial institutions notified by Section 4A(2) of the Companies Act, 1956
  – Non-Banking Financial Companies registered with the Reserve Bank of India
  – Engaged in the business of infrastructure leasing with not less than 75 per cent of its total revenue being generated from such business with government companies or other entities owned or controlled by government.

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.

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

- On 29 September 2016, the Ministry of Finance issued 10 revised 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 assesses (other than an individual or a Hindu Undivided Family who is not required to get his/her accounts of the previous year audited in accordance with the provisions of Section 44AB of the Income Tax Act, 1961) following the mercantile system of accounting. These standards became applicable for assessment year 2017-18 (previous year 2016-17). 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.

Minimum Alternate Tax

- The Finance Act, 2017 notified on 31 March 2017, has prescribed guidelines for computation of book profit for entities that prepare financial statements under Ind AS. According to it, while computing book profits for the purpose of levy of MAT under Section 115JB of the Income Tax Act, 1961:
  - No further adjustments should be made to the net profits of Ind AS compliant companies, other than those specified in Section 115JB of the IT Act
  - Certain items included in Other Comprehensive Income (OCI), that are permanently recorded in reserves and never reclassified into the statement of profit and loss, be included in book profits for MAT at an appropriate point in time, and
  - Certain adjustments relating to values of assets and liabilities transferred in a demerger to be made by both the demerged company as well as the resulting company.
  - Certain adjustments recorded in retained earnings (other equity) on first-time adoption of Ind AS, that would never subsequently be reclassified into the statement of profit and loss should be included in book profits (for the purpose of levy of MAT) in a deferred manner.
- Adjustments to book profits for MAT computation can be grouped into following two categories:
  - Adjustments relating to annual Ind AS financial statements
  - Adjustments relating to first-time adoption of Ind AS.

Adjustments relating to annual Ind AS financial statements

Components of OCI

- Those components of OCI which would be subsequently reclassified to profit or loss would be considered for book profit as per the Ind AS financial statements i.e., in the period in which such amounts are actually reclassified.
- Those items of OCI which would never be subsequently reclassified to profit or loss are as follows:

  Table 1 - Items of OCI that would never be subsequently reclassified to profit or loss

Sr. No.	Items	Adjustment to MAT profit
1	Changes in revaluation surplus (Ind AS 16, *Property, Plant and Equipment* and Ind AS 38, *Intangible Assets*)	To be included in book profits at the time of realisation/disposal/retirement/ otherwise transferred.
2	Remeasurements of defined benefit plans (Ind AS 19, *Employee Benefits*)	To be included in book profits every year as the remeasurements gains and losses arise.
3	Gains and losses from investments in equity instruments designated at fair value through OCI (Ind AS 109, *Financial Instruments*)	To be included in book profits at the time of realisation/disposal/retirement/ otherwise transferred.
4	Any other item	To be included in book profits every year as the gain and losses arise.

Demergers

Book profits adjustments on distribution of non-cash assets to shareholders (e.g., demerger) to be excluded/ignored as stipulated for both resulting company and demerged company as the case may be.

Adjustments relating to first-time adoption of Ind AS

When preparing its opening Ind AS balance sheet, a first-time adopter of Ind AS would typically record a series of adjustments relating to the transition from Accounting Standards to Ind AS. Generally, these adjustments would be recorded in retained earnings (other equity) in the opening balance sheet. Considering that some of these items may never be reclassified to the statement of profit and loss, the IT Act requires the following, based on the amounts reflected on the convergence date:

- Those adjustments recorded in OCI and which would subsequently be reclassified to the profit or loss, should be included in book profits in the year in which these are reclassified to the profit and loss
- Those adjustments recorded in OCI and which would never be subsequently reclassified to the profit or loss should be included in book profits as specified below:

Table 2 - Adjustments in OCI which would never be subsequently reclassified to profit or loss

Sr. No.	Items	Adjustment to MAT profit
A. Deemed cost adjustment to PPE and intangible assets		
1	When fair value as deemed cost (para D5 and D7 of Ind AS 101)	• The adjustment due to one-time fair value of the PPE and intangible assets on the date of transition to Ind AS would be included in book profits in the year in which the asset is retired/disposed/realised/otherwise transferred. • Other adjustments such as asset restoration obligations, foreign exchange capitalisation/decapitaliation, borrowing costs adjustments, etc. will be considered in the transition amount.
2	When revaluation model has been adopted as an accounting policy for PPE and intangible assets	• One-time adjustment to retained earnings (other equity) on transition to revaluation policy should be included in the book profits at the time when the asset is realised/ disposed/realised/otherwise transferred.
3	When PPE and intangible asset carrying values recomputed retrospectively or previous GAAP deemed cost approach followed	• Other adjustments such as asset restoration obligations, foreign exchange capitalisation/decapitalisation, borrowing costs adjustments, etc. will be considered in the transition amount.
B. Other adjustments in OCI		
1	Gains and losses from investments in equity instruments designated at fair value through OCI	• One-time adjustment to retained earnings (other equity) should be excluded from the transition amount. • Such amounts to be included in book profits when the equity instrument is realised/ disposed/retired/transferred.

Sr. No.	Items	Adjustment to MAT profit
B. Other adjustments in OCI		
2	Cumulative translation differences of a foreign operation on the convergence date	• Translation differences that arose before the date of transition to Ind AS should be ignored in computation of book profits. • Include such adjustment in book profits at the time of disposal/transferred in relation to such foreign operation.
3	Investments in subsidiaries, joint ventures and associates in Ind AS separate financial statements	• Ignore adjustments in retained earnings (other equity) relating to investments in subsidiaries, associates and joint ventures, on first-time adoption of Ind AS. • Include such adjustment of such investment in book profits at the time of realisation/ disposal/retirement/otherwise transferred.

Transition amount

- All other adjustments recorded in 'the other equity' i.e., transition amount which would otherwise never subsequently be reclassified to the statement of profit and loss, should be included in the book profits, equally over a period of five years starting from the year of first-time adoption of Ind AS subject to certain exclusions as specified below.
- Transition amount means the amount or the aggregate of the amount adjusted in the other equity (excluding capital reserve, and securities premium reserve) on the date of adoption of Ind AS but not including the following:
  - Amount or aggregate of the amounts adjusted in the OCI on the convergence date which would be subsequently reclassified to profit or loss
  - Revaluation surplus for assets in accordance with Ind AS 16 and Ind AS 38 adjusted on the convergence date (covered in table above)
  - Gains or losses from investments in equity instruments designated at fair value through OCI in accordance with the Ind AS 109 adjusted on the convergence date (covered in table above)
  - Adjustments relating to items of property, plant and equipment and intangible assets recorded at fair value as deemed cost in accordance with paragraphs D5 and D7 of Ind AS 101 on the convergence date (covered in table above)
  - Adjustments relating to investments in subsidiaries, joint ventures and associates recorded at fair value as deemed cost in accordance with paragraph D15 of Ind AS 101 on the convergence date (covered in table above)
  - Adjustments relating to cumulative translation differences of a foreign operation in accordance with paragraph D13 of Ind AS 101 on the convergence date (covered in table above).

CBDT FAQs

- On 25 July 2017, the Central Board of Direct Taxes (CBDT) issued clarifications by way of FAQs on computation of book profit for the purposes of levy of MAT under section 115JB of the Income Tax Act, 1961 for Ind AS compliant companies. The clarifications are with regard to the below matters:

  Starting point for computing book profits for Ind AS compliant companies

  - CBDT clarified that the starting point for computing book profits for computation of MAT will be 'Profit before Other Comprehensive Income'

Appropriate manner of computation of transition amount on convergence date

– Convergence date means the first day of the first Ind AS financial reporting period. To clarify this, CBDT stated that for a company adopting Ind AS from 1 April 2016, the convergence date would be the start of business on 1 April 2016, which is equivalently the close of business on 31 March 2016.

Items that would not require an adjustment for computing book profits for the purposes of MAT

Affects both transition amount and post Ind AS transition MAT computation

MTM losses: As MTM gains are recognised in the statement of profit and loss on financial instruments measured at FVTPL, these are included in book profits for MAT computation. CBDT has clarified that MTM losses on such instruments recognised through the statement of profit and loss should not be included in the MAT adjustment on 'diminution in value of assets'.

However, in case there is a provision for diminution/impairment in value of assets other than FVTPL financial instruments, the estimating adjustment as prescribed by the IT Act would be required.

For financial instruments where gains and losses are recognised through OCI, then CBDT has clarified that the amended provisions of MAT would continue to apply i.e., such items would be considered for MAT upon being debited/credited to statement of profit and loss or as otherwise provided.

Affects only transition amount computation

- **Proposed dividend:** The proposed dividend (including dividend distribution tax), credited to retained earnings as an Ind AS transitional adjustment, will not form part of the 'transition amount' under MAT.
- **Deferred taxes**: Deferred taxes recognised on Ind AS adjustments on the transition date will be ignored for the purpose of computing transition amount under MAT.
- **Bad and doubtful losses:** Amounts considered as provision for diminution in value of assets (other than Mark to Market (MTM) gains or losses on financial instruments measured at Fair Value through Profit or Loss (FVTPL)) (e.g., Expected Credit Loss adjustments) will not be considered for the purpose of computation of the 'transition amount' under MAT.
- **Reclassification of capital reserves or securities premium reserve under Ind AS**: Capital reserve or securities premium reclassified to retailed earnings or other reserves under Ind AS and vice versa, should not be considered for the purpose of 'transition amount' under MAT.
- **Changes to share application money**: Share application money pending allotment, reclassified to 'Other Equity' on transition date will not be considered for the purpose of computing 'transition amount' under MAT.

Items that would be included in profit/transition amount

- **Interest/dividend on preference shares (liability):** The book profit for computation of MAT should be increased by the dividend/interest on preference shares, including dividend distribution taxes (to the extent debited to the statement of profit and loss), whether it is presented as dividend or interest.
- **Equity component of financial instruments**: Equity component of financial instruments like non-convertible debentures, interest free loans, etc. will be considered for the purpose of computing 'transition amount' under MAT.
- **Service concession arrangement adjustments**: Adjustments on service concession arrangements should be included in the transition amount under MAT and also on an ongoing basis.

Revaluation or fair value model of property, plant and equipment

The book profit of the previous year in which the items of the revalued PPE are retired, disposed, realised or otherwise transferred should be increased or decreased by the revaluation amount after adjustment of the depreciation on the revaluation amount relatable to such asset.

Deduction for brought forward losses and unabsorbed depreciation

In the year of transition to Ind AS (e.g., Assessment year 2017-18), the deduction of lower of depreciation or losses should be allowed based on the position of the closing Ind AS balance sheet of the year of transition to Ind AS (i.e., 31 March 2016). For the subsequent periods, the position as per books of account drawn as per Ind AS should be considered.

Accounting period other than March

The CBDT clarified that a company following an accounting year other than that ending on 31 March (e.g., year ending 31 December), will be required to prepare financial statements in the year of transition to Ind AS, for the purpose of computation of MAT, partly under Indian GAAP (from April 2016 to December 2016) and partly under Ind AS (from January 2017 to March 2017, and the convergence date of the company would be 1 January 2017).

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 7 *(Issue 7)*	**Recognition of deferred tax on non-depreciable assets** Ind AS 12 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets/liabilities. This may require the exercise of judgement based on facts and circumstances. Accordingly, ITFG clarified following points: • **If a non-depreciable asset is measured using the revaluation model under Ind AS 16, or the entity expects to recover the carrying amount of the asset by selling it individually**: The related deferred tax asset/liability is measured based on the tax consequences of recovering the carrying amount of such asset through sale, in a slump sale • **If the entity assesses that the non-depreciable asset will be sold through a slump sale**: The tax base of the land would be the same as its carrying amount, as an indexation benefit would not be available in a slump sale. Therefore, there would be no temporary difference and no deferred tax asset would be recognised.	12.51 (Q 29)
Bulletin 17 *(Issue 7)*	**Creation of deferred tax on land converted from fixed asset to inventory** An entity Z Ltd. purchased certain land as a fixed asset on 1 January 2007 for INR100 which was subsequently converted to inventory on 1 January 2016. At the date of conversion, indexed cost of land was INR150 and its fair value was INR1,000. Z Ltd. adopted Ind AS from 1 April 2018 and its date of transition was 1 April 2017. On the date of transition, the land (now classified as inventory) was recognised at its historical cost (i.e., INR100, which was its carrying value). The issue considered by ITFG was whether Z Ltd. should recognise deferred tax on land on the date of transition to Ind AS. The ITFG pointed out that as per Income tax laws on conversion of a capital asset into stock-in-trade, and thereafter, sale of the stock-in-trade,	12.15, 12.24, 12.51 (Q 7, Q 12, Q 29, Q 30)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	the tax treatment would be as follows: • **Capital gains tax**: There will be capital gains liability in respect of the conversion of capital asset into stock-in-trade, at market value thereof on the date of conversion. Thus, the capital gains will be computed as the difference between the indexed cost of capital asset to the assessee and the fair market value of such capital asset on the date of its conversion into stock-in-trade. However, the tax will be computed using the capital gains tax rate applicable in the year of actual sale and not in the year of conversion. Also, the capital gains tax will be required to be paid only at the time of sale of the stock-in-trade. • **Profit/loss on sale of land as stock-in-trade**: As regard the sale of the stock-in-trade, any profit realised or loss incurred (i.e., difference between the sale proceeds and fair value on the date of conversion) will be liable to tax as business income. Such profit/loss would accrue and be liable to tax at the time of sale of the stock-in-trade. If there is a business loss in the year of sale of stock-in-trade, the Income-tax Act, 1961 (IT Act) allows the loss to be offset against capital gains arising on conversion. Thus, the liability for capital gain tax on conversion is not sacrosanct and can vary depending on outcome from sale of stock-in-trade. While the current tax liability will arise only on the sale of stock-in-trade, the company would need to consider deferred tax implications. The ITFG pointed out that recognition of DTA would be subject to consideration of prudence. The expectation of the entity at the end of the reporting period with regard to the manner of recovery or settlement of its assets and liabilities would require exercise of judgement based on evaluation of facts and circumstances in each case. Accordingly, ITFG clarified as below: a) On the date of transition to Ind AS (1 April 2017), a deductible temporary difference existed for Z Ltd. arising out of the carrying amount of asset (which is INR100 as on 1 January 2016) and its tax base (which is INR150 as on 1 January 2016, considering indexation benefit). Thus, on the date of transition, the entity would recognise a DTA for the deductible temporary difference of INR50 in the value of land provided it satisfied DTA recognition criteria under Ind AS 12. b) The difference between the indexed cost of land on the date of conversion and its fair value, however, would not meet definition of temporary difference under Ind AS 12. Additionally, the business income under the IT Act would be computed as a difference between the sale price of the stock-in-trade (i.e., date of actual sale of inventory) and market value of the capital asset on the date of its conversion into stock-in-trade. Hence, such a tax liability would not arise on the date of transition.	

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 8 *(Issue 8)*	**Recognition of deferred taxes on capitalised exchange differences** The clarification is applicable to entities that: • Availed the option under paragraph 46/46A of AS 11, *The Effects of Changes in Foreign Exchange Rates*, to capitalise foreign exchange gains or losses on long-term foreign currency monetary items, and • On date of transition to Ind AS, availed the exemption under paragraph D13AA of Ind AS 101, *First-time Adoption of Indian Accounting Standards*, to continue to apply the above accounting treatment to exchange differences arising on 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. The ITFG clarified that capitalisation of exchange differences represents subsequent measurement of the foreign currency monetary item, which has been adjusted to the cost of the asset and does not arise on initial recognition of an asset or liability. Hence, the initial recognition exemption would not be available and deferred tax is required to be recognised on temporary differences arising from capitalised exchange differences.	12.15, 12.24 (Q 7, Q 12)
	Deferred tax on undistributed profits	
Bulletin 9 *(Issue 1)* FAQ issued by ICAI (revised Sep 2019)	*When a parent receives dividend from its wholly-owned subsidiary during the year and the subsidiary would pay Dividend Distribution Tax (DDT) thereon as per tax laws to the taxation authorities.* At the time of consolidation, the dividend income earned by the parent would be eliminated against the dividend recorded in its equity by the subsidiary as a result of consolidation adjustment. The DDT paid by the subsidiary to the taxation authorities (being outside the consolidation group) would be charged as expense in the consolidated statement of profit and loss of the parent (presuming that parent is unable to claim an offset against its own DDT liability). Ind AS 12 requires recognition of deferred tax liability on the undistributed reserves of subsidiaries except where the parent is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. However, in case the board of directors of a subsidiary propose to declare dividend for the previous financial year, to the extent of such proposed dividend, the temporary difference (in relation to DDT liability) is considered to be probable to reverse. In case where the parent is likely to claim the DDT paid by the subsidiary as an offset against its own DDT liability, the ability to claim offset is subject to receipt of approval from the shareholders of the parent. Accordingly, while it has been clarified that the parent may be required to recognise deferred tax liability in the consolidated financial statement (measured based on the DDT expense of the subsidiary) to the extent of proposed dividend of the subsidiary, recognition of deferred tax asset to the extent of offset may not be recognised pending receipt of approval from the shareholders of the parent.	12.39, 12.40 (Q 22)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	In the stand-alone financial statements of parent and subsidiary Ind AS 32 requires the interest, dividends, losses and gains on financial instruments to be recognised either in the statement of profit and loss or in equity, based on the classification of the financial instrument. Ind AS 12 considers a scenario when an entity may be required to pay a portion of the dividends payable to shareholders, to the taxation authorities on behalf of shareholders. In view of the above, the Accounting Standards Board (ASB) of the ICAI clarified that presentation of Dividend Distribution Taxes (DDT) payable by companies in India to be consistent with the presentation of the transaction that created those income tax consequences. Therefore, dividend and DDT thereon should be accounted for and presented as follows: • *Financial instruments classified as debt*: Dividend on the financial instruments and DDT thereon will be charged to the statement of profit and loss, • *Financial instrument classified as equity*: Dividend on the financial instruments and DDT thereon will be recognised in equity and presented in the statement of changes in equity. • *Compound financial instrument*: Dividend or interest allocated to the debt portion of the instrument shall be charged to the profit and loss and DDT thereon will be charged to the statement of profit and loss. Dividend or interest allocated to the equity portion of the instrument and the DDT thereon will be recognised in equity.	
Bulletin 18 *(Issue 2)*	ITFG in its bulletin 18, clarified that while dealing with the above issue in its bulletin 9, the intention was not to preclude recognition of DDT credit in the CFS in the period in which the parent receives dividend from a subsidiary. Therefore, based on an evaluation of facts and circumstances, the parent would need to consider whether it can reasonably expect (at the reporting date) to be able to avail of the DDT credit upon declaration of dividend at its Annual General Meeting (AGM) (to be held after the end of the financial year). The clarification considers following situations: • **Declaration of dividend by parent is probable:** At the time of distribution of dividend by a subsidiary to the parent (and consequent payment of DDT by the subsidiary), the parent should recognise the associated DDT credit as an asset to the extent that it is probable that a liability for DDT on distribution of dividend by the parent would arise (against which the DDT credit can be utilised). • **Declaration of dividend by parent not probable:** If it is not probable that a liability for DDT on distribution of dividend by the parent would arise against which the DDT credit could be utilised, then the amount of DDT paid by the subsidiary should be charged to profit or loss in the consolidated statement of profit and loss. • **Assessment of DDT credit at each reporting period:** At the end of each reporting period, the carrying amount of DDT credit should be reviewed. The carrying amount of the DDT credit should be reduced to the extent that it is no longer probable that a liability for DDT on distribution of dividend by the parent would arise against which the DDT credit can be utilised. Conversely, any such reduction made in a previous reporting period should be reversed to the extent that it becomes probable that a	12.39, 12.40 (Q 22)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	liability for DDT on distribution of dividend by the parent would arise against which the DDT credit could be utilised. The corresponding debit (for a reduction) or credit (for reversal of a previously recognised reduction) should be made to the consolidated statement of profit and loss. • **Reassessment of DDT credit:** At the end of each reporting period, the parent should reassess any unrecognised DDT credit. The parent should recognise a previously unrecognised DDT credit to the extent that it has become probable that a liability for DDT on distribution of dividend by the parent would arise against which the DDT credit can be utilised. The corresponding credit should be made to the consolidated statement of profit and loss. • **Utilisation of DDT credit:** To the extent the DDT credit is utilised to discharge the liability (or a part of the liability) of the parent for payment of DDT on distribution of dividend to its shareholders, the DDT credit should be extinguished by a corresponding debit to the parent's liability for payment of DDT. The above assessment can be made only by considering the particular facts and circumstances of each case including the parent's policy regarding dividends, historical record of payment of dividends by the parent, availability of distributable profit and cash, etc.	
Bulletin 18 *(Issue 2)*	ITFG in its bulletin 18, clarified that while dealing with the above issue in its bulletin 9, the intention was not to preclude recognition of DDT credit in the CFS in the period in which the parent receives dividend from a subsidiary. Therefore, based on an evaluation of facts and circumstances, the parent would need to consider whether it can reasonably expect (at the reporting date) to be able to avail of the DDT credit upon declaration of dividend at its Annual General Meeting (AGM)(to be held after the end of the financial year). The clarification considers following situations: • **Declaration of dividend by parent is probable:** At the time of distribution of dividend by a subsidiary to the parent (and consequent payment of DDT by the subsidiary), the parent should recognise the associated DDT credit as an asset to the extent that it is probable that a liability for DDT on distribution of dividend by the parent would arise (against which the DDT credit can be utilised). • **Declaration of dividend by parent not probable:** If it is not probable that a liability for DDT on distribution of dividend by the parent would arise against which the DDT credit could be utilised, then the amount of DDT paid by the subsidiary should be charged to profit or loss in the consolidated statement of profit and loss. • **Assessment of DDT credit at each reporting period:** At the end of each reporting period, the carrying amount of DDT credit should be reviewed. The carrying amount of the DDT credit should be reduced to the extent that it is no longer probable that a liability for DDT on distribution of dividend by the parent would arise against which the DDT credit can be utilised. Conversely, any such reduction made in a previous reporting period should be reversed to the extent that it becomes probable that a liability for DDT on distribution of dividend by the parent would arise against which the DDT credit could be utilised. The corresponding debit (for a reduction) or credit (for reversal of a previously recognised reduction) should be made to the consolidated statement of profit and loss.	12.39, 12.40 (Q 22)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	• **Reassessment of DDT credit:** At the end of each reporting period, the parent should reassess any unrecognised DDT credit. The parent should recognise a previously unrecognised DDT credit to the extent that it has become probable that a liability for DDT on distribution of dividend by the parent would arise against which the DDT credit can be utilised. The corresponding credit should be made to the consolidated statement of profit and loss. • **Utilisation of DDT credit:** To the extent the DDT credit is utilised to discharge the liability (or a part of the liability) of the parent for payment of DDT on distribution of dividend to its shareholders, the DDT credit should be extinguished by a corresponding debit to the parent's liability for payment of DDT. The above assessment can be made only by considering the particular facts and circumstances of each case including the parent's policy regarding dividends, historical record of payment of dividends by the parent, availability of distributable profit and cash, etc.	
Bulletin 13 *(Issue 9)*	*Accounting treatment for DDT in consolidated financial statements in case of partly-owned subsidiary* In a situation where a parent receives dividend from a subsidiary (which is not wholly owned) dividend income earned by the parent and the dividend recorded by the subsidiary in its equity would be eliminated in the CFS of the holding entity as a result of consolidation adjustment while dividend paid to the NCI shareholders would be recorded in the statement of changes in equity as a reduction in the NCI balance (since shares are classified as equity in accordance with Ind AS 32). In addition, the DDT paid to the taxation authorities by the subsidiary has two components: • The component paid in relation to the parent entity would be charged as tax expense in the consolidated statement of profit and loss of the parent since this is paid outside the group. • The other component paid in relation to NCI would be recognised in the statement of changes in equity along with the portion of such dividend paid to the NCI. If the parent also pays dividend to its shareholders (and assuming that it is eligible to claim an off-set in respect of its DDT liability), then the total amount of DDT paid (i.e., DDT paid by the subsidiary and the parent) should be recognised in the consolidated statement of changes in equity of the parent entity, since the share of the parent in the DDT paid by the subsidiary was utilised by the parent for payment of dividend to its own shareholders. In addition, ITFG clarified that due to distribution of dividend by the parent to its shareholders (a transaction recorded in parent's equity) and the related DDT set-off, the DDT paid by the subsidiary is effectively a tax on distribution of dividend to the shareholders of the parent entity. Therefore, the DDT paid by the subsidiary and additional DDT paid by parent should be recognised in the consolidated statement of changes in equity of the parent entity and no amount would be charged to the consolidated statement of profit and loss.	12.39, 12.42, 12.43 (Q 22, Q 24, Q 25)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	It is also important to note that in case the DDT liability of the parent is lower as compared to the off-set available on account of DDT paid by the subsidiary, then the amount of DDT liability paid by the subsidiary which could not be utilised as an offset by the parent should be charged to the consolidated statement of profit and loss. DDT paid by an associate to its investor is not allowed to be set-off against the DDT liability of the investor. Therefore, the investor's share of DDT would be accounted by the investor by crediting its investment account in the associate and recording a corresponding debit towards its share of profit or loss of the associate.	
Bulletin 11 *(Issue 2)*	**Accounting during tax holiday period** Under the previous generally accepted accounting principles (previous GAAP), Accounting Standard Interpretation (ASI) 3, *Accounting for Taxes on Income in the situations of Tax Holiday under Sections 80-IA and 80-IB of the IT Act* was issued to provide guidance on accounting for deferred taxes in the situations of tax holiday under Section 80-IA and 80-IB of the IT Act (tax holiday period). The ITFG clarified that the ASIs are not effective under Ind AS. To determine the treatment of deferred taxes in the tax holiday period under the Ind AS regime, reference needs to be made to the principles enunciated in Ind AS 12. Accordingly, under Ind AS, deferred taxes in respect of temporary differences which reverse during the tax holiday period are not required to be recognised to the extent the entity's gross total income is subject to the deduction during the tax holiday period.	12.26-29, 12.47 (Q 15, Q 28)
Bulletin 10 *(Issue 3)*	**Recognition of deferred tax asset on tax deductible goodwill of subsidiary, not recognised in the consolidated financial statements** The ITFG considered a transaction where, while preparing its consolidated financial statements, an entity, as a result of a consolidation adjustment, eliminated goodwill recognised in the separate financial statements of its subsidiary (a company formed as a result of amalgamation of its other subsidiaries). This goodwill was tax deductible in the books of the amalgamated entity. In this context, ITFG clarified that: • Tax base should be determined by reference to the tax returns of each entity in the group. Accordingly, a deferred tax asset on the tax base of goodwill should be recognised in accordance with Ind AS 12, irrespective of the fact that no goodwill was recognised in the consolidated financial statements of the entity • The initial recognition exemption would not apply in this case, since the amalgamation of the subsidiaries did not result in the initial recognition of an asset or liability in the consolidated financial statements of the entity.	12.24, 12.9 (Q 12)
Bulletin 16 *(Issue 2)*	**Treatment of income tax related interest and penalties under Ind AS vis-à-vis IFRS** The ITFG highlighted that similarity in a particular jurisdiction in the bases of computation of amount of current tax and interest/penalties for non-compliance is not a sufficient ground for clubbing these items, as these amounts are different in terms of their nature. In view of this, it clarified that an entity's obligation for current tax arises because it earns taxable profit during a period. However, an entity's obligation for interest or penalties, arises because of its failure to comply with one or more of the requirements of income-tax law (e.g., failure to deposit income tax).	12.2 (Q 1(a))

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	Therefore, it concluded that the obligations for current tax and those for interest or penalties arise due to reasons that are fundamentally different in nature and Ind AS 1 requires an entity to separately present items of a dissimilar nature or function unless they are immaterial except when required by law. Therefore, interest or penalties related to income tax cannot be clubbed with current tax. Further, the Guidance Note on Division II - Ind AS Schedule III to the Companies Act, 2013 (guidance note) provides that any interest on shortfall in payment of advance income tax is in the nature of finance cost and hence, should not be clubbed with the current tax. Rather, it should be classified as interest expense under 'finance costs'. Similarly, any penalties levied under income tax laws should not be classified as current tax. Penalties which are compensatory in nature should be treated as interest and disclosed under finance costs. Other tax penalties should be classified under 'other expenses'. ***Treatment as per International Financial Reporting Standards (IFRS)*** The ITFG also considered the treatment of such interest and penalties under IFRS. IFRS Interpretations Committee (IFRIC) clarified that entities do not have an accounting policy choice between applying IAS 12, *Income Taxes* and applying IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* to interest and penalties. Therefore, if an entity considers a particular amount payable or receivable for interest and penalties to be an income tax, then the entity should apply IAS 12 to that amount. However, if an entity does not apply IAS 12 to a particular amount payable or receivable for interest and penalties, it should apply IAS 37 to that amount. Based on the IFRIC agenda, ITFG highlighted that while considering whether an amount of interest or a penalty is in the scope of IAS 12, an entity should consider whether the interest or penalty is a tax and whether that tax is based on taxable profits (based on tax laws in the jurisdiction and other terms and conditions). For instance, interest and penalty payable under Section 234A/B/C of the IT Act would not qualify as income-taxes within the meaning of IAS 12. In cases, where it is difficult to identify whether an amount payable to (or receivable from) a tax authority includes interest or penalties (for instance, single demand issued by a tax authority for unpaid taxes), entire amount would qualify within the meaning of IAS 12.	
Bulletin 17 *(Issue 2)*	**Inclusion of Dividend Distribution Tax (DDT) on preference shares in Effective Interest Rate (EIR)** The ITFG clarified that dividend payable on cumulative redeemable preference shares (classified as a financial liability in its entirety) would be in the nature of interest and accordingly charged to the statement of profit and loss. This interest cost would be an integral part of the EIR of the preference shares. Accordingly, the related DDT would be regarded as part of interest cost and would form part of the EIR calculation. (For further discussion on this clarification, please refer Ind AS 109, *Financial Instruments* checklist.)	12.52B, Ind AS 109 (Q 33)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 23 *(Issue 1)*	**Measurement of current tax and DTA/DTL to give effect to concessional tax rates** The Taxation Laws (Amendment) Ordinance, 2019 (Ordinance 2019) came into effect from 20 September 2019. It has brought out significant changes to corporate income-tax rates. In accordance with the Ordinance 2019, the domestic companies have now been provided with an option to pay income-tax at a rate lower than the normal corporate income-tax rate of 30 per cent depending upon certain specified conditions. However, the option to pay income-tax at a lower rate is dependent upon not availing certain exemptions or incentives as specified in the Ordinance 2019. The issue under consideration was whether a domestic company could give effect to lower tax rate (in accordance with the Ordinance 2019) while determining current tax and DTA or DTL with the purpose to present interim results/interim financial statements as on 30 September 2019 (financial year 2019-20). Even though, the lower rates of corporate income-tax have been enacted (on 20 September 2019) well before the interim reporting date of 30 September 2019, the ITFG has clarified that such lower rates should be applied by a company for measurement of current and deferred taxes only if it expects to opt for the lower rates. This is in accordance with the requirements of Ind AS 12. Accordingly, if the company **expects to opt** for the lower tax rate (**with an intention appropriately evidenced**), the current and deferred taxes are required to be measured using lower tax rate as per the Ordinance 2019 for the purpose of presenting interim results/interim financial statements for the quarter/half year ended 30 September 2019. Additionally, it was clarified that in case the company expects to opt for the lower tax rate from the next financial year 2020-21 onwards, the lower tax rate is required to be applied only to the following extent: • The DTA is expected to be realised or • The DTL is expected to be settled in the periods during which the company expects to be subject to lower tax rate. The normal tax rate is required to be applied to the extent DTA/DTL is expected to be realised (settled) in earlier periods.	12.46, 12.47 12.51 (Q 27), (Q 28) (Q 29), (Q 30)
Bulletin 23 *(Issue 2)*	**Accounting treatment of deferred tax adjustments recognised in equity on first-time adoption of Ind AS in accordance with Ind AS 101 at the time of transition to Ind AS 115 and Ind AS 116** The principle laid down in Ind AS 12 for accounting of current and deferred tax effects is as follows: Accounting for the current and deferred tax effects of a transaction or other event is consistent with the accounting for the transaction or the event itself. Accordingly, an entity is required to account for tax consequences of transactions and other events in the same way that it accounts for the transaction and other events themselves. Thus, for transactions and other events recognised in the statement of profit and loss, any related tax effects are also recognised outside the statement of profit and loss (i.e., either in Other Comprehensive Income (OCI) or directly in equity, any related tax effects are also recognised either in OCI or directly in equity respectively.	12.58, 12.61, Ind AS 101 (Q 36) (Q 37) (Q 39), (Q40)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	The ITFG considered a situation where an Entity X at the time of first-time adoption of Ind AS, made adjustments resulting from recognition of Deferred Tax Asset (DTA) and Deferred Tax Liability (DTL) directly in equity as required by Ind AS 101. Subsequently, similar deferred tax adjustments were made directly in equity at the time of initial application of Ind AS 115 and Ind AS 116. In the financial year 2019-20, entity X decided to opt for the lower tax rate as per the Ordinance 2019. As a result, DTA and DTL (as referred to above), to the extent unrealised/not settled, would be required to be remeasured. The issue under consideration is whether entity X should recognise the resultant differences in amount of DTA and DTL arising from change in tax rates directly in equity. The ITFG deliberated the intended meaning of terms 'directly in equity' and 'transaction or event' as envisaged in Ind AS 12. Consequently, the emerging view was that the words 'directly in equity' relate to the base transaction/event and the term 'transaction or event' refers to the source which gave rise to the deferred tax implication. The ITFG considered following examples with respect to the term 'directly in equity': • An entity at the time of first-time adoption of Ind AS restates a previous business combination. This was earlier accounted under previous GAAP on book value basis. As a result, the entity recalculates the depreciation charge for items of PPE acquired as a part of the business combination on the basis of fair value for the previous periods from the date of business combination to the date of transition to Ind ASs and adjusted the resultant increase (or decrease) in retained earnings (in cumulative depreciation) as on the date of transition to Ind AS. ITFG clarified that, in doing so, the entity, in effect, restated the depreciation charge in profit or loss for each of the previous periods from the date of business combination to the date of transition to Ind AS. (Had the entity presented comparative information for all such previous periods, the increased (or decreased) depreciation for a period would have reflected in statement of profit and loss for that period). Accordingly, it was highlighted that the cumulative adjustment to retained earnings at the date of transition to Ind AS is not an adjustment 'directly in equity'. • An entity at the time of first-time adoption of Ind AS remeasures certain equity investments at Fair Value through Other Comprehensive Income (FVOCI). Under previous GAAP, the investments were measured at cost less diminution (other than temporary in nature). The resultant increase/decrease in carrying value of investments were adjusted under an appropriate equity head (e.g., OCI) on the date of transition to Ind AS. ITFG clarified that in doing this, the entity in effect, reflected the fair value changes in OCI for each of the previous periods up to the date of transition. (Had the entity presented comparative information for all such previous periods, the increase (or decrease) in the fair value for a period would be reflected in OCI for that period). Accordingly, it was highlighted that the cumulative adjustment to equity at the date of transition to Ind AS is not a transaction or event recognised 'directly in equity' and the remeasurement of deferred tax on such item is required to be recognised in OCI.	

KPMG

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	• An entity at the time of first-time adoption of Ind AS adjusts the unamortised balance of costs of issue of equity shares in an appropriate equity head on the date of transition to Ind AS. The adjustment was made in accordance with Ind AS 32, *Financial Instruments: Presentation* that 'transaction costs of an equity transaction shall be accounted for as a deduction from equity'. Accordingly, ITFG clarified that were the entity an existing adopter of Ind AS at the time of issuance of the equity share, it would still have adjusted the issue costs directly in equity. Hence, it was highlighted that the adjustment to equity at the date of transition to Ind AS is an adjustment 'directly in equity'. Additionally, the remeasurement of deferred tax on such item is required to be recognised directly in equity. The ITFG clarified that entity is required to determine (using the current accounting polices) the underlying items (source transaction/events) with respect to which deferred taxes were recognised by it at the time of first-time adoption of Ind AS or at the time of transition to Ind AS 115 or Ind AS 116. Accordingly, the ITFG concluded that depending on the nature of an underlying item, the change in the amount of the related deferred tax asset or deferred tax liability resulting from the remeasurement of the same at lower tax rates introduced by the Ordinance 2019 should be recognised in statement of profit and loss, OCI or directly in equity.	

Ind AS 16
Property, Plant and Equipment

Executive summary

For checklist, please click here

- 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.
- The carrying amount of PPE may be reduced by government grants in accordance with Ind AS 20, *Accounting for Government Grants and Disclosure of Government Assistance*.
- 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 (OCI).
- 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.

New developments

Amendments to Ind AS

- On 18 June 2021, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2021 and notified amendments to certain Ind AS including Ind AS 16. The amendments have made minor change to the definition of 'recoverable amount'. In accordance with the revised definition, 'recoverable amount' is the higher of an asset's fair value less costs of disposal (earlier costs to sell) and its value in use.

Effective date: An entity shall apply the amendment for annual periods beginning on or after 1 April 2021.

Amendments to Schedule III to the Companies Act, 2013 (2013 Act)

- On 24 March 2021, MCA issued certain amendments to Schedule III to the 2013 Act. The amendments have enhanced the disclosure requirements and includes the following new disclosures relating to the property, plant and equipment in the notes to the balance sheet.
  – An entity is required to separately disclose a reconciliation of the gross and net carrying amount of each class of assets at the beginning and end of the reporting period showing additions, disposals, acquisitions through business combinations, amount of change due to revaluation (if change is 10 per cent or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment) and other adjustments and the related depreciation and impairment losses or reversals.

– Details of all the immovable properties (other than properties where the company is the lessee, and the lease agreements are duly executed in favour of the lessee) whose title deeds are not held in the name of the company in a specified format. Where such an immovable property is jointly held with others, details are required to be given to the extent of the company's share.

Effective date: An entity shall apply the amendment from annual reporting period beginning on or after 1 April 2021.

Additional considerations

For checklist, please click here

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

- **Review of useful life and residual value**: Schedule II to the 2013 Act prescribes the useful life of various assets, and the manner of computing their residual value (which should not be more than five per cent of the original cost). Transition to Ind AS 16 would not impact companies which had elected to determine the useful life and residual value of its PPE based on technical evaluation, under the 2013 Act, since they were required to evaluate the useful lives and residual values annually (as is now prescribed under Ind AS 16).

  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.

  Componentisation of PPE would result in the management making judgements in identifying different components which are individually significant and aggregating components which are not significant.
- **Treatment of revaluation gains:** The revaluation surplus included in equity in respect of an item of PPE may be transferred directly to retained earnings when the asset is derecognised.

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 V, Tangible Fixed Assets

- **Expenses incurred before actual use**: Under ICDS, expenses incurred on start-up and commissioning of a project, including the expenditure incurred on test runs and experimental production should be capitalised. Therefore, expenses incurred until the date on which a plant has begun commercial production (i.e., production intended for sale or captive consumption), shall be capitalised (Refer FAQ on ICDS). However, expenditure incurred after a plant has begun commercial production shall be treated as revenue expenditure.

  Under Ind AS, costs incurred after asset is ready to use cannot be capitalised.
- **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.

ICDS IX, Borrowing Costs

- **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 has not considered the same as borrowing cost and accordingly such costs 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.
- **Qualifying assets**: ICDS prescribes that the minimum period for classifying an asset as a qualifying asset is 12 months. Hence, borrowing costs are required to be capitalised if the asset necessarily requires a period of 12 months or more for its acquisition, construction or production.

  Ind AS 23 defines a qualifying asset as an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. However, it does not prescribe any bright lines for determining 'substantial period' of time.
- **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 such suspension and the borrowing costs shall continue to be capitalised till the asset is put to use.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	Recognition and depreciation on spare parts	
Bulletin 2 *(Issue 4)* Bulletin 3 *(Issue 9)* Bulletin 5 *(Issue 6)*	Spare parts which meet the definition of PPE as per Ind AS 16 and satisfy the recognition criteria as given in paragraph 7 of Ind AS 16, should be capitalised as PPE separately from the equipment with which the spare part is intended to be used. If the spare part does not meet the definition and recognition criteria of Ind AS 16, then it should be recognised as inventory. The ITFG clarified that depreciation on an item of spare part that is classified as PPE will commence 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. In case of a spare part, as it may be readily available for use, it may be depreciated from the date of purchase of the spare part. In determining the useful life of a spare part, the life of the machine in respect of which it can be used can be one of the determining factors. Please refer clarification on capitalisation and depreciation of spare parts on transition to Ind AS in Ind AS 101.	16.7, 16.8, Ind AS 101 (Q 4(b))
	Accounting for enabling assets	
Bulletin 2 *(Issue 5)* Bulletin 11 *(Issue 8)*	The ITFG in its second bulletin clarified that the decision on whether expenses incurred on construction of assets on land not owned by an entity should be capitalised, would be based on the principles of Ind AS 16 after consideration of facts and circumstances. In its eleventh bulletin, it reiterated that expenses incurred to construct assets, not owned by the entity, in order to facilitate the construction of and the operations of its project (enabling assets) can be capitalised. This is because enabling assets assist the entity in obtaining future economic benefits from its project (irrespective of the fact that these assets are not owned by the entity). ITFG further clarified the following: • **Capitalisation and presentation:** Since the entity cannot restrict others from using the enabling assets, it cannot capitalise them individually, however, it may capitalise and present them as a part of the overall cost of the project.	16.16b (Q 15(b))

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	• **Depreciation**: Entities may adopt component accounting and depreciate the enabling assets as follows: - *Useful life is different*: If the components have a useful life which is different from the useful life of the PPE to which they relate, they should be depreciated separately over their useful life (which cannot exceed that of the asset to which they relate.) - *Useful life and depreciation method is same*: If the components have a useful life and depreciation method that are same as the useful life and depreciation method of the PPE, then they may be grouped with the related PPE and depreciated as a single component. - *Directly attributable costs*: Where the components have been included in the cost of PPE as a directly attributable cost, then they should be depreciated over the useful life of the PPE.	
Bulletin 12 *(Issue 1)*	**Application of revaluation model for PPE** The ITFG clarified that, when an entity has immovable properties such as land or building, it needs to evaluate whether the land and buildings that it holds are classified as an investment property or as PPE. Where the entity concludes that the land and buildings are: • **Investment property:** Only cost model can be applied for initial and subsequent measurement • **PPE:** The land and buildings are initially measured at cost. For subsequent measurement, the entity has an option to choose either the cost model or revaluation model for a class of PPE. Once the entity adopts the revaluation model, it is required to apply it to the entire class of asset. Accordingly, an entity may opt for revaluation model for a particular class of assets and cost model for another class of assets which are classified as PPE.	16.29-16.34 (Q 22(a))
Bulletin 14 *(Issue 6)*	**Retrospective application of revaluation model in PPE** Please refer clarification on retrospective application of revaluation model in PPE on transition to Ind AS and thereafter in the Ind AS 101 checklist.	16.29-16.34, Ind AS 101 (Q 22a)
Bulletin 20 *(Issue 5)*	**Different accounting policies and estimates adopted by an associate and an investor** In a scenario where different accounting policies/estimates were followed by an overseas associate Entity M and its Indian investor Entity L as follows: • Both business combinations effected by Entity M are accounted for as per pooling of interest method as ordered by the local corporate regulator, • Fixed assets of Entity M are depreciated using the straight-line method to comply with local taxation and corporate laws while Entity M uses method that reflects the pattern of consumption of the asset, • Fixed assets are depreciated over useful life prescribed by local laws in case of Entity M as against the useful life as per factors prescribed in Ind AS 16.	16.60-16-62, Ind AS 28 (Q 42)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 20 *(Issue 5)* *Contd.*	The ITFG clarified the following accounting treatment to be applied (for the preparation of special purpose financial statements for the limited purpose of application of equity method) by the Indian investor Entity L as follows: ***Business combinations*** The business combinations should be accounted for as per the principles of Ind AS 103, i.e., a transaction that meets the definition of a common control business combination from the perspective of the associate should be accounted for as per the pooling of interests method and other business combination transactions should be accounted for as per the acquisition method. ***Depreciation method(s)*** As per the requirements of Ind AS 16 the depreciation method to be applied in respect of an item of PPE should reflect the expected pattern of consumption of the future economic benefits embodied in the asset. Thus, under Ind AS 16, depreciation method is a matter of an accounting estimate, and not an accounting policy. While preparing financial statements of the associate as per Ind AS, the requirements of Ind AS 16 need to be considered in determining an appropriate depreciation method for each item of PPE (or significant part) even though the resultant method may be different from the method applied by the associate in preparing and presenting its financial statements as per applicable local laws. ***Useful lives*** Ind AS 16 contains detailed guidance regarding the factors to be considered in determining the useful life of an item of PPE (or significant part). While preparing financial statements of the associate as per Ind AS, the requirements of Ind AS 16 need to be considered in relation to determination of the useful life of each item of PPE. For further details on the above issue please refer Ind AS 28 checklist.	

Ind AS 19
Employee Benefits

For checklist, please click here

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.
- On amendment, curtailment or settlement of a defined benefit plan, a company would use updated actuarial assumptions to determine its current service cost and net interest for the period, and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in OCI.

Additional considerations

For checklist, please click here

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 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.
- **Post-retirement benefits**: CBDT noted that while expenditure on most post-retirement benefits (like provident fund, gratuity, etc.) are covered by specific provisions, there are other post-retirement benefits offered by companies (like medical benefits), that are covered by AS 15*, Employee Benefits*. In the absence of a parallel ICDS notified for such benefits, CBDT clarified that these will continue to be governed by specific provisions of the Income Tax Act, 1961, and not dealt with by ICDS X (Refer to FAQ 24).

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG) and Frequently Asked Questions (FAQs) issued by ICAI

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
FAQ on accounting for enhanced gratuity ceiling	**FAQ on accounting treatment of increase in liability due to enhancement of the gratuity ceiling** The Accounting Standards Board (ASB) of ICAI considered an issue where, as a result of enhancement of the gratuity ceiling from INR10 lakh to INR20 lakh under the Payment of Gratuity (Amendment) Act, 2018, there was a substantial increase in the liability of a company (ABC Ltd.). The ASB stated that the increased liability due to such amendment would be considered a past service cost, as defined under Ind AS 19. Further, the accounting standards do not provide any exemption/one time relief with regard to the accounting treatment of increase in liability arising on account of past service cost. Accordingly, ABC Ltd. would be required to account for such increase in liability due to increase in gratuity ceiling as an expense as per requirements of Ind AS 19.	19.103 (Q 20(b))

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

Executive summary

For checklist, please click here

- 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 either recognised at the fair value of the non-monetary asset or at a nominal amount.
- 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 a government grant when there is a 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 either to be measured at fair value or at a nominal amount.
- Government grants related to assets are presented in the balance sheet either as deferred income or by deducting the grant in arriving at the carrying amount of the asset.
- Government grants related to income are presented separately in profit or loss or as deduction from the related expense.
- Government grants that become repayable would be accounted for as a change in an accounting estimate.
- Repayment of a government grant related to income would 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 would be recognised immediately in profit or loss.
- Repayment of a grant related to an asset would be recognised by either:
  – Reducing the deferred income balance by the amount repayable, or
  – Increasing the carrying amount of the related asset, if the grant was previously deducted from the carrying amount of the asset. In this case, the cumulative additional depreciation on the new carrying amount of the asset would be recognised immediately in the statement of profit and loss.

Additional considerations

For checklist, please click here

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

- MCA amended Ind AS 20 and the amendments are effective retrospectively from 1 April 2018. Consequently, there are no significant differences in Ind AS 20 as compared with IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*.

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 all grants either to be reduced from the cost of the asset or recognised as income, 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.
- **Recognition of grant:** As per paragraph 4 of ICDS VII, *Government Grants*, government grants should not be recognised until there is reasonable assurance that:
  - The person shall comply with the conditions attached to them, and
  - The grant shall be received. However, recognition shall not be postponed beyond the date of actual receipt.

  ICDS VII mandates that initial recognition of grants cannot be postponed beyond the date of actual receipt even if all the recognition criteria are not met.

  The Central Board of Direct Taxes (CBDT) on 23 March 2017 issued clarifications in the form of Frequently Asked Questions (FAQs) on issues relating to the application of ICDS. Issue 17 of this FAQ clarifies that government grants received prior to 1 April 2016 shall be deemed to have been recognised on their receipt in accordance with ICDS VII, and accordingly, will be outside the transitional provisions. Therefore, the CBDT clarified the following:
  - *Recognition of grants received after 1 April 2016:* Government grants which are received on or after 1 April 2016 and for which recognition criteria provided in paragraph 5 to 9 of ICDS VII are also satisfied, shall be recognised as per the provisions of ICDS VII.
  - *Recognition of grants received before 1 April 2016:* Government grants which have been received prior to 1 April 2016 shall continue to be governed by the law prevailing prior to that date. (Refer FAQ on ICDS)

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 9 *(Issue 3)*	**Treatment of government grant in the case of a government company** The ITFG clarified that when a government company receives a contribution from the government before the date of transition to Ind AS, it should determine whether the amount received is in the nature of a government grant or shareholder's contribution. The following would be the accounting treatment in the two scenarios: • **In case the entity concludes that the contribution is in the nature of a government grant**: The entity should apply the principles of Ind AS 20 retrospectively. Ind AS 20 requires all grants to be recognised as income on a systematic basis over the periods in which the entity recognises as expenses the related costs, which the grants are intended to compensate. Ind AS 20 requires the grant to be classified either as a capital or an income grant and does not permit recognition of government grants in the nature of promoter's contribution directly in shareholders' funds. • **In case the entity concludes that the contribution is in the nature of shareholders' contribution**: Ind AS 20 would not apply to such a transaction, since it specifically scopes out the participation by the government in the ownership of an entity. Thus, in accordance with Ind AS 101, *First-time Adoption of Indian Accounting Standards*, the entity is required to reclassify the contribution received, from capital reserve to an appropriate category under 'other equity' at the date of transition to Ind AS. The ITFG clarified that the same principles as mentioned above would apply for contributions received by an entity subsequent to the transition date.	20.12, 20.2 (Q 6, Q 1(c))
Bulletin 11 *(Issue 5)* Bulletin 17 *(Issue 3)*	**Accounting for export benefits under a scheme of the Government of India (including Export Promotion Capital Goods (EPCG) scheme)** Companies are exempt from payment of taxes and duties levied by the government (such as exemptions received by SEZ/STP from payment of taxes and duties on import/export of goods upon fulfilment of certain conditions. The ITFG clarified that the exemption of customs duty under the EPCG scheme) is a government grant and should be accounted for as per the provisions of Ind AS 20. An entity would need to exercise judgement and carefully examine the facts, objective and conditions attached to the scheme to determine whether the grant is related to an 'asset' or to 'income'. The entity should ascertain the purpose of the grant and the costs which it intends to compensate in light of the guidance provided in Ind AS 20.	20.24, 20.26, 20.29, 20.12 (Q 12(a), Q 13, Q 15, Q 6)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	Accounting for export benefits under a scheme of the Government of India (including Export Promotion Capital Goods (EPCG) scheme) (cont.) Based on this analysis, under an EPCG scheme, the grant (exemption from payment of customs duty) would be recognised as follows: • **Export of goods is primary condition:** If the grant received is to compensate the import cost of assets and is subject to an export obligation as prescribed in the EPCG scheme, then the recognition of the grant would be linked to fulfilment of the associated export obligations. • **Export of goods is subsidiary condition:** If the grant received is to compensate the import cost of the asset, and it can be reasonably concluded that conditions relating to export of goods are subsidiary conditions, then it is appropriate to recognise such grants in profit or loss over the life of the underlying asset.	
Bulletin 15 *(Issue 3)*	**Classification of incentives receivable from government as financial assets** For discussion on whether incentives receivable form government would be classified as financial assets, refer ITFG clarification under Ind AS 109, *Financial Instruments.*	20.9, Ind AS 109 (Q 3)
Bulletin 17 *(Issue 1)*	**Accounting for government grants on amendments to Ind AS 20** X Ltd. received certain land prior to transition to Ind AS, from the government (as a government grant) free of cost subject to compliance with specified terms and conditions, and in accordance with the erstwhile AS 12, *Accounting for Government Grants*, the land was recorded at a nominal value of INR1. The ITFG considered the accounting for the government grant under two scenarios for Financial Year (FY) 2018-19, the year in which there was an amendment to Ind AS 20, permitting non-monetary government grants to be either accounted at fair value of the non-monetary asset or at a nominal amount: **a) X Ltd. is a first-time adopter of Ind AS in FY 2018-19** Ind AS 101 states that an entity is required to use the same accounting policies in its opening Ind AS balance sheet and throughout all periods presented in its first Ind AS financial statements. Those accounting policies would comply with each Ind AS effective at the end of its first Ind AS reporting period. Generally, those accounting policies are applied on a retrospective basis. Accordingly, X Ltd. is required to apply the amended Ind AS 20 for all periods presented in its financial statements for 2018-19, including in preparing its opening Ind AS balance sheet as at 1 April 2017.	20.18, 20.23 (Q 8), (Q 11(b))

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 17 *(Issue 1)*	**Accounting for government grants on amendments to Ind AS 20 (cont.)** Additionally, under Ind AS 101, there is no mandatory exception or voluntary exemption from retrospective application of Ind AS 20. Consequently, X Ltd. is required to apply the requirements of Ind AS 20, retrospectively at the date of transition to Ind AS (and consequently in subsequent accounting periods). **b) X Ltd. already adopted Ind AS prior to financial year 2018-19** As X Ltd. transitioned to Ind AS a few years back, it is following an accounting policy of recognising government grant and the related asset at fair value (as required by the pre-amended Ind AS 20). In accordance with Ind AS 8, an entity would 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 about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows. Considering that the amended Ind AS 20 provides entities with an accounting policy choice between recognising the grant and the asset initially either at fair value or at a nominal amount, X Ltd. is not required to change the accounting policy relating to the grant as applied by it in preparing its financial statements for the previous FY. However, X Ltd. is permitted to change its accounting policy voluntarily. In order to make a voluntary change in an accounting policy, Ind AS 8 requires the information resulting from application of the changed accounting policy to be reliable and 'more relevant'. Accordingly, X Ltd. should evaluate whether a change in the accounting policy results in reliable and more relevant financial information, which is a matter of assessment based on the particular facts and circumstances of each case. Further, where such a voluntary change in the accounting policy is made, X Ltd. would be required to disclose, *inter alia*, the reasons why applying the new accounting policy provides reliable and more relevant information.	

Ind AS 21
The Effects of Changes in Foreign Exchange Rates

For checklist, please click here

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.
- The entity needs to determine its functional currency based on the primary economic environment in which it operates. The primary economic environment is normally the one in which the entity primarily generates and expends cash.
- While determining the functional currency of its Foreign Operation (FO), the entity needs to consider certain additional factors, including the degree of autonomy with which the FO operates, the significance of the transactions and cash flows of the FO to the entity and the dependability of FO on the entity for servicing its debts.
- 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 recognized 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 the statement of profit and loss.

- 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.

Additional considerations

For checklist, please click here

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

- There are no specific requirements in the 2013 Act relating to foreign currency transactions.

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. Further, a non-monetary item being inventory which is carried at net realisable value denominated in a foreign currency should be reported using the exchange rate that existed when such value was determined.
- **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 foreign operation:** Financial statements of foreign operations shall be translated using the principles and procedures specified for foreign currency transactions considering as if the transaction of the foreign operation had been those of the entity itself.

- **Forward exchange contracts:** These are in scope of ICDS but are out of the scope of Ind AS 21 and are treated as per Ind AS 109. However, derivatives which are not in the scope of ICDS VI would be governed by provisions of ICDS I (Refer FAQ on ICDS).
- **Change in functional currency**: Not covered under ICDS, however the entity should 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.
- **Recognition of opening FCTR balance:** Revised ICDS removes the requirement to classify a foreign operation into an integral or non-integral operation. Therefore, Foreign Currency Translation Reserve (FCTR) balance as on 1 April 2016 pertaining to exchange differences on monetary items for non-integral operations, should be recognised in the Previous Year 2016-17 to the extent not recognised in the income computation in the past (Refer FAQ on ICDS).

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG) and Frequently Asked Questions (FAQs) issued by ICAI

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 3 *(Issue 3)*	**Functional currency** The ITFG clarified that functional currency should be identified at the entity level, considering the economic environment in which the entity operates, and not at the level of a business or a division.	21.8, 21.9 to 21.14 (Q 16(a))
Bulletin 7 *(Issue 2)*	**Determination of presentation currency for Consolidated Financial Statement (CFS)** Entities within a group may have different functional currencies. The ITFG clarified that Ind AS permits an entity to use a presentation currency for reporting its financial statements that is different from its functional currency. Therefore, an entity may present its stand-alone and CFS in any currency by applying the translation procedures from functional to presentation currency for itself and its group entities.	21.38 (Q 18(b))
Bulletin 20 *(Issue 1)*	**Disclosure of foreign exchange differences separately from other fair value changes** In a scenario discussed at ITFG, an entity, P Ltd. holds an investment in debentures[18] denominated in a foreign currency. These debentures are measured at fair value through profit or loss in accordance with Ind AS 109, and the functional currency of P Ltd. is INR. ITFG considered the issue whether the foreign exchange difference is required to be presented separately from other fair value changes in the statement of profit and loss. Ind AS 109 does not contain any requirement for separation of change in fair value of a foreign-currency denominated financial asset measured at FVTPL into the two constituent parts (i.e., change in fair value expressed in terms of foreign currency and change in exchange rate).	21.52 (Q 33)

[18] This investment is not designated as a hedging instrument in a cash flow hedge of an exposure to changes in foreign currency rates. Accordingly, ITFG was of the view that it would not be covered within the exceptions to the general principle enunciated in Ind AS 109 but would be measured at fair value through profit or loss.

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	Ind AS 109 does not contain any requirement for separation of change in fair value of a foreign-currency denominated financial asset measured at FVTPL into the two constituent parts (i.e., change in fair value expressed in terms of foreign currency and change in exchange rate). In the given case, ITFG clarified that P Ltd. is not required to present change in fair value of the investment in debentures on account of change in relevant foreign exchange rate separately from other changes in the fair value of the investment.	

Ind AS 23
Borrowing Costs

For checklist, please click here

Executive summary

- Indian Accounting Standard (Ind AS) 23, *Borrowing Costs* 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*
  - Interest in respect of lease liabilities recognised in accordance with Ind AS 116, *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.
- While computing the capitalisation rate for funds borrowed generally, an entity should exclude borrowing costs applicable to borrowings made specifically for obtaining a qualifying asset, only until the asset is ready for its intended use or sale. Borrowing costs related to specific borrowings that remain outstanding after the related qualifying asset is ready for intended use or for sale would subsequently be considered as part of the general borrowing costs of the entity.
- Capitalisation ceases when the activities necessary to prepare the asset for its intended use or sale are substantially complete.

Additional considerations

For checklist, please click here

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

- There are no specific requirements in the 2013 Act relating to this standard.

Significant carve-in 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:
  - 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
  - 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 key requirements of the Income Computation and Disclosure Standards (ICDS)

ICDS IX, Borrowing costs

- **Definition of borrowing costs:** ICDS IX, *Borrowing Costs* defines borrowing costs as the interest and other costs incurred by a person in connection with the borrowing of funds and includes commitment charges on borrowings, amortised amount of discounts or premiums relating to borrowings, amortised amount of ancillary costs incurred for arrangement of borrowings and finance charges in respect of assets acquired under finance leases or under other similar arrangements. It has been clarified that the borrowing cost definition is an inclusive definition and accordingly, the definition would include bill discounting charges and other similar charges (Refer Q21 of FAQ on ICDS).
- **Eligible 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, these do not qualify as borrowing costs under ICDS and accordingly are not eligible for capitalisation in the cost of a qualifying asset.
- Certain borrowing costs could be disallowed under Section 14A, 43B, 40(a)(i), 40(a)(ia), 40A(2)(b), etc. of the Income Tax Act, 1961 (IT Act). It has been clarified that the borrowing costs to be considered for capitalisation under ICDS IX should exclude those borrowing costs which are disallowed under specific provisions of the IT Act. Capitalisation should apply to that portion of the borrowing cost which is otherwise allowable as deduction under the IT Act (Refer Q20 of FAQ on ICDS).
- **Qualifying asset**: ICDS defines a qualifying asset as an asset that necessarily requires a period of 12 months or more for its acquisition, construction or production. However, unlike ICDS, Ind AS 23 defines a qualifying asset as an asset that necessarily takes a substantial period of time to get ready and does not have a bright line of 12 months or more.

- **Cost of specific borrowings**: For the purpose of capitalisation of borrowing costs, income from temporary investment of specific borrowings is not reduced from the amount of borrowing costs incurred. Rather, this is 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 to 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). The general borrowing cost computed in accordance with the given method should be allocated on asset-by-asset basis for the purpose of capitalisation (Refer Q22 of FAQ on ICDS).
- **Commencement of capitalisation**: In case of specific borrowings, capitalisation of borrowing cost commences from the 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.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

ITFG Bulletin	Clarification provided	Ind AS ref. (Q ref)
Bulletin 19 *(Issue 4)*	**Application of capitalisation rate for assets acquired under business combination** In a scenario ABC Ltd. has Capital Work in Progress (CWIP) of INR100,000 which met the definition of a 'qualifying asset' and was capitalised using capitalisation rate for general borrowings. PQR Ltd., an unrelated independent entity acquired ABC Ltd. for cash consideration. ITFG considered and clarified the accounting treatment of borrowing costs in the following two situations: *Scenario I: ABC Ltd. is merged into PQR Ltd.* ITFG clarified that where ABC Ltd. is merged into PQR Ltd. and merger meets the definition of a 'business combination' as per Ind AS 103, *Business Combinations*, the CWIP would appear as an asset in the separate and consequently, in the consolidated financial statements of PQR Ltd. At the time of merger, PQR Ltd. needs to make a fresh and independent assessment as to whether the CWIP meets the definition of a qualifying asset from its perspective. In the given case, PQR Ltd. made an independent assessment and asserted that the CWIP still meets the definition of a qualifying asset and attributed an amount of INR120,000 as consideration towards purchase of the CWIP as part of purchase price. The value of CWIP and timing of incurrence of the aforesaid expenditure should be determined from the perspective of PQR Ltd. and not from the perspective of ABC Ltd. Consequently, in separate and consolidated financial statements of PQR Ltd., INR120,000 would represent the expenditure incurred by PQR Ltd. on the CWIP and for purposes of applying the requirements of Ind AS 23 relating to capitalisation of borrowing costs. *Scenario II: ABC Ltd. is not merged into PQR Ltd.* Where PQR Ltd. acquires 100 per cent shares and consequently control of ABC Ltd. which continues to remain in existence, PQR Ltd.'s consolidated financial statements would include the CWIP as an asset but not its separate financial statements. For the purpose of consolidated financial statements. The determination of whether an asset meets the definition of a 'qualifying asset' and the amount of expenditure incurred thereon would be made from the perspective of the group rather than from the perspective of the subsidiary which owns or holds the CWIP.	23.5, 23.7, Ind AS 103 (Q 2)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	In the issue under consideration, the group has incurred an expenditure of INR120,000 to acquire the CWIP from a party outside the group. For the purpose of applying the requirements of Ind AS 23 relating to capitalisation of borrowing costs at the group level, determine that the CWIP meets the definition of 'qualifying asset' from the group's perspective and the amount of expenditure on the CWIP would be considered to be INR120,000. While the separate financial statements of PQR Ltd. would include the investment in ABC Ltd. rather than individual assets and liabilities of ABC Ltd. As investment is a financial asset, borrowing costs cannot be capitalised as part of carrying amount as per the requirements of Ind AS 23 which specifically provides that financial assets are not qualifying assets. (For further clarification, please refer Ind AS 103 checklist)	
Bulletin 13 *(Issue 1)*	**Capitalisation of Dividend Distribution Tax (DDT) as borrowing costs** The ITFG clarified that if preference shares are classified as liability in accordance with Ind AS 32, *Financial Instruments: Presentation*, and resulting dividend treated as interest, DDT on such dividend would be in the nature of a borrowing cost eligible for capitalisation, subject to the requirements of Ind AS 23. DDT is in the nature of an incremental cost incurred in relation to obtaining funds for qualifying assets and should be capitalised with interest. Additionally, if the requirements of Ind AS 23 for capitalisation are met, then such DDT would form part of the Effective Interest Rate (EIR) to compute the interest expense to be capitalised to the cost of the qualifying asset.	23.6 (Q 4)
Bulletin 14 *(Issue 1)*	**Capitalisation of processing charges to the cost of the qualifying asset** The ITFG clarified that loan processing fees are an integral part of Effective Interest Rate (EIR) of a financial instrument and should be included while calculating the EIR. In addition, processing charges could be capitalised to the cost of a qualifying asset only to the extent amortised during the period of capitalisation.	23.6, 23.8, 23.10 (Q 4, Q 6a)
Bulletin 18 *(Issue 1)*	**Exemption under paragraph D13AA of Ind AS 101 vis- a- vis borrowing costs under Ind AS 23** In a case where a company with financial year 2018-19 as the first Ind AS reporting period has applied the accounting treatment laid down by paragraph 46A in its financial statements for the financial year 2017-18, it would continue to apply the same accounting policy upon transition to Ind AS. In this regard, ITFG also noted that a company applying paragraph 46A is required to apply the said paragraph (and not AS 16, Borrowing Costs) to those exchange differences relating to long-term foreign currency monetary items also that otherwise qualify as being in the nature of adjustments to interest cost within the meaning of paragraph 4(e) of AS 16. The ITFG has clarified that a company which wishes to avail of the exemption provided by paragraph D13AA of Ind AS 101 is not permitted to apply paragraph 6 (e) of Ind AS 23 to that part of exchange differences on such long-term foreign currency monetary items.	23.6 (Q 4(c))

Ind AS 24
Related Party Disclosures

Executive summary

For checklist, please click here

- 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.

Additional considerations

For checklist, please click here

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.
- The 2013 Act and the Rules thereunder require prior approval of shareholders through an ordinary resolution for certain related party transactions that are neither in the ordinary course of business nor on an arm's length basis. Approval is required for the following types of transactions, in excess of the limits specified in the table below:

Transaction	Limits
Sale, purchase or supply of goods (directly or through an agent)	10 per cent or more of turnover or INR1 billion, whichever is lower
Buying, selling or disposing off property of any kind (directly or through an agent)	10 per cent or more of net worth or INR1 billion, whichever is lower
Leasing of property	10 per cent or more of net worth, 10 per cent or more of turnover or INR1 billion, whichever is lower
Availing or rendering of any service (directly or through an agent)	10 per cent or more of turnover or INR500 million, whichever is lower
Appointment to any office or place of profit in the company, subsidiary of associate	Remuneration exceeding INR0.25 million per month
Underwriting the subscription of any securities or derivatives of the company	Remuneration exceeding one per cent of net worth.

Exemptions to private companies

- For private companies, that are small companies, instead of disclosing remuneration of directors and Key Management Personnel (KMP) in their annual return, they are required to disclose the aggregate remuneration drawn by directors.
- Private companies are exempt from considering body corporates which are their holding company, subsidiaries, associates, fellow subsidiaries, investing companies or venturers as related parties under Section 188 of the 2013 Act. Accordingly, private companies entering into transactions with such companies are not required to obtain the Board of Directors' or shareholders' approval for such transactions.

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.
- In Ind AS 24, the definition of 'close members of the family of a person' has been amended to include brother, sister, father and mother in the category of family members who may be expected to influence or be influenced.

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.

Some of the key requirements of the Securities Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)

- Regulation 23 of the Listing Regulations require listed entities to seek prior approval of the audit committee for all Related Party Transactions (RPTs). Audit committees may grant an omnibus approval for a period up to one year if specified conditions are met. Additionally, all material RPTs are required to be approved by the shareholders through an ordinary resolution, with related parties abstaining from voting on such resolutions.
- Additionally, clause (1A) of above Regulation 23 clarifies that a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.
- On 9 November 2021, SEBI has issued certain amendments to the provisions relating to related party framework under the Listing Regulations. Consequent disclosure obligations have been laid down in a separate circular dated 22 November 2021. Key amendments are as follows:
  - *Definition of a related party:* The definition of a related party has been amended and would include:
    a. A 'related party' as defined under Section 2(76) of the 2013 Act and the applicable accounting standards or Ind AS,
    b. Any person or entity forming a part of the 'promoter' or promoter group' of the listed entity (effective from 1 April 2022)
    c. Any person or any entity, holding equity shares in the listed entity either directly or on a beneficial interest basis as prescribed under Section 89 of the 2013 Act at any time during the immediately preceding financial year:
       - of 20 per cent or more, or (effective from 1 April 2022)
       - of 10 per cent or more (effective from 1 April 2023).
  - *Definition of a RPT:* The definition of a RPT has been amended to include transaction between:
    a. A listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand (effective from 1 April 2022)
    b. A listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries (effective from 1 April 2023).
  - *Approval of shareholders for material RPTs:* Prior approval of the shareholders of the listed entity shall be required for all material RPTs and subsequent material modifications of such transactions (effective from 1 April 2022).
  - *Materiality threshold:* In accordance with the revised definition of materiality, an RPT would be considered material, if the transaction entered into individually or taken together with previous transactions during a financial year, exceeds INR1,000 crore or 10 per cent of the consolidated annual turnover of the listed entity as per last audited financial statements, whichever is lower (effective from 1 April 2022).
  - *Approval of an audit committee:* Approval of the audit committee shall be required for:
    a. All RPTs and subsequent material modifications as defined by the audit committee (effective from 1 April 2022)
    b. A RPT to which the subsidiary of a listed entity is a party but the listed entity is not a party if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds threshold of:
       - 10 per cent of the annual consolidated turnover in accordance with the last audited financial statements of the listed entity (effective from 1 April 2022)
       - 10 per cent of the annual standalone turnover in accordance with the last audited financial statements of the subsidiary (effective from 1 April 2023).

Some of the key requirements of the Listing Regulations (cont.)

– *Information to be reviewed by the audit committee for approval of RPTs:* The listed entity shall, *inter alia,* provide the following information, for review of the audit committee for approval of a proposed RPT:

a. Type, material terms and particulars of the proposed transaction

b. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise)

c. Tenure of the proposed transaction (particular tenure shall be specified)

d. Value of the proposed transaction

e. Justification as to why the RPT is in the interest of the listed entity.

– *Enhanced disclosures:* Listed entities will be required to provide RPT disclosures under Regulation 23(9) of the Listing Regulations every six months in the format specified by SEBI (vide circular dated 22 November 2021) within the following timelines:

a. Within 15 days from the date of publication of the standalone and consolidated financial results (effective 1 April 2022)

b. On the date of publication of its standalone and consolidated financial results (effective 1 April 2023.

For a detailed overview of the amendments, please refer KPMG in India's First Notes on '*SEBI notified amendments to related party transactions'* dated 24 December 2021.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 11 *(Issue 9)*	**Disclosure of sitting fees paid to independent and non-executive directors** Ind AS 24 defines KMP as persons who have the direct or indirect authority and responsibility for planning, directing and controlling the activities of the entity, and include all directors of an entity. In view of this, ITFG reiterated that independent and non-executive directors are also covered under the definition of KMP under Ind AS. It clarified that in accordance with paragraphs 7 and 9 of Ind AS 19, *Employee Benefits*, sitting fees paid to directors would fall under the definition of 'short-term employee benefits' and are required to be disclosed as a part of the KMP's compensation.	24.9, 24.17 (Q 3e(iii), Q 9e)
Bulletin 13 *(Issue 2)* Bulletin 16 *(Issue 1)*	**Accounting for financial guarantees** The ITFG provided clarification on disclosures required to be provided by: • A company that has received a financial guarantee from its director, and • A company that has provided a financial guarantee to a bank in respect of a loan obtained by its parent. For further discussion on these topics, please refer clarifications in Ind AS 109 checklist.	24.18, Ind AS 109 (Q 11a)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 17 *(Issue 6)*	**Disclosures related to related party transactions** The ITFG clarified that where a public utility company (S Ltd.) provides goods/services (such as supplying electricity) to its parent (P Ltd.), there is a dual relationship between S Ltd. and P Ltd. - as a supplier and consumer and as subsidiary and holding company. The subsidiary and holding company relationship is covered within the related party relationships to which the disclosure requirements of Ind AS 24 would apply. Therefore, the supply of electricity by S Ltd. to P Ltd. is a related party transaction that attracts the disclosure requirements contained in Ind AS 24. This would be notwithstanding the fact that P Ltd. is charged the electricity tariffs determined by an independent rate-setting authority (i.e., the terms of supply to P Ltd. are at par with those applicable to other consumers). This is because Ind AS 24 does not exempt an entity from disclosing related party transactions merely because they have been carried out at an arm's length basis.	24.9a, 24.11 (Q 3(a)), (Q 4e)
Bulletin 22 *(Issue 7)*	**Presentation and accounting treatment of waiver of interest on the loan taken** An entity A has an outstanding loan as at the year end 2018-19 in its Ind AS financial statements. The outstanding loan (repayable on demand and not related to qualifying assets) was taken from one of its directors during the year 2015-16. In previous years, the interest was charged and paid to the directors. However, in respect of interest on the loan for the year, 2018-19, a waiver was obtained from the director without amendment of the loan agreement. ITFG noted that A is contractually obligated to pay interest on the loan obtained from the director but the same has been waived off in the current year. ITFG clarified that in order to achieve fair presentation, appropriate accounting treatment would be to recognise contractual obligation for payment of interest as well as the waiver thereof. Thus, A would be required to account for the following items: • Recognise interest as an item of expense • Waiver of interest as an item of income. Further, the same would also require to be disclosed as related party transactions. (It was assumed that the director is not a shareholder and is not compensated through remuneration for the interest waived).	24.18, Ind AS 1 (Q 11(a))

Ind AS 27
Separate Financial Statements

For checklist, please click here

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 (SFS). Alternatively, SFS may be prepared in addition to consolidated or individual financial statements.

New Development

- In August 2020, the Accounting Standards Board (ASB) of ICAI has issued a revised Conceptual Framework for Financial Reporting under Ind AS (Conceptual Framework). The Conceptual Framework has been revised basis the revised conceptual framework[19] issued by the International Accounting Standards Board (IASB).
- The Conceptual Framework introduces some new concepts and related clarifications along with revision in definitions and changes in recognition criteria of assets and liabilities under Ind AS. On 18 June 2021, MCA issued the Companies (Indian Accounting Standards) Amendment Rules, 2021 which notified certain amendments to Ind AS including minor amendments to Ind AS 27.

[19] The *Conceptual Framework for Financial Reporting* sets out the fundamental concepts for financial reporting that guide the International Accounting Standards Board (IASB) in developing IFRS Standards. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors.

Additional considerations

For checklist, please click here

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 except in certain circumstances which are similar to the conditions under Ind AS 110. Accordingly, a company would be able to avail of the exemption from preparation of consolidated financial statements only in specific situations.
- This exemption is not available to the partially-owned companies or wholly-owned subsidiaries of foreign companies in India.

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 ICDS relating to this standard.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	Clarifications with respect to application of the deemed cost exemption	
Bulletin 3 *(Issue 12)*	**Deemed cost of an investment in a subsidiary** Please refer clarification on deemed cost of an investment in a subsidiary in the separate financial statements of an entity, provided in Ind AS 101 checklist.	27.10, Ind AS 101 (Q 1)
Bulletin 5 *(Issue 8)*	**Accounting for share in profit of LLP considered as a joint venture** A company with joint control over a Limited Liability Partnership (LLP), which is assessed as a joint venture, should account for its investment in the joint venture in its separate financial statements as per paragraph 10 of Ind AS 27, i.e., either at cost or in accordance with Ind AS 109. In this context, ITFG clarified that the amount of profit share from such LLP should not be adjusted in the carrying amount of the investment in the LLP in the entity's separate financial statements. Rather, it should be recognised as income in the statement of profit and loss as and when the right to receive the profit share is established.	27.10 (Q 1)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 7 *(Issue 8)*	**Investment in debentures of a subsidiary company** The ITFG clarified that a parent entity which has invested in the debentures of its subsidiary, should measure this investment in accordance with either Ind AS 27 or Ind AS 109, based on the classification of the debentures as an equity or liability instrument by the subsidiary. If the debentures meet the definition of an equity instrument of the subsidiary, as per Ind AS 32, *Financial Instruments: Presentation,* then these would be considered to be a part of the parent's investment in the subsidiary and accounted for under Ind AS 27. However, if they meet the definition of a financial liability of the subsidiary, the parent entity would classify the debentures as a financial asset and account for them under Ind AS 109.	27.10 (Q 1)
Bulletin 11 *(Issue 4)*	**Measurement of investments in subsidiaries, joint ventures and associates at the end of the first Ind AS financial reporting period** Please refer clarification on measurement of investments in subsidiaries, joint ventures and associates at the end of the first Ind AS financial reporting period provided in Ind AS 101.	27.10, Ind AS 101 (Q 1)
Bulletin 16 *(Issue 1)*	**Accounting for financial guarantee by issuer and beneficiary** For further clarification on accounting for financial guarantees by issuer and beneficiary in their separate financial statements, please refer clarification provided in Ind AS 109.	27.10, Ind AS 109 (Q 1)
Bulletin 20 *(Issue 4)*	**Demerger of business divisions between unrelated companies within the same group** The ITFG considered a situation where a company (X Ltd.) had invested in two operating companies (A Ltd. and B Ltd.), such that both the companies were its associates, but were not under common control within the meaning of Ind AS. X Ltd. carries its investments in associates at cost in its separate financial statements. As part of a proposed transaction, A Ltd. would demerge an identified business undertaking (representing one or more business divisions), which would vest in B Ltd. As a result, A Ltd. would continue to survive as a separate legal entity with some of its other business divisions. The consideration for the demerger would be determined on the basis of the fair value of the underlying business and would be issued in the form of fresh shares of B Ltd. to all shareholders of A Ltd. (including to X Ltd.). The query related to the accounting treatment of a demerger in the separate financial statements of X Ltd., which measures investments in associates at cost. The ITFG noted that the two principal issues to be determined in the present case were: • What amount should be derecognised (to give accounting effect of the potential reduction in value of shares held in A Ltd. due to transfer of its business division), and • What amount should be recognised (to give effect to the accounting treatment for the receipt of additional shares of B Ltd. pursuant to the demerger)?	27.10 (Q 1)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	Amount to be derecognised Prior to demerger, X Ltd.'s investment in the shares of A Ltd. represented its interest in both the demerged business undertaking as well as other businesses, whereas post demerger, it was represented only by its interest in businesses retained by A Ltd. Although X Ltd. did not pay any explicit consideration for the shares allotted to it in B Ltd. as part of the demerger scheme, there is an implicit cost associated with them to the extent of reduction of its interest in A Ltd. Currently, Ind AS does not deal specifically with this kind of issue, i.e., how the amount to be derecognised should be determined. Thus, reference should be made to Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. Ind AS 8, *inter alia,* states that in the absence of an Ind AS that specifically applies to a transaction, event or condition, judgement should be applied in developing and applying an accounting policy that provides relevant and reliable information to the users of the financial statements. While applying such judgement, entities should consider the requirements in Ind AS dealing with similar and related issues and guidelines prescribed in the Conceptual Framework. In view of the above, ITFG drew analogy from: • Paragraph 2(b) of Ind AS 103, *Business Combinations* which states that the Ind AS 103 does not apply to the acquisition of an asset or a group of assets that does not constitute a business. In such cases, the cost of the assets purchased should be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. • Principles of Ind AS 115, *Revenue from Contracts with Customers*, which require use of standalone selling prices to allocate the transaction price to each performance obligation identified in a customer contract. In accordance with the above, the carrying amount of X Ltd.'s investment in A Ltd. would be split between the demerged business undertaking and business retained by A Ltd. on the basis of the relative fair values of the two. On demerger, the portion of carrying amount allocated to the demerged business would be derecognised. **Amount to be recognised** In the current case, X Ltd. has adopted an accounting policy of recognising investment in associates at 'cost'. Since Ind AS 27 does not define cost, the cost of additional shares in B Ltd. may be represented either by their fair value or by the (allocated) carrying amount of the investment in A Ltd., which is derecognised by X Ltd. • **Cost represented by fair value:** Where the additional shares in B Ltd. represent a new or different investment acquired in exchange for a part of investment in A Ltd., they would be measured initially at their fair value, with consequent recognition of gain or loss on derecognition of part of investment in A Ltd.	

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	However, in order to determine whether these additional shares in B Ltd. represent a new or different investment acquired in exchange for a part of investment in A Ltd., analogy may be drawn to Ind AS 16, *Property, Plant and Equipment* and Ind AS 38, *Intangible Assets,* with regard to determination of cost of property, plant and equipment or of intangible assets acquired in exchange for a non-monetary asset. As per this, the additional shares in B Ltd. may represent a new or a different investment acquired, in exchange for a part of investment in A Ltd., if the demerger results in a more than insignificant[20] change in: – The risks and rewards associated with the business undertaking transferred from A Ltd. to B Ltd. or those associated with the other businesses carried on by B Ltd. or A Ltd. and/or – In the extent of X Ltd.'s exposure to the aforesaid risk and rewards. • **Cost representing the continuance of the pre-existing investment**: In the present case, there is no 'exchange' of investments. X Ltd. continues to hold the same number and proportion of equity shares in A Ltd. after the demerger as it did before the demerger. Accordingly, in the given facts of the case, it would be an appropriate view to take that the 'cost' of the additional shares is represented by the amount derecognised by X Ltd. in respect of its investment in A Ltd. while accounting for the demerger.	

[20] An entity needs to apply its judgement to determine whether a transaction is significant.

Ind AS 28
Investments in Associates and Joint Ventures

Executive summary

For checklist, please click here

- 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 a rebuttable presumption of significant influence if an 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.
- Entities that are, or that hold investments in associates or joint ventures indirectly through 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 (FVTPL) in accordance with Ind AS 109, *Financial Instruments*. This election is required to be made on an investment-by-investment basis, at initial recognition of the associate or joint venture.
- 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 a 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.

New development

Conceptual framework for financial reporting under Ind AS

- On 18 June 2021, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards (Ind AS)) Amendments Rules, 2021 and notified amendments to certain Ind AS including minor amendments to Ind AS 28. The amendment has revised the definition of 'recoverable amount' in the standard. In accordance with the revised definition, recoverable amount shall be higher of value in use and fair value less costs of disposal (earlier costs to sell).

  Effective date: The amendment is effective from 1 April 2021.

Additional considerations

For checklist, please click here

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

- The 2013 Act permits the use of equity method of accounting.
- The 2013 Act defines significant influence as 'control of at least 20 per cent of the total voting power or control of or participation in business decisions under an agreement'. This is different from the definition of significant influence under Ind AS 28. Accordingly, for the purpose of preparing financial statements, entities are required to identify significant influence in accordance with Ind AS 28.
- Under the 2013 Act, definition of an associate company includes 'joint venture company'. While the definition of joint venture is in accordance with Ind AS 28, it doesn't define 'joint control' and 'joint arrangement', which are associated with the definition of joint venture.

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 or a joint venture 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 or a joint venture 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 ICDS relating to this standard.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 3 *(Issue 5)*	**Consider potential voting rights while assessing whether an investment meets the criteria of an associate** In a certain situation, an entity (A Ltd.) invested 26 per cent in another entity (B Ltd.) and accounted it as an associate for statutory reporting requirements under previous GAAP. Another entity (C Ltd.) owned share warrants that were convertible into equity shares of B Ltd. and had potential, if exercised, to give additional voting power to C Ltd. over the financial and operating policies of B Ltd. The ITFG clarified that the definitions given in Ind AS would be applied both for the purpose of preparing financial statements and determining the relationship with another entity. Therefore, the potential voting rights owned by C Ltd. would be considered to determine whether B Ltd. meets the criteria as an associate of C Ltd. Additionally, A Ltd. would also need to evaluate if B Ltd. meets the criteria for recognition as an associate in accordance with the principles of Ind AS.	28.7 (Q 1b)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 17 *(Issue 5)*	**Equity accounting in the CFS of investor in case of loss of control** An entity (B Ltd.), a subsidiary of another entity (A Ltd. or the parent), owned an investment property that was measured at cost in accordance with Ind AS 40, *Investment Property*. A Ltd. sold a portion of its equity shareholding in B Ltd., and consequently B Ltd. became a joint venture between A Ltd. and another entity Z Ltd. In accordance with the requirements of Ind AS 28, on application of the equity method in the Consolidated Financial Statements (CFS) of A Ltd., the identifiable assets and liabilities of the investee (i.e., B Ltd.) would be fair valued and appropriate adjustments would be made to its (i.e., A Ltd.'s) share of investee's profit or loss, such as those for depreciation/amortisation based on aforesaid fair values of identifiable assets and liabilities at an acquisition date. Ind AS 40, on the other hand, does not allow an investment property to be measured at fair value. The ITFG considered two accounting issues as following: a) **Whether there is any contradiction between Ind AS 40 and Ind AS 28** From the perspective of an investor who acquires, a controlling interest (or joint control or significant influence) in an entity, Ind AS requires the investor to identify whether it has made a bargain purchase gain or whether the consideration includes an element of payment for goodwill. This would be appropriately determined only with reference to the fair values of the identifiable assets and liabilities of the investee as at the acquisition date and not with reference to their book values as at that date. Accordingly, the relevant standard (e.g., Ind AS 28 in the case of a joint venture or an associate) requires determination of fair values of identifiable assets and liabilities of the investee for this purpose. This does not per se indicate a contradiction between Ind AS 28 (or Ind AS 110, *Consolidated Financial Statements* in case of acquisition of a controlling interest) on the one hand and the standards that require a cost-based measurement in the balance sheet of the investee on the other. Therefore, ITFG has clarified that there does not seem to be any contradiction between Ind AS 40 and Ind AS 28. b) **Whether the adjustments arising out of fair valuation of investment property as required under Ind AS 28 should be made in the CFS of the investor** In accordance with Ind AS 110, if a parent loses control of a subsidiary, it recognises any investment retained in the former subsidiary at its fair value when control is lost. Such fair value is regarded as the cost on initial recognition of an investment in a joint venture (or an associate). Further, on acquisition of the investment (or on gaining such interest), any 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 would be recognised as goodwill or directly in equity as capital reserve.	28.32 (Q 19)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	Appropriate adjustments to the entity's share of the associate's or joint venture's profit or loss after acquisition are made in order to account, for example, for depreciation of the depreciable assets based on their fair values at the acquisition date. Similarly, appropriate adjustments to the entity's share of the associate's or joint venture's profit or loss after acquisition are made for impairment losses such as for goodwill or property, plant and equipment. The fair value of identifiable assets and liabilities are considered to be the cost of the assets and liabilities for the investor to the extent of its share in the investee. Accordingly, appropriate adjustments arising out of fair valuation of assets/liabilities impacting profit or loss would be made in the CFS of the investor.	
	Different accounting periods and policies	
Bulletin 20 *(Issue 5)*	**Different policies and estimates adopted by an associate and an investor** Ind AS 28 is to be applied by all the entities where investors have joint control of or significant influence over, an investee. The standard prescribes the requirements for the application of the equity method when accounting for investments in associates and joint ventures. In a given case, an Entity L has an overseas associate Entity M. Subsequently, Entity M undertakes two business combinations, one of these being under common control business combination. Entity M prepares its annual financial statements by following its local GAAP and laws. The local GAAP and laws followed by Entity M has difference in certain accounting policies/estimates as compared to Ind ASs used by Entity L. The differences are as follows: • Both business combinations effected by Entity M are accounted for as per pooling of interest method as ordered by the local corporate regulator. • Fixed assets of Entity M are depreciated using the straight-line method to comply with local taxation and corporate laws while Entity L uses method that reflects the pattern of consumption of the asset. • Fixed assets are depreciated over useful life prescribed by local laws rather than over useful life as per factors prescribed in Ind AS 16. An issue arose as to how should the difference of accounting policies/ estimates of Entity M will be dealt while applying equity method by Entity L. As per Ind AS 28, the equity method requires entities to prepare its financial statements using uniform accounting policies for like transactions and events in similar circumstances unless in case of an associate, it is impracticable to do so. If different accounting policies are being used for like transactions and events in similar circumstances, adjustments shall be made to make the associate's or joint venture's accounting policies conform to those of the entity (investor) for applying the equity method. In this case, ITFG clarified that considering the requirements of Ind AS 28, the associate's financial statements would need to be redrawn on the basis of Ind ASs, except to the extent the exception relating to impracticability applies.	28.35, 28.36 (Q 23(a)) (Q. 23(b))

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 20 *(Issue 5)* *Cont.*	Further, the redrawn financial statements would be special-purpose financial statements and do not replace general purpose financial statements prepared in accordance with local laws. Also, the preparation of special-purpose financial statements are for the limited purpose of application of equity method by the investor and would not tantamount to breach or non-compliance of the local laws applicable to the associate. Additionally, ITFG clarified following treatment in applying the equity method for the specific issue raised: **Business combinations** The business combinations should be accounted for as per the principles of Ind AS 103, i.e., a transaction that meets the definition of a common control business combination from the perspective of the associate should be accounted for as per the pooling of interests method and other business combination transactions should be accounted for as per the acquisition method. **Depreciation method(s)** As per the requirements of Ind AS 16 the depreciation method to be applied in respect of an item of PPE should reflect the expected pattern of consumption of the future economic benefits embodied in the asset. Thus, under Ind AS 16, depreciation method is a matter of an accounting estimate, and not an accounting policy. While preparing financial statements of the associate as per Ind ASs, the requirements of Ind AS 16 need to be considered in determining an appropriate depreciation method for each item of PPE (or significant part) even though the resultant method may be different from the method applied by the associate in preparing and presenting its financial statements as per applicable local laws. **Useful lives** Ind AS 16 contains detailed guidance regarding the factors to be considered in determining the useful life of an item of PPE (or significant part). While preparing financial statements of the associate as per Ind ASs the requirements of Ind AS 16 need to be considered in relation to determination of the useful life of each item of PPE.	

Ind AS 29
Financial Reporting in Hyperinflationary Economies

For checklist, please click here

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 terms of the measuring unit current at the end of the reporting period.
- 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.

Additional considerations

For checklist, please click here

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

- There are no specific requirements in the 2013 Act relating to 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.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

- No specific clarifications have been provided by ITFG relating to this standard.

(Source: Ind AS 29, *Financial Reporting in Hyperinflationary Economies* as issued by the Ministry of Corporate Affairs)

*Reference to Schedule III is with respect to Division II

Ind AS 32
Financial Instruments: Presentation

For checklist, please click here

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 contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. On initial recognition, financial instruments are classified 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. (Refer ITFG bulletin 15 issue 3 clarification)
- 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. (Refer ITFG bulletin 17 issue 10 clarification)
- 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. (Refer ITFG bulletin 17 issue 11 clarification)
- 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 enforceable 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.

Additional considerations

For checklist, please click here

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 or 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'.

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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 recognised 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.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG) and Frequently Asked Questions (FAQs) issued by ICAI

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 7 *(Issue 6)*	**Accrual of dividend on a financial instrument classified as a liability** Ind AS 10, *Events After the Reporting Period* states that when entities declare dividends to holders of equity instruments after the reporting period, then they should not recognise a liability for those dividends at the end of the reporting period. However, dividend/interest on financial **instruments classified as liabilities, accrues at the end of the reporting** period, irrespective of when it is paid or declared. Accordingly, entities are required to accrue dividend on such financial liabilities, even if the dividend has been declared after the reporting date. ITFG clarified that if the liability is classified and subsequently measured at amortised cost, the dividend would have to be accrued as part of interest expense based on the effective interest method.	32.35, Ind AS 10 (Q.23a and b)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 20 *(Issue 3)*	A loss-making entity (P) issued cumulative preference shares prior to transition to Ind AS. Other facts are as below: • It did not pay dividend to its preference shareholders • The accumulated arrears of cumulative preference dividend were disclosed as 'contingent liability' in the notes to the financial statements • On transition to Ind AS, the preference shares were classified as financial liability in accordance with the principles of Ind AS 32. The issue under consideration was the accounting for the accumulated arrears of preference dividend post transition to Ind AS. The ITFG clarified that preference shares that are classified in entirety as financial liability are accounted for under Ind AS 109 in the same manner as a redeemable debenture or a typical loan. This implies, *inter alia,* that the dividends on preference shares are accrued in the same manner as interest on debentures or loans. In the given situation, the preference shares would be classified as financial liability in their entirety (the covenant of their terms of issue relating to dividends would represent a contractual obligation of P to pay such dividends). Accordingly, these dividends would be accrued in the same manner as interest on debentures or loans. At the date of transition, the amortised cost of the shares (which includes unpaid dividend) would be computed retrospectively from the date of their issue using the Effective Interest Rate (EIR) method (Ind AS 101, does not provide any mandatory exception or optional exemptions for such financial instrument). While computing the amortised cost of the preference shares using the EIR method, the dividends that have accrued but not paid would be reflected in the carrying amount of the liability. In accordance with Ind AS 101, the difference between the amortised cost and the carrying amount of the preference shares as per the previous GAAP would be adjusted directly in retained earnings (or, if appropriate, another category of equity) as at the date of transition. Further, dividend for periods after the date of transition would be accrued in each period, in the same manner as interest, and if unpaid would get reflected in the amortised cost as at the end of the period.	32.15, 32.AG25,32.AG26, Ind AS 109 (Q 4)
FAQ issued by ICAI *(Revised Sep 2019)*	**Presentation of dividend and Dividend Distribution Tax (DDT) in standalone financial statements** Ind AS 32 requires the interest, dividends, losses and gains on financial instruments to be recognised either in the statement of profit and loss or in equity, based on the classification of the financial instrument. Ind AS 12, *Income Taxes* considers a scenario when an entity may be required to pay a portion of the dividends payable to shareholders, to the taxation authorities on behalf of shareholders.	32.35, 32.36, Ind AS 12 (Q.23a and b)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	In view of the above, the Accounting Standards Board (ASB) of the ICAI clarified that presentation of DDT paid on dividends should be consistent with the presentation of the transaction that created those income tax consequences. Therefore, dividend and DDT thereon should be accounted for and presented as follows : • *Financial instruments classified as debt:* Dividend on the financial instruments and DDT thereon will be charged to the statement of profit and loss, • *Financial instrument classified as equity:* Dividend on the financial instruments and DDT thereon will be recognised in equity and presented in the statement of changes in equity. • *Compound financial instrument:* Dividend or interest allocated to the debt portion of the instrument shall be charged to the profit and loss and DDT thereon will be charged to the statement of profit and loss. Dividend or interest allocated to the equity portion of the instrument and the DDT thereon will be recognised in equity.	
Bulletin 9 *(Issue 1)*	**Presentation of dividend and Dividend Distribution Tax (DDT) in Consolidated Financial Statements (CFS)** Please refer clarification on presentation of dividend and DDT in CFS, provided in Ind AS 12 checklist.	32.35, 32.36, Ind AS 12 (Q.23 a and b)
Bulletin 13 *(Issue 1)*	**Capitalisation of DDT as borrowing cost** Please refer clarification on capitalisation of DDT paid on preference shares, provided in Ind AS 23 checklist.	32.34, Ind AS 23 (Q 23a and b)
Bulletin 13 *(Issue 10)* Bulletin 15 *(Issue 1, Issue 2)* Bulletin 17 *(Issue 9)*	**Computation of financial liability in compound financial instruments** Entities are required to follow 'split accounting' for financial instruments which contain both a liability and an equity component – i.e., compound financial instruments. These components are separately classified and recognised as a financial liability and an equity component. The ITFG clarified that while measuring the liability and equity components, the entity first determines the fair value of the liability component (assuming there is no embedded derivative) by computing the present value of the contractually determined stream of future cash flows. These cash flows are discounted at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the equity component. The equity component would be measured at the residual amount, after deducting the fair value of the financial liability component from the fair value of the entire compound instrument. The ITFG clarified the measurement and presentation requirements for certain compound financial instruments as listed on the next page.	32.15, 32.28, 32.29, 32.31, 32.32 32.11(b), 32.AG31 (Q 4, Q 17, Q 18, Q 19)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	• **Compulsorily convertible debentures (convertible into fixed number of shares):** The instrument has a mandatory coupon payable at a fixed interest rate, which represents its financial liability component. Its equity component comprises the principal component of the debentures that is convertible into a fixed number of equity shares. • **Foreign Currency Convertible Bonds (FCCB) (convertible into fixed number of shares):** The liability component comprises a contractual obligation of the issuer to deliver cash to the holder (principal and interest), and the equity component comprises the holder's equity conversion option embedded in the FCCB to acquire a fixed number of entity's own equity instruments. Although the FCCB is denominated in a foreign currency, the conversion option would meet the definition of an equity instrument based on the guidance in paragraph 11(b) of Ind AS 32. • **Compulsorily Redeemable Non-Cumulative Preference Shares (RNCPS):** The liability component represents the issuer's obligation to redeem the preference shares in cash, and the equity component represents the discretionary dividend portion of the preference shares. • **Puttable optionally convertible preference shares with discretionary dividend and an embedded call option:** In case of optionally convertible preference shares with discretionary non-cumulative dividend, issued at par in the functional currency, and whose terms of issue were: – The holder of the preference shares had an option to convert them into fixed number of equity shares at maturity – If not converted, preference shares would be redeemed at par – Throughout the period of issue, the holder had an option to put the preference shares back to the issuer at its par amount. The ITFG noted that in the given case, the issuer had a contractual obligation to pay the par amount to the preference share holder at any point in time, hence, the liability component had a demand feature attached. Thus, while measuring the fair value of the liability component, reference to Ind AS 113, *Fair Value Measurement* would be required to be made. As per Ind AS 113, the fair value of a financial liability with a demand feature (e.g., a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid. Therefore, the whole of the issue price of the preference shares would be allocated to the liability component and no amount would be assigned to the equity component.	

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 14 *(Issue 7)*	**Debt-equity classification of optionally convertible preference shares** ITFG considered the accounting for a non-cumulative, optionally convertible preference share issued by a company (S) to its holding company (H). As per the terms of issue, S has the option to convert or redeem the stated preference shares. Assuming that S has an option to convert the preference shares into a fixed number of its own shares, and dividend payment is discretionary, the accounting for the instrument will be as follows: • **In the Separate Financial Statements (SFS) of S**: S has the ability to avoid making a cash payment or settling the instrument in a variable number of its own share since it has the ability to convert the instrument into a fixed number of its own shares. Assuming that the conversion right is substantive in nature, the entire instrument would be classified as equity in the SFS of S. • **In the SFS of H**: Assuming that H has not chosen to account for its investment in accordance with Ind AS 109, it would account for it at cost. • **In the Consolidated Financial Statements (CFS)**: These transactions, being intra-group transactions, would be eliminated in accordance with Ind AS 110, *Consolidated Financial Statements.*	32.16 (Q 5(b)(ii))
Bulletin 15 *(Issue 3)*	**Classification of incentives receivable from government entities as financial assets** Please refer clarification on classification of incentives receivable from government entities, provided in Ind AS 109 checklist.	32.13, Ind AS 109 (Executive Summary)
Bulletin 15 *(Issue 9)*	**Accounting for outstanding retired partner's capital balances by a partnership firm** Please refer clarification on accounting for outstanding retired partner's capital balances, provided in Ind AS 113 checklist.	32.15, Ind AS 113 (Q 4)

Bulletin 17
(Issue 10)
	Issue of rights offer
	
	An entity (X), who had issued two classes of non-puttable equity shares - Class A and Class B, made a rights offer to all holders of Class B equity shares. The terms of the right offer were:
	
	• For each equity share of Class B held, the shareholder is entitled to subscribe to 100 equity shares of Class A
	• The rights offer price was fixed at:
	  – INR60 per Class A share for Indian shareholders, and
	  – USD1 per Class A share for overseas shareholders.
	• The rights offer was valid for six months.
	
	The ITFG evaluated the terms of the rights issue as below:
	
	• The rights offer was for acquiring a fixed number of the entity's own equity instruments (i.e., for each equity share of Class B held, the shareholder was entitled to subscribe to 100 equity shares of Class A)
		32.11(b)(ii)
		(Executive Summary)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	• The right exercise price was a fixed amount - i.e., INR60 per share for Indian shareholders and USD1 per share for overseas shareholders • Entity X had made the rights offer to all the existing shareholders of Class B equity shares pro-rata to their holding of Class B equity shares. Since all the conditions for equity classification were met, ITFG concluded, that the rights offer to Class B shareholders to acquire Class A shares should be classified as an equity instrument.	
Bulletin 17 *(Issue 11)*	**Preference shares issued in foreign currency** The ITFG noted that as a general principle, a derivative is a financial liability if it 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. The term 'fixed amount of cash' referred to an amount of cash fixed in the functional currency of the reporting entity. Since an amount fixed in a foreign currency has the potential to vary in terms of functional currency of the reporting entity due to exchange rate fluctuations, it does not represent a 'fixed amount of cash'. However, as an exception, Ind AS 32 regards an equity conversion option embedded in a convertible bond denominated in a foreign currency to acquire a fixed number of the entity's own equity instruments to be an equity instrument if the exercise price was fixed in *any* currency (i.e., functional or foreign currency). Ind AS 32 made the aforementioned exception only in the case of an equity conversion option embedded in a convertible bond denominated in a foreign currency, even though it explicitly recognised at several other places that other instruments could also contain equity conversion options. Given this position, it does not seem that the above exception could be extended by analogy to equity conversion options embedded in other types of financial instruments denominated in a foreign currency such as preference shares.	32.11(b)(ii) (Executive Summary)

Ind AS 33
Earnings Per Share

For checklist, please click here

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 110, *Consolidated Financial Statements* and Ind AS 27, *Separate Financial Statements* respectively, 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 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 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.

Additional considerations

For checklist, please click here

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

- There are no specific requirements in the 2013 Act relating to this standard.

Significant carve-outs from IFRS

Ind AS 33 does not provide any carve-outs from the requirements of IAS 33, *Earnings per Share*. 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 EPS (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 EPS. There is no corresponding requirement in IAS 33.

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.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
Bulletin 10 *(Issue 5)*	**Exemption under paragraph D13AA of Ind AS 101** An entity may avail the option to continue capitalisation of foreign exchange gains or losses on long-term foreign currency monetary items recognised prior to the first Ind AS financial reporting period in accordance with paragraph 46/46A of AS 11, *The Effects of Changes in Foreign Exchange Rates*, and accumulate such changes in the Foreign Currency Monetary Item Translation Difference Account (FCMITDA). The ITFG clarified that accumulation of exchange differences arising from long-term foreign currency monetary items in FCMITDA is permitted under the optional exemption available under paragraph 13 of Ind AS 101, *First-time Adoption of Indian Accounting Standards*. Therefore, such amounts are not required to be reduced from/added to profit or loss from continuing operations for the purpose of computing basic EPS.	33.12 (Q 2)
Bulletin 11 *(Issue 3)*	**Calculation of EPS by a partly owned subsidiary company** Paragraph 9 of Ind AS 33 states that an entity shall calculate BEPS for profit or loss attributable to ordinary equity holders of the parent entity. The ITFG clarified that the requirements of paragraph 9 of Ind AS 33 have been provided with respect to the calculation of EPS in the consolidated financial statements of an entity. Accordingly, a partly owned subsidiary should calculate and present its BEPS as below: • **In its separate financial statements:** 'Parent entity' would imply the legal entity of which separate financial statements are being prepared, accordingly, BEPS will be computed on the profit or loss attributable to all equity shareholders. • **In consolidated financial statements:** BEPS will be computed on profit or loss attributable to the parent entity, which will be computed by adjusting the profit or loss attributable to the non-controlling interests.	33.9 (Q1(a))

Ind AS 34
Interim Financial Reporting

For checklist, please click here

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 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. Two 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.

New development

Revised definition of 'material'

- On 24 July 2020, MCA notified certain amendments to Ind AS including Ind AS 34. The amendments to Ind AS 34 are in line with the revised definition of 'material' introduced in Ind AS 1 and Ind AS 8.

  Effective date: An entity should apply these amendments when it applies amendments to the definition of material under Ind AS 1 and Ind AS 8.

Conceptual framework for financial reporting under Ind AS

- In August 2020, the Accounting Standards Board (ASB) of the ICAI has issued a revised *Conceptual Framework for Financial Reporting under Ind AS (Conceptual Framework).* The Conceptual Framework has been revised basis the revised conceptual framework[21] issued by the International Accounting Standards Board (IASB).
- The Conceptual Framework introduces some new concepts and related clarifications along with revision in definitions and changes in recognition criteria of assets and liabilities under Ind AS.
- On 18 June 2021, MCA issued the Companies (Indian Accounting Standards (Ind AS)) Amendments Rules, 2021 and notified amendments to certain Ind AS including Ind AS 34. The amendments have replaced the reference to 'Framework' with *'Conceptual Framework for Financial Reporting under Ind AS (Conceptual Framework) issued by the Institute of Chartered Accountants of India (ICAI)'* in the standard and accordingly modified the guidance provided for recognition. In accordance with the amendments, recognition is the process of incorporating in the balance sheet or statement of profit and loss, an item that meets the definition of one of the elements of the financial statements. The definitions of assets, liabilities, income, and expenses are fundamental to recognition, at the end of both annual and interim financial reporting periods.

Effective date: An entity shall apply the amendments for annual periods beginning on or after 1 April 2021. An entity shall apply the amendments to Ind AS 34 retrospectively in accordance with Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. However, if an entity determines that retrospective application would be impracticable or would involve undue cost or effort, it shall apply the amendments to Ind AS 34 by reference to paragraphs 43–45 of Ind AS 34 and paragraphs 23–28, 50–53 and 54F of Ind AS 8.

[21] Conceptual Framework for Financial Reporting issued by IASB in March 2018.

Additional considerations

For checklist, please click here

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 requirements have been prescribed under the 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 or annually, audited or unaudited, as the case may be, to the stock exchanges.
- On 7 September 2021, SEBI issued certain amendments to the Listing Regulations. The amendments, inter alia, classify entities with listed non-convertible debt securities meeting specified criteria as High Value Debt Listed Entities ('HVDLEs'). Such entities are required to comply with significant additional corporate governance requirements. The amendments are mandatorily effective from 1 April 2023 and on a comply or explain basis until 31 March 2022[22].
- The amendments also enhance the financial reporting requirements for an entity with listed non-convertible securities (including HVDLE) and aligned them with that of an equity listed company. Accordingly, all listed entities are now required to submit:
  – Audited/unaudited financial results with limited review report within 45 days of end of quarter, other than last quarter
  – Statement of cash flows at the end of half year
  – Annual audited standalone and consolidated financial results within 60 days from the end of the financial year along with the audit report
  – Disclosures pertaining to related party transactions in accordance with the requirements of Regulation 23(9) of the Listing Regulations.

  Entities with listed non-convertible securities are also required to disclose certain additional ratios along with the quarterly/annual financial results.

  These amendments are effective from 7 September 2021.

[22] This means that entities should endeavour to comply with these provisions and achieve full compliance by 31 March 2023. In case the entity is not able to achieve full compliance with the provisions till such time, it shall explain the reasons for such non-compliance/partial compliance and the steps initiated to achieve full compliance in quarterly compliance reports filed with SEBI.

Key requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) (cont.)

- SEBI through a circular dated 5 October 2021 has provided revised formats for filing of financial information by entities with listed non-convertible securities. Additionally, SEBI vide circular dated 14 October 2021 has issued revised formats for limited review/audit report of entities with listed non-convertible securities.
- Regulation 33(8) provides that the statutory auditor of a listed entity should undertake a limited review of the audit of all the entities/companies whose accounts are to be consolidated with the listed entity as per AS 21 in accordance with guidelines issued by SEBI on this matter.
- SEBI's circular dated 29 March 2019 prescribed the procedure and formats for limited review report and audit report of the entity with listed specified securities and its components.

  The circular requires principal auditors to include the key matters in the audit and review instructions to be considered by the component auditors.
- 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[23]. 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.
- Listed entities are required to provide their unaudited/audited, quarterly/half yearly financial results as the case may, as per the formats of the balance sheet and statement of profit and loss, prescribed in Schedule III to the 2013 Act.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

- No specific clarifications have been provided by ITFG relating to this standard.

[23] As per Ind AS 34 the unaudited financial results prepared under the Listing Regulations is not an interim financial report, as defined in this standard.

Ind AS 36
Impairment of Assets

For checklist, please click here

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.

Additional considerations

For checklist, please click here

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.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

- No specific clarifications have been provided by ITFG relating to this standard.

Ind AS 37
Provisions, Contingent Liabilities and Contingent Assets

For checklist, please click here

Executive summary

- Indian Accounting Standard (Ind AS) 37, *Provisions, 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 obligation 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.

New development

Revised definition of 'material'

On 24 July 2020, MCA notified certain amendments to Ind AS including Ind AS 37. The amendments to Ind AS 37 are in line with the revised definition of 'material' introduced in Ind AS 1 and Ind AS 8. As per the amendments,

if an entity starts implementation of a restructuring plan or announces its main features to those affected only after the reporting period , then a disclosure is required under Ind AS 10, *Events after the Reporting Period*, if the restructuring is material and its non-disclosure could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Effective date: An entity should apply these amendments when it applies amendments to the definition of material under Ind AS 1 and Ind AS 8.

Conceptual framework for financial reporting under Ind AS

- In August 2020, the Accounting Standards Board (ASB) of ICAI has issued a revised *Conceptual Framework for Financial Reporting under Ind AS (Conceptual Framework)*. The Conceptual Framework has been revised basis the revised conceptual framework[24] issued by the International Accounting Standards Board (IASB).
- The Conceptual Framework introduces some new concepts and related clarifications along with revision in definitions and changes in recognition criteria of assets and liabilities under Ind AS.
- On 18 June 2021, MCA issued the Companies (Indian Accounting Standards (Ind AS)) Amendments Rules, 2021 and notified amendments to certain Ind AS including Ind AS 37. The amendment to Ind AS 37 inserted an explanation to Ind AS 37 which clarifies that the definition of a liability in Ind AS 37 has not been revised following the revision of the definition of a 'liability' in the Conceptual Framework for Financial Reporting under Ind AS issued by the Institute of Chartered Accountants of India.

[24] Conceptual Framework for Financial Reporting issued by IASB in March 2018.

Additional considerations

For checklist, please click here

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

- There are no specific requirements in the 2013 Act relating 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 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.
- **Employee benefit provisions:** Provisions such as provident fund, gratuity, medical benefits etc. that are specifically covered under AS 15, *Employee Benefits* would continue to be governed by specific provisions of the Income Tax Act, 1961 and not by ICDS X. (Refer Q24 of FAQ on ICDS).
- **Transitional provisions**: On transition to ICDS, all provisions, assets and related incomes will be recognised on or after 1 April 2016 in accordance with ICDS, and provisions, assets and related income, as the case may be, already recognised on or before 31 March 2016, will be reduced therefrom. Transitional provisions are intended to ensure that there is neither ‘double taxation’ of income due to application of ICDS nor escape of any income due to application of ICDS from a particular date. (Refer Q23 of FAQ on ICDS).

Ind AS 38
Intangible Assets

Executive summary

For checklist, please click here

- 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:
  - Intangible assets that are within the scope of another standard,
  - Financial assets, as defined in Ind AS 32, *Financial Instruments: Presentation*,
  - The recognition and measurement of exploration and evaluation assets, and
  - 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:
    - Residual value can be determined by reference to that market, and
    - 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:
  - On disposal, or
  - When no future economic benefits are expected from its use or disposal.

New development

Conceptual framework for financial reporting under Ind AS

- In August 2020, the Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India (ICAI) has issued a revised *Conceptual Framework for Financial Reporting under Ind AS (Conceptual Framework).* The Conceptual Framework has been revised basis the revised conceptual framework[25] issued by the International Accounting Standards Board (IASB).
- The Conceptual Framework introduces some new concepts and related clarifications along with revision in definitions and changes in recognition criteria of assets and liabilities under Ind AS.
- On 18 June 2021, MCA issued the Companies (Indian Accounting Standards) Amendment Rules, 2021 which notified certain amendments to Ind AS including minor amendments to Ind AS 38. The amendments, *inter alia,* clarify that the definition of an asset in Ind AS 38 is not revised following the revision of the definition of an asset in the *Conceptual Framework for Financial Reporting under Indian Accounting Standards* issued in 2021 by ICAI.

  However, the amendments have replaced the reference of *Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards* with the *Conceptual Framework for Financial Reporting under Indian Accounting Standards issued by ICAI* in Appendix A to Ind AS 38 (Intangible Assets- Web Site Costs).

Effective date: An entity shall apply the amendments for annual periods beginning on or after 1 April 2021. An entity shall apply the amendment to Appendix A retrospectively in accordance with Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. However, if an entity determines that retrospective application would be impracticable or would involve undue cost or effort, it shall apply the amendment to Appendix A by reference to paragraphs 23–28, 50–53 and 54F of Ind AS 8.

Amendments to Schedule III to the 2013 Act

- On 24 March 2021, MCA issued certain amendments to Schedule III to the 2013 Act. The amendments enhance the disclosures required for the preparation of financial statements. The amendments require following additional disclosures with respect to intangible assets:
  - Where the company has revalued its intangible assets, the company shall disclose as to whether the revaluation is based on the valuation by a registered valuer as defined under Rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017.

[25] Conceptual Framework for Financial Reporting issued by IASB in March 2018.

- For intangible assets under development disclose ageing schedule in a specified format.
- For intangible assets under development whose completion is overdue or has exceeded its cost compared to its original plan, disclose intangible assets under development completion schedule.
- Disclose amount of change in each class of intangible asset due to revaluation, if change is 10 per cent or more in the aggregate of the net carrying value of each class of intangible assets.

Effective date: The amendments are effective from 1 April 2021.

Additional considerations

For checklist, please click here

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

- Schedule II to 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. Schedule II was amended in November 2016 to clarify that the relevant provisions of Ind AS 38 would apply to companies that follow Ind AS. These companies would therefore be unable to apply the revenue-based amortisation method to toll road related intangible assets, except as permitted in Ind AS 101. Ind AS 101 permits companies to continue applying a revenue-based method of amortisation for intangible assets relating to toll roads that were previously recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period.

  Therefore, companies that follow Ind AS would be unable to apply a revenue-based amortisation method to intangible assets relating to toll roads that are recognised after the beginning of the first year of adoption of Ind AS.

Significant carve-outs from IFRS

- 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.

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.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	Clarifications with respect to service concession arrangements including toll roads	
Bulletin 3 *(Issue 13)*	Paragraph 7AA of Ind AS 38 read with paragraph D22 of Ind AS 101, specifically permits revenue-based amortisation of intangible assets arising from service concession arrangements only 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.	38.7AA (Q 25)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	This method of amortisation is not permitted for intangible assets related to toll roads that are recognised subsequently. However, Schedule II to the 2013 Act permits revenue-based amortisation for such intangible assets without reference to any financial year, which seems inconsistent with the guidance in Ind AS 101. The ITFG clarified that in harmonisation of the Companies (Accounts) Rules, 2014 and Ind AS 38 and Ind AS 101, principles of Ind AS 38 should be followed for all intangible assets relating to service concession arrangements including toll roads once Ind AS is applicable to an entity. Accordingly, revenue-based amortisation is generally not expected to apply to such intangible assets. Subsequently, the amendment to Schedule II in November 2016 clarified that revenue-based amortisation would not be permitted under Ind AS for toll road related intangible assets, except as specifically envisaged under Ind AS 101.	
Bulletin 7 *(Issue 9)*	Please refer clarification on applicability of exemption to continue amortisation policy adopted under previous GAAP for toll road intangibles, provided in Ind AS 101.	38.7AA, Ind AS 101 (Q.25)
	Clarifications with respect to recognition as intangible assets	
Bulletin 22 *(Issue 3)*	**Accounting for mining lease rights as intangible assets after demonstration of technical feasibility and commercial viability of extracting a mineral resource** Both Ind AS 16 and Ind AS 116, exclude from their respective scopes the accounting for mining for extraction of limestone or similar such resources. Though, accounting guidance related to exploration for and evaluation of mineral resources is provided in Ind AS 106 however, this too does not apply after both the following characteristics of extracting a mineral resource are demonstrable: • The technical feasibility and • Commercial viability. In a given case, ABC Ltd. is a cement manufacturer. It has entered into a lease agreement with PQR Ltd. for rights for the extraction of limestone (i.e., principal raw material for manufacture of cement). The following two issues arose related to extraction of mineral resources (such as limestone), after the establishment of technical feasibility and commercial viability of extracting the mineral resource: **a) Classification of mineral rights as assets** The following observations were made: • The rights do not relate to a mine in exploration and evaluation stage but to a mine for which the technical feasibility and commercial viability of extracting the limestone has already been determined	38.10 (Q 4)

ITFG Bulletin	Clarification provided	Ind AS ref (Q ref)
	• The payment made (or to be made) by the entity for obtaining the mining lease rights is neither expenditure on 'development' nor on 'extraction' of minerals or other non-regenerative resources. In view of the above, the ITFG concluded that the mining rights under the current scenario would be classified as intangible assets and accordingly be accounted for as per Ind AS 38. **b) Amortisation of mineral rights** In accordance with the guidance provided by Ind AS 38, the depreciable amount of an intangible asset with a finite useful life is to be allocated on a systematic basis over its useful life. Further, Ind AS 38 requires that the amortisation method used should reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity. If that pattern cannot be determined reliably, the straight-line method should be used. Ind AS 38 recognises that a variety of amortisation methods could be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. These methods include the following: • The Straight-Line Method (SLM) • The diminishing balance method and • The Units Of Production (UOP) method. The method used is selected on the basis of the expected pattern of consumption of the expected future economic benefits embodied in the asset and is to be applied consistently from period to period, unless there is a change in the expected pattern of consumption of those future economic benefits. Also, Ind AS 38 recognises that in choosing an appropriate amortisation method, an entity could determine the predominant limiting factor that is inherent in the intangible asset. For example, the contract that sets out the entity's rights over its use of an intangible asset might specify the entity's use of the intangible asset as a predetermined number of years (i.e., time), as a number of units produced or as a fixed total amount of revenue to be generated. Identification of such a predominant limiting factor could serve as the starting point for the identification of the appropriate basis of amortisation, but another basis may be applied if it more closely reflects the expected pattern of consumption of economic benefits. In accordance with the above guidance, ITFG clarified that selection of an appropriate amortisation method for the mining lease requires consideration of the exact facts and circumstances of the case. This assessment would need to be made by the entity itself in the light of its detailed and in-depth knowledge of the facts and circumstances of its particular case.	

<table>
<tr><th>ITFG Bulletin</th><th>Clarification provided</th><th>Ind AS ref (Q ref)</th></tr>
<tr><td></td><td>Clarifications with respect to recognition as expense</td><td></td></tr>
<tr><td>Bulletin 22
(Issue 4)</td><td>Expenditure on distribution of gifts
In a given case, ABC Ltd. (a pharmaceutical company) distributed gifts (mobile phones, decorative items and the like) along with its product catalogues to doctors to encourage them to prescribe medicines manufactured by it. No conditions were attached with the items that were distributed.

The issue under consideration by ITFG is with regard to application of Ind AS 115 to distribution of gifts to doctors or whether these are to be treated as part of sales promotion activities.

The ITFG reiterated the scope of Ind AS 115 among other things to include following:
• Existence of contract between the parties
• Counterparty to the contract is customer
• The goods or services are an output of the entity's ordinary activities.

In the given case, in the absence of all the above ingredients, ITFG clarified that the distribution of gifts to doctors does not fall under the scope of Ind AS 115.

The only benefit of items distributed as gifts by ABC Ltd. have no purpose other than sales promotion by developing brands or create customer relationships, which, in turn, generate revenue.

The guidance contained in Ind AS 38 applies, among other things, to expenditure on advertising, training, start-up, research and development activities. Further, Ind AS 38 prohibit an entity from recognising internally generated goodwill, brands, customer lists and items similar in substance as intangible assets on the basis that expenditure on such internally generated items cannot be distinguished from the cost of developing the business.

Additionally, an entity is specifically required to recognise expenditure on such items as an expense when it has a right to access those goods regardless of when such goods are distributed.

Accordingly, ITFG clarified the timing of recognition of expenditure on items to be distributed as gifts as an expense when it owns those items or otherwise has a right to access them regardless of when it distributes such items to doctors.</td><td>38.69
(Q 27)</td></tr>
</table>

Ind AS 40
Investment Property

For checklist, please click here

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.
- 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.
- An owned investment property is initially recognised at cost. Transaction costs shall be included in the initial measurement.
- After initial recognition, an investment property is measured as follows:
  - In accordance with Ind AS 105, *Non-current Assets Held for Sale and Discontinued Operations*, where it meets the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale)
  - In accordance with Ind AS 116, *Leases* where it is held by a lessee as a Right-Of-Use (ROU) asset and is not held for sale in accordance with Ind AS 105
  - In accordance with requirements of Ind AS 16, *Property, Plant and Equipment* for cost model in all other cases.
- 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.

New developments

Amendments to Schedule III to the Companies Act, 2013 (2013 Act)

On 24 March 2021, MCA issued certain amendments to Schedule III to the 2013 Act. The amendments enhance the disclosures required for the preparation of financial statements. The amendments require following additional disclosures with respect to an investment property:

- Disclose whether the fair value of an investment property (as measured for disclosure purposes in the financial statements) is based on the valuation by a registered valuer as defined under Rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017.
- Details of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) whose title deeds are not held in the name of the company in a specified format and where such immovable property is jointly held with others, details are required to be given to the extent of the company's share.

The disclosures are to be given in a new section 'Additional regulatory information' in the notes to the balance sheet.

Effective date: The amendment is effective from 1 April 2021.

Additional considerations

For checklist, please click here

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

- There are no specific provisions in the 2013 Act relating to 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 have been prescribed under ICDS relating to this standard.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

ITFG Bulletin	Clarification provided	Ind AS ref. (Q ref)
Bulletin 12 *(Issue 1)*	**Application of revaluation model for PPE** For further discussion on this clarification, please refer Ind AS 16 checklist.	40.20, 40.30, 40.56, Ind AS 16 (Q 12 a)

Ind AS 41
Agriculture

Executive summary

For checklist, please click here

- 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.

Additional considerations

For checklist, please click here

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

- There are no specific requirements in the 2013 Act relating 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)

- 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.

Some of the clarifications provided by the Ind AS Technical Facilitation Group (ITFG)

- No specific clarifications have been provided by ITFG relating to this standard.

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