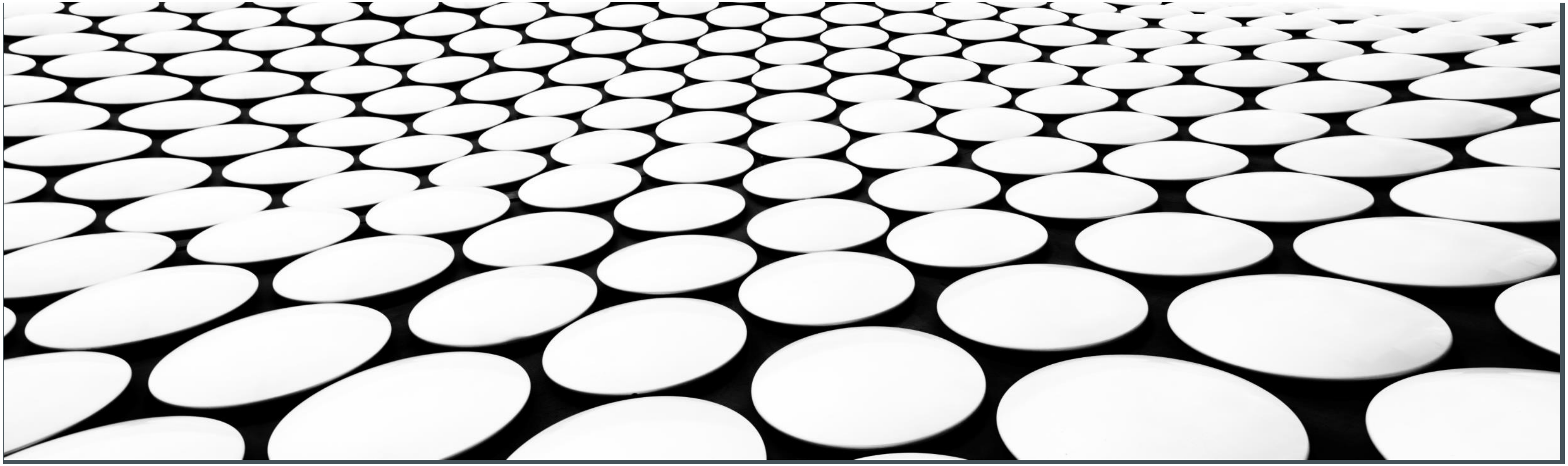
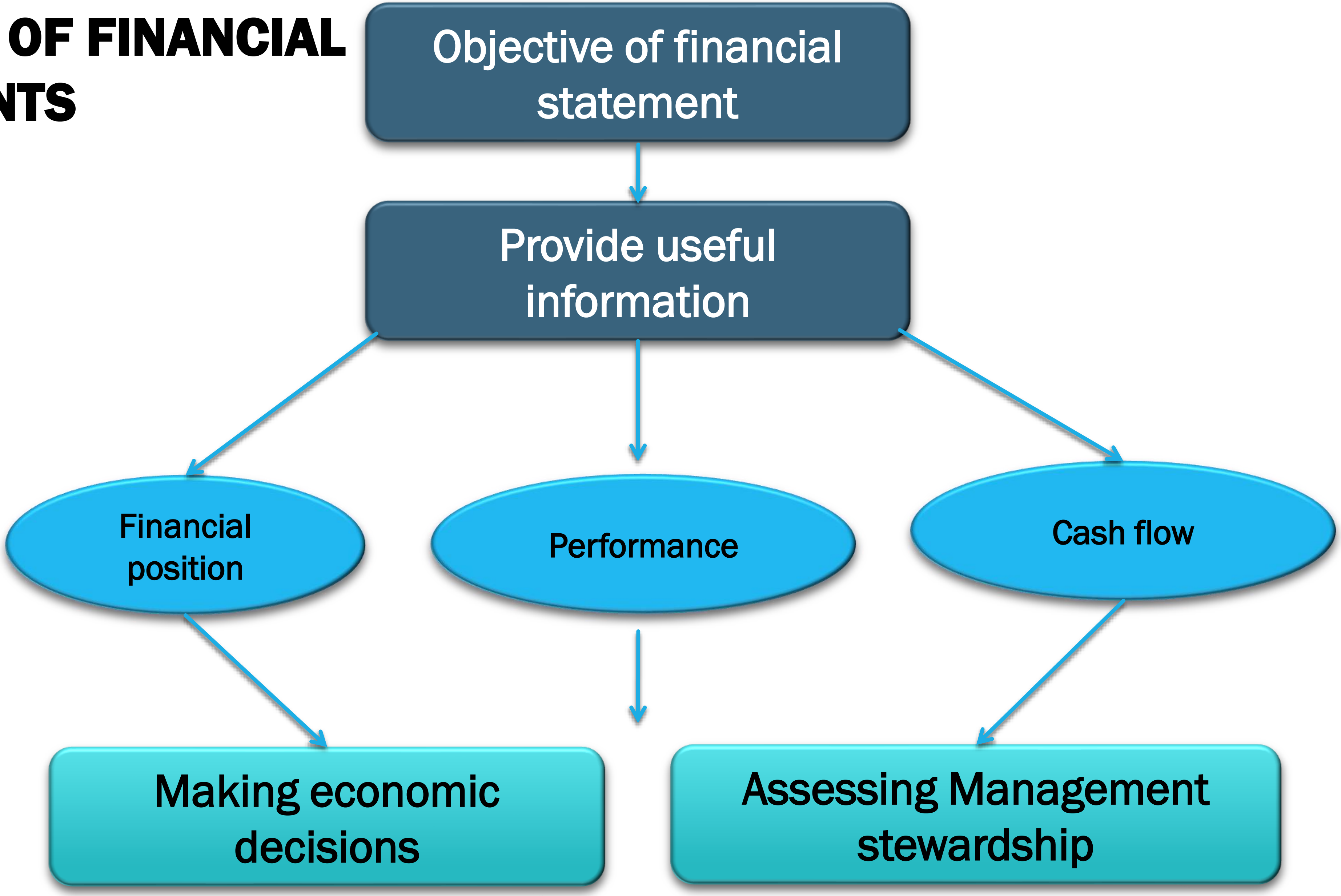
INDIAN ACCOUNTING STANDARDS
PRESENTATION OF FINANCIAL STATEMENTS – IND AS 1

BY B D CHATTERJEE *FCA, ACMA, ACS, DIP (IFR) ACCA – UNITED KINGDOM*



INDIAN ACCOUNTING STANDARDS PRESENTATION OF FINANCIAL STATEMENTS – IND AS 1

PURPOSE OF FINANCIAL STATEMENTS



Financial statements must provide information about following aspects of an entity's results

- Assets
- Liabilities
- Equity
- Income & Expenses
  (including gains and losses)
- Contributions by and contributions to owners in their capacity as owners
- Cash flows

Assists users in predicting the entity's Future cash flows and their timing and certainty

RECOGNITION CRITERIA

Recognition criteria

Relevance

- income, expenses, assets , liabilities and change in equity exists,

- future economic benefit will flow to or from the entity

- can be measured reliably

Faithful representation

- of assets, liabilities and

- resulting income and expenses and

- change in equity.

FINANCIAL STATEMENTS

Financial statements shall provide

- True and fair view of the state of affairs of the company
- Comply with notified accounting standards

FAIR PRESENTATION

•The financial statements must present “fairly” the financial position, financial performance and cash flows of an entity.

• Fair presentation requires 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 framework.

• The application of Is with Ind ASs additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.

COMPLIANCE WITH IND AS

- Ind AS 1 requires that an entity whose financial statements comply with Ind ASs make an explicit and unreserved statement of such compliance in the notes. Financial statements shall not be described as Ind AS compliant unless they comply with all the requirements of Ind ASs (including interpretations)

- If in rare circumstances, the Management concludes that Ind AS compliance would be so misleading as to conflict the objective of the financial statements – it needs to provide detailed disclosure of the nature, reasons and impact of such departure

- An entity preparing Ind AS financial statements is assumed to be a going concern. If Management has significant concerns about the entity's ability to continue as going concern Ind AS I requires a series of disclosures to that effect.

FAIR PRESENTATION AND COMPLIANCE WITH IND AS - STEPS

Selection and application of ***Accounting policies***

↓

Presentation of information in a manner which provides relevant, reliable, comparable and understandable information

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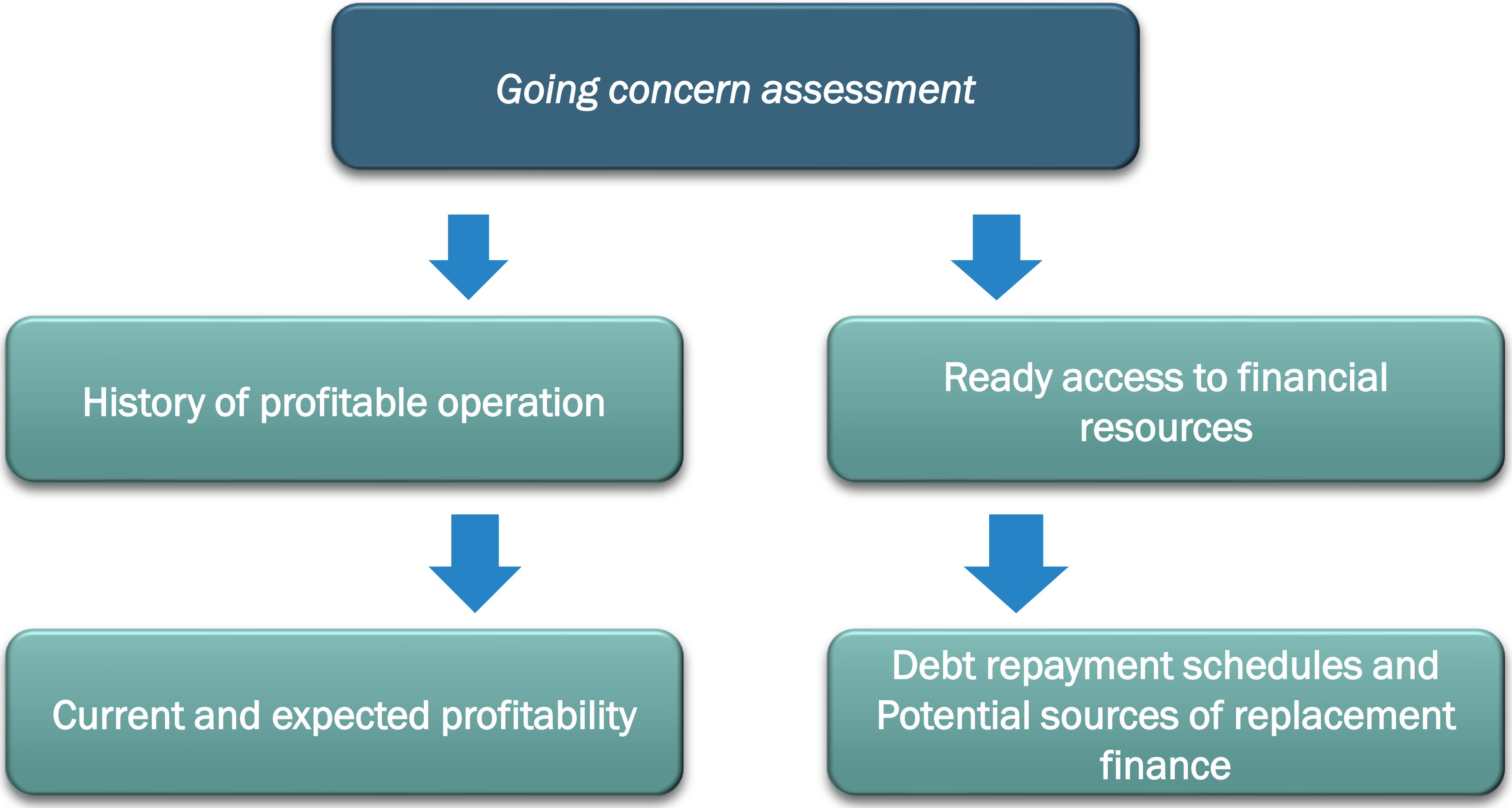
Additional disclosures where required

GOING CONCERN ASSESSMENT

The financial statements are normally prepared on the assumption that an enterprise is a going concern and will continue in operation for the foreseeable future.



If going concern assumption is not followed, the fact must be disclosed together with

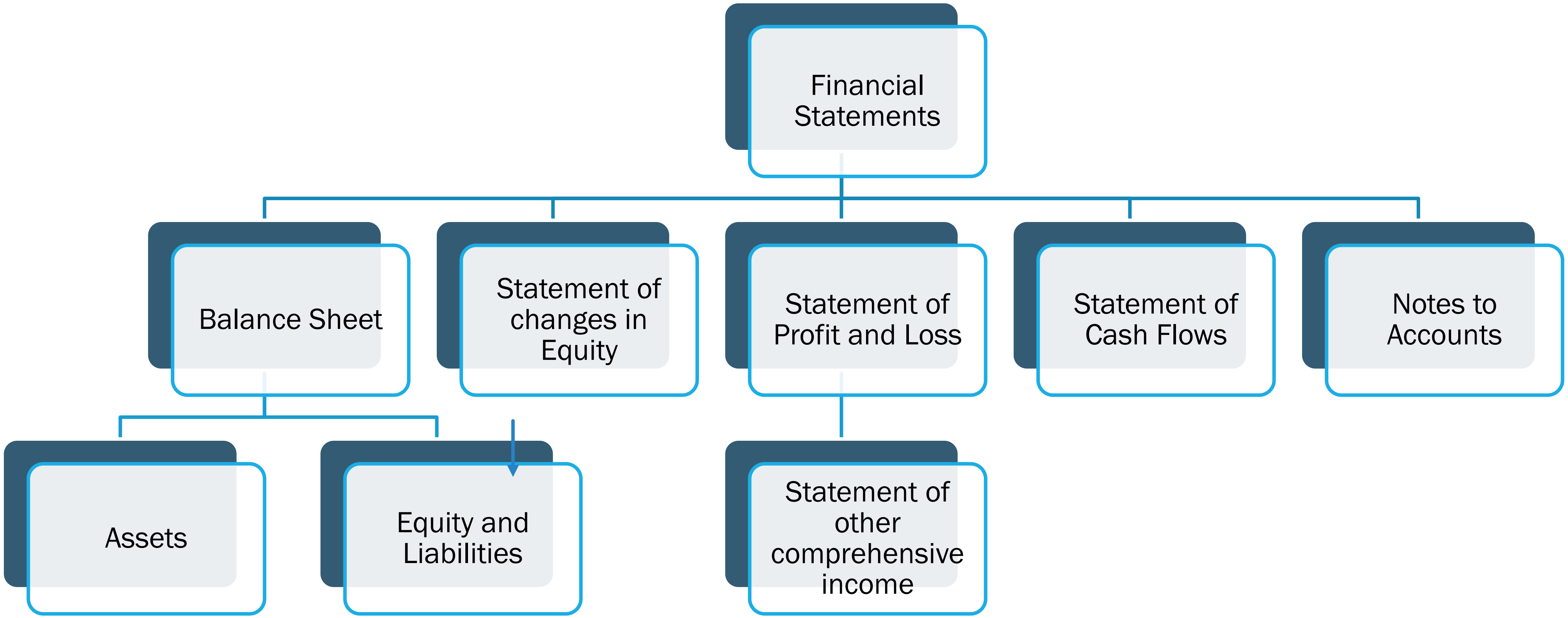
- the basis on which the financial statements have been prepared
- the reasons why the entity is not considered a going concern

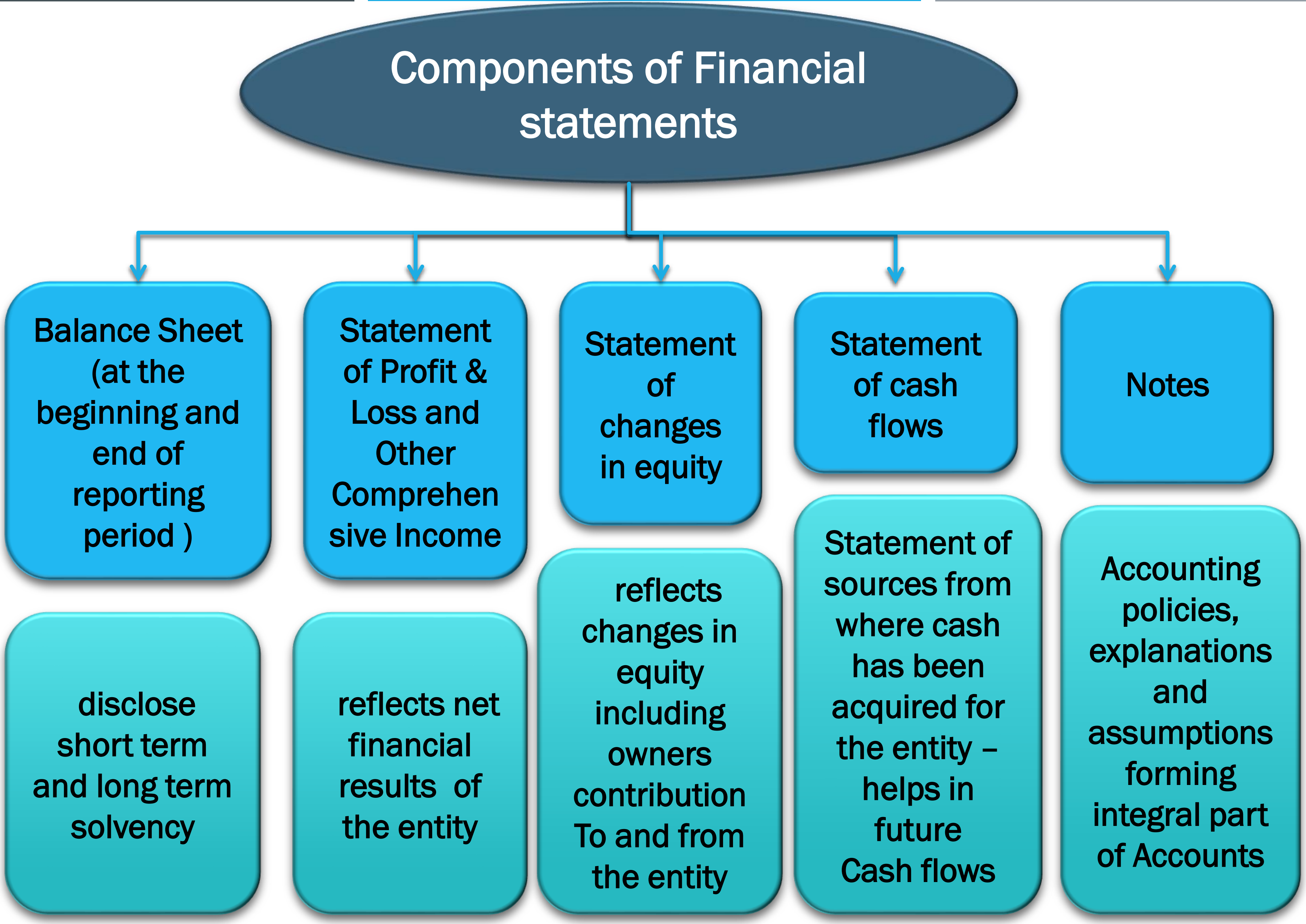
ACCRUAL ACCOUNTING

An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting.

When the accrual basis of accounting is used, an entity recognizes 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 *Conceptual Framework*.

COMPONENTS OF FINANCIAL STATEMENTS




Components of Financial statements
Balance Sheet (at the beginning and end of reporting period)
Statement of Profit & Loss and Other Comprehen sive Income
Statement of changes in equity
Statement of cash flows
Notes
disclose short term and long term solvency
reflects net financial results of the entity
reflects changes in equity including owners contribution To and from the entity
Statement of sources from where cash has been acquired for the entity – helps in future Cash flows
Accounting policies, explanations and assumptions forming integral part of Accounts

CONSTITUENTS OF FINANCIAL STATEMENTS

Topic	Indian Accounting standards	IFRS / IAS	US GAAP
Constituents of financial statements	Required an Company's standalone a) two years balance sheet b) two years income statements c) cash flow statements d) accounting policies and notes to accounts	Required a Company's a) two years consolidated balance sheet b) income statements c) cash flow statements d) changes in equity d) accounting policies and notes to accounts In some circumstances or on a voluntary basis, an entity may present stand-alone financial statements along with its consolidated financial statements	For US Companies and SEC registrants (public companies) a) two years balance sheet b) three years income statement c) cash flow statement d) changes in equity statement e) accounting policies and notes Non US companies with registered securities in US have an option to prepare their financial statements either based on US GAAPs or on IFRS alongwith reconciliation of net income and equity to US GAAPs, as disclosure to the notes

BALANCE SHEET

The statement of financial position shall include line items that present the following amounts:

(a) property, plant and equipment;(Ind AS 16)

(b) investment property;(Ind AS 40)

(c) intangible assets; (Ind AS 38)

(d) financial assets (excluding amounts shown under (e), (h) and (i));(Ind AS 109)

(da) groups of contracts within the scope of Ind AS 104 that are assets, disaggregated

(e) investments accounted for using the equity method; (Ind AS 28)

(f) biological assets within the scope of Ind AS 41 *Agriculture*;

(g) inventories.(Ind AS 2)

(h) trade and other receivables;

BALANCE SHEET

(i) cash and cash equivalents;

(j) 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*.

(k) trade and other payables.

(l) provisions.(Ind AS 37)

(m) financial liabilities (excluding amounts shown under (k) and (l));(Ind AS 109)

(ma) groups of contracts within the scope of Ind AS 104 that are liabilities, disaggregated;

(n) liabilities and assets for current tax, as defined in Ind AS 12 *Income Taxes*.

(o) deferred tax liabilities and deferred tax assets, as defined in Ind AS 12;

(p) liabilities included in disposal groups classified as held for sale in accordance with Ind AS 105;

(q) non-controlling interests, presented within equity; and

(r) issued capital and reserves attributable to owners of the parent.

CURRENT / NON-CURRENT CLASSIFICATION - ASSETS

An asset should be classified as a current asset when it:

(a) it expects to realize 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 realize the asset within twelve months after the reporting period; or

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

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

CURRENT / NON-CURRENT CLASSIFICATION - LIABILITIES

An entity shall classify a liability as current when:

(a) it expects to settle the liability in its normal ***operating cycle***;

(b) it holds the liability primarily for the purpose of trading;

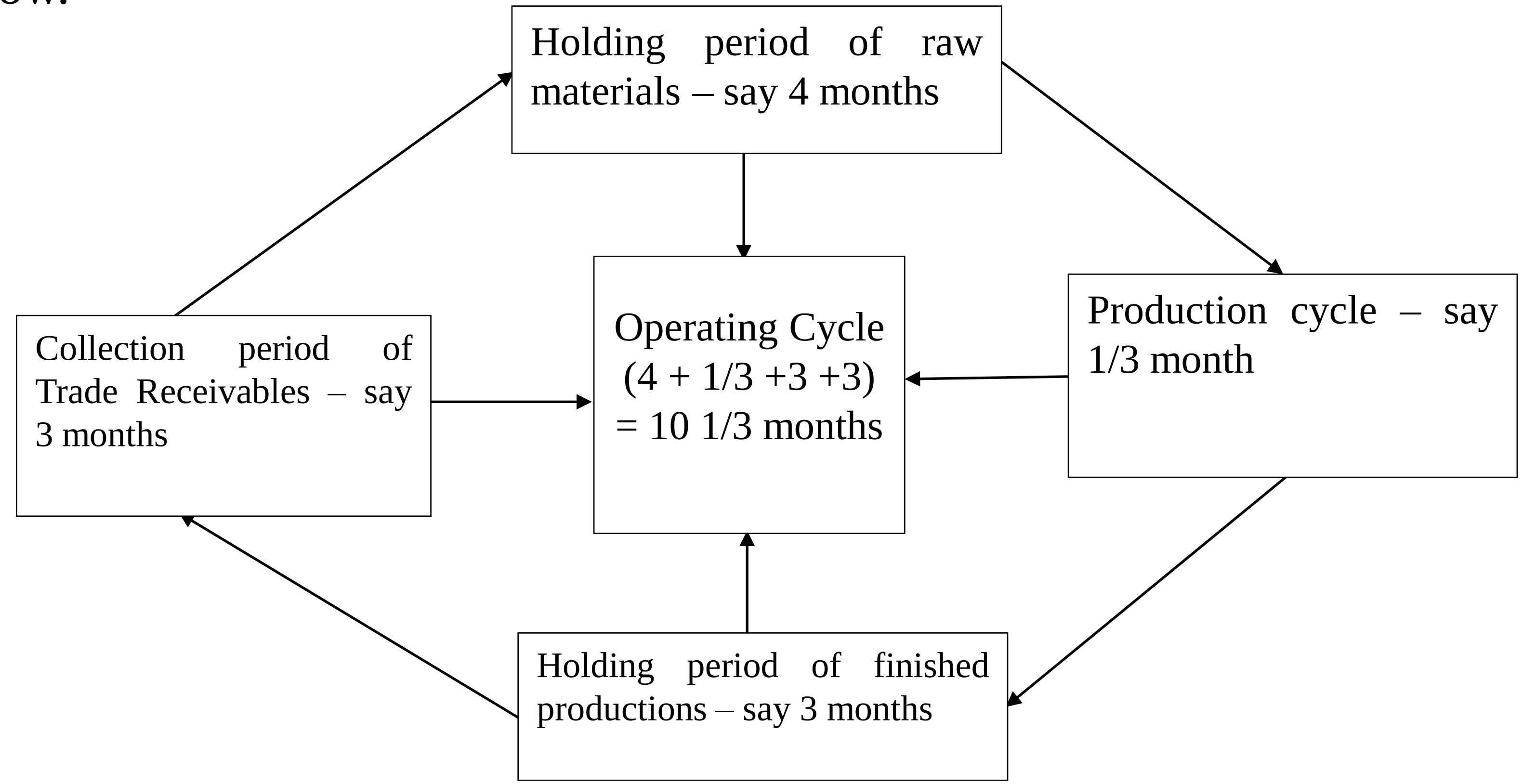
(c) the liability is due to be settled within twelve months after the reporting period; or

(d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. 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.

OPERATING CYCLE

An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. Where the normal operating cycle cannot be identified. It is assumed to have a duration of 12 months. A diagrammatic representation of operating cycle is shown below.



BALANCE SHEET

Topic	Indian Accounting standards	IFRS / IAS	US GAAP
Balance sheet	Accounting standards do not prescribe a particular format of balance sheet. It accepts the format prescribed by the Companies Act or by other industry regulations like banking, insurance as applicable. However accounting standard states certain items which must be presented on the face of the balance sheet	IFRS too do not prescribe any particular format of balance sheet As per requirements of IFRS certain items must be presented on the face of the balance sheet. There is a requirement of separate presentation o total assets and total liabilities. A liquidity presentation of assets and liabilities is used instead of current / non-current presentation only when liquidity presentation provides more relevant and reliable information	Entities may present either a classified or non-classified balance sheet. Decreasing order of liquidity is used for the presentation of the items on the face of the balance sheet. Public companies should follows SEC regulations

STATEMENT OF PROFIT AND LOSS

a) The Statement of Profit & Loss shall present in Statement of Profit & Loss and other comprehensive income sections:
   - (a) profit or loss;
   - (b) total other comprehensive income.
   - (c) comprehensive income for the period, being the total of profit or loss and other comprehensive income

b) An entity shall present the following items, in addition to the profit or loss and other comprehensive income sections, as allocation of profit or loss and other comprehensive income for the period:
   - (a) profit or loss for the period attributable to:
     - (i) non-controlling interests, and
     - (ii) owners of the parent.
   - (b) comprehensive income for the period attributable to:
     - (i) non-controlling interests, and
     - (ii) owners of the parent.

STATEMENT OF PROFIT AND LOSS

Statement of Profit & Loss shall include the following:

(a) revenue presenting separately interest revenue calculated using the effective interest method.

(aa) gains and losses arising from the derecognition of financial assets measured at amortized cost;

(ab) insurance service expenses from contracts issued within the scope of Ind AS 104

(ac) income or expenses from reinsurance contracts held;

(b) finance costs;

(ba) impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with Ind AS 109;

(bb) insurance finance income or expenses from contracts issued within the scope of Ind AS 104;

STATEMENT OF PROFIT AND LOSS

(bc) finance income or expenses from reinsurance contracts held;

(c) share of the profit or loss of associates and joint ventures accounted for using the equity method;

(ca) if a financial asset is reclassified out of the amortized cost measurement category so that it is measured at fair value through profit or loss, any gain or loss arising from a difference between the previous amortized cost of the financial asset and its fair value at the reclassification date (as defined in Ind AS 109);

(cb) if a financial asset is reclassified out of the fair value through other comprehensive income measurement category so that it is measured at fair value through profit or loss, any cumulative gain or loss previously recognised in other comprehensive income that is reclassified to profit or loss;

(d) tax expense;

(ea) a single amount comprising the total of discontinued operation;(Ind AS 105)

STATEMENT OF PROFIT AND LOSS

Topic	Indian Accounting standards	IFRS / IAS	US GAAP
Income statement	Accounting standards do not prescribe a particular format of income statement. Industry specific formats are prescribed by industry regulations. However, accounting standard states certain items which must be presented on the face of the income statement	IFRS too do not prescribe any particular format of income statement. An entity selects the presentation of its expenses either by function or nature. Expenses by nature are disclosed as a foot note if an entity selects functional presentation. However IFRS requires certain items to be presented on the face of the income statement	US GAAP requires income statement to be presented in either of two formats - single step or multiple-step format. Expenditures are presented by function Public companies should follow SEC regulations

STATEMENT OF PROFIT AND LOSS

An entity shall present an analysis of expenses recognised in profit or loss using a classification based on function or the nature of expense method.

Example of classification using the nature of expense method is shown below

Revenue		X
Other income		X
Changes in inventories of finished goods and work in progress	X	
Raw materials and consumables used	X	
Employee benefits expense	X	
Depreciation and amortization expense	X	
Other expenses	X	
Total expenses		(X)
Profit before tax		X

STATEMENT OF OTHER COMPREHENSIVE INCOME

The other comprehensive income section shall present line items for amounts of other comprehensive income in the period, classified by nature (including share of the other comprehensive income of associates and joint ventures accounted for using the equity method) and grouped into those 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.

The share of the other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of 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.

STATEMENT OF OTHER COMPREHENSIVE INCOME

	Notes	Rs Million 2022	Rs Million 2021
Profit for the year		x	X
Other comprehensive income		x	X
Items that will not be reclassified to profit or loss: Gains on property valuation Re-measurement of defined benefit pension plans net of tax Share of other comprehensive income of associates Income tax relating to items that will not be reclassified		 X X X x	 X X X X
Items that may be reclassified subsequently to profit or loss: Currency retranslation gains///(losses) Cash flow hedges Fair value gains/(losses) on financial instruments Income tax relating to items that may be reclassified		 X X X x	 X X X X
Total Comprehensive income for the year		x	X
Attributable to: Non-controlling interests Shareholders' equity		 X X	 x x
Combined earnings per share		X	X
Basic earnings per share ($)		X	X
Diluted earnings per share ($)		X	X

STATEMENT OF CHANGES IN EQUITY

- The statement of changes in equity would reconcile opening to closing amounts for each component of equity.
- It would include reserves and surplus and items of other comprehensive income.
- Additionally, the conditions or restrictions for distribution attached to statutory reserves have to be separately disclosed in the notes as stipulated by the relevant statute.

STATEMENT OF CHANGES IN EQUITY

(i) The statement of changes in equity includes the following information:

(a) total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to non-controlling interests.

(b) for each component of equity, the effects of retrospective application or retrospective restatement recognised in accordance with Ind AS 8;

(d) for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing each changes resulting from:

(i) profit or loss;

(ii) other comprehensive income.

(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.

Information to be presented in the statement of changes in equity which is a part of the Statement of Financial Position or in the notes

(ii) For each component of equity an entity shall present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item.

(iii) An entity shall present, either in the statement of changes in equity or in the notes, the amount of dividends recognised as distributions to owners during the period, and the related amount of dividends per share.

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

Topic	Indian Accounting standards	IFRS / IAS	US GAAP
Statement of changes in shareholders equity	No separate statement prepared. A separate schedule of share capital and reserves and surplus is prepared to show the changes in shareholders equity	It is a primary statement required to be prepared as a part of financial statements unless statement of recognized income and expense(SORIE) is prepared as a primary statement. Statement shows capital transactions with owners, accumulated profits movement and a reconciliation of all other components of equity	SEC rules allow certain information to be included in the notes and not in the primary statement

STATEMENT OF CASH FLOWS

Cash flow information provides users of financial statements with a basis to assess the ability of the entity to generate cash and cash equivalents and the needs of the entity to utilise those cash flows.

IAS 7 sets out requirements for the presentation and disclosure of cash flow information.

NOTES TO ACCOUNTS

- Present information about the basis of preparation of financial statements and specific accounting policies used
- disclose any information required by Ind ASs not presented elsewhere in the financial statements and
- provide additional information that is relevant for the understanding of the financial statements not presented elsewhere in the financial statements

NOTES TO ACCOUNTS

- A Statement of compliance of Ind ASs
- A summary of significant accounting policies applied
- The measurement bases used in preparing the financial statements
- The other accounting policies used that are relevant to an understanding of the financial statements
- Supporting information for each of the financial statements in the order in which it is presented
- Other disclosures would include
    - contingent liabilities and unrecognized contractual commitments
    - non-financial disclosures – e.g. financial risk management objectives and policies
    - disclosure of judgments
    - disclosure of key sources of estimation uncertainty

THANK YOU!