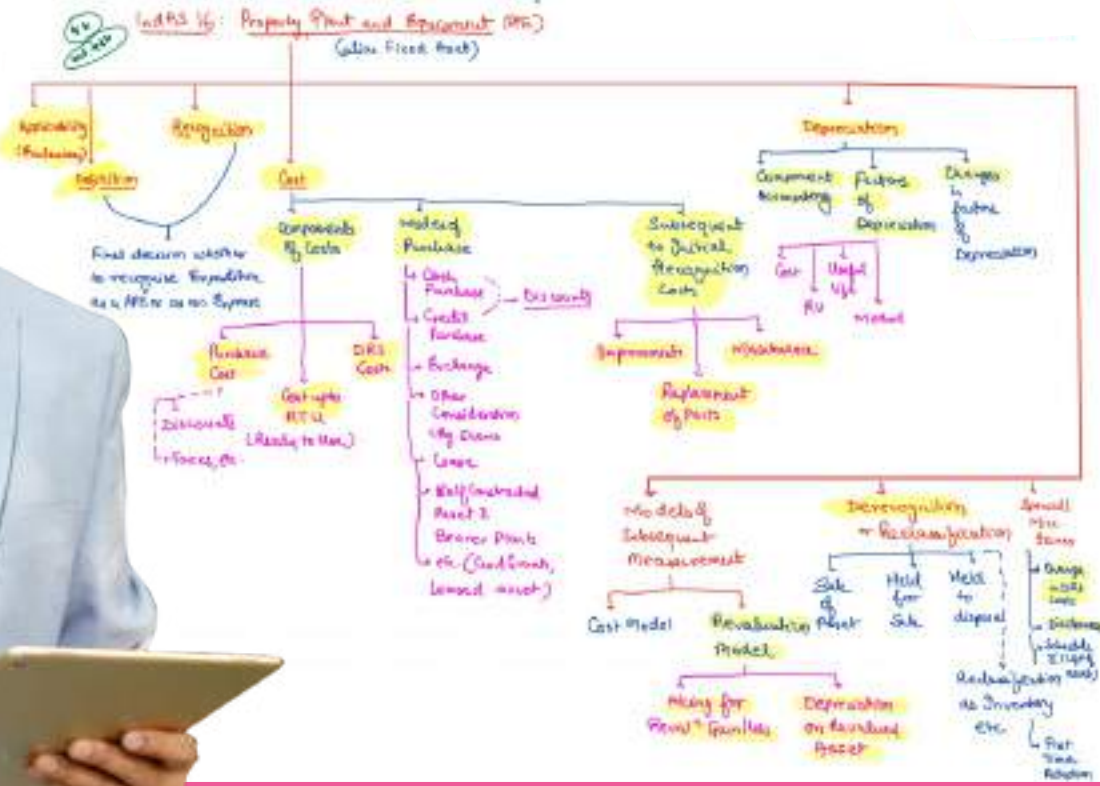


CA FINAL FINANCIAL REPORTING

FR FASTER BOARD NOTES



By **CA. Sarthak Niraj Jain**
(All India CA Ranker)

BOARD NOTES

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Companies (Ind AS) Rules, 2015

1) Applicability of Ind AS

- i) Only on Companies specified Companies as prescribed in Rule 4.
- ii) Ind AS are issued by MCA
- iii) NA on LLPs / Firms / Societies or non-corporate entities

2) Rule 4



Voluntarily

adopt Ind AS from F.Y. starting 1-4-2015 or later

Mandatorily

Phase I

F.Y. starting 1-4-2016

Phase II

on or after 1-4-2017

All "Companies"

Net worth

≥ 500 Crores

as on last date

of preceding F.Y.

(7th threshold)

All listed / to be listed

debt / Equity

in India / Outside India

Companies

+

Unlisted (other than above)

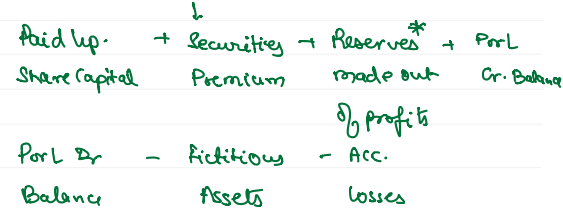
Companies with NIW ≥ 250 Crores

as on last date of preceding F.Y.

(2) (Listing)

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1. Net Worth : (a) S. 2(17) of Companies Act, 2013



- * Do not include reserves made of
- a) revaluation gain
 - b) write back of dep.
 - c) amalgamation if created (Capital Reserves)

(b) Last date of preceding F.Y. starting from 31.03.2014

Note: Ind AS once applicable, to follow forever.



(c) Eg. "Listed" Company has a NIW of :

31.03.2014	→ 550 Crores	200 Crores
31.03.2015	→ 300 Crores	300 Crores
31.03.2016	→ 200 Crores	550 Crores
Ind AS applicable?	1-4-16	1-4-16

Ans: w.e.f. F.Y. 2016-17 (i.e. 1-4-2016)

(Derived-Groups)
Holding, Subsidiary, JV or Associates to also follow Ind AS

Ⓒ Net worth is to be seen on 31.03.xx i.e. last date of preceding F.Y. and Ind AS will be applicable if NW threshold met, immediately from next financial year.

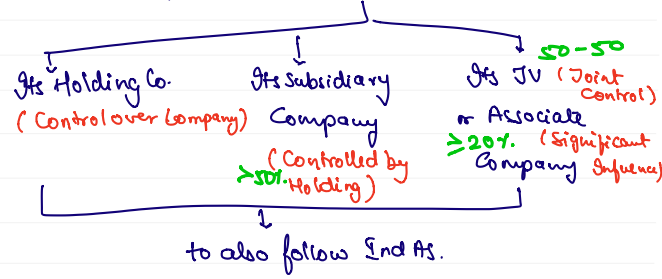
Ex. Unlisted Company.

Date	31.3.16	31.3.17	31.3.18	31.3.19
NW	200cr	220cr	200cr	500cr.
Ind AS applies from F.Y. starting			1-4-2018	

Ⓓ HIS/JOA: If a Co. is mandatorily/voluntarily following Ind AS, then

Ind AS Rules
50%
As per Cos. Act

अपने बीच में दिव



Ⓔ Listed

Ⓐ) listed or To be listed → Filed application of listing

with Stock Exchange & not rejected
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b) Debt or Equity → Remember even unlisted Cos. can list debt securities.

c) in India or Outside → Either

Ex. ALtd is a listed company. Acquired control over unlisted Co. BLtd on 30-9-2020 which had a net worth of 100 crores & was following Ind AS till now.

From when is BLtd. required to follow Ind AS?

Ans. 1-04-2020 (FY 2020-21)

Ⓐ) listed: As soon as Co. gets listed/to be listed, Ind AS becomes applicable

: Hence, listing के अंतर्गत same year में Ind AS की Applicability होती है

Ex. ALtd with NW of 100 Crores applied for listing on 31-Jan-2019 and got listed in April-2019. Ind AS applicable from 1-4-2019.

Ans. FS of FY 2018-19 also to be as per Ind AS as Ind AS applies from 31-01-2019.

Ex. listed → ALtd. → Following Ind AS.

Company Type	Relationship
Unlisted BLtd.	→ Subs.
Unlisted CLtd.	→ JV
NW Listed DLtd.	→ Associate
Unlisted ELtd.	→ Holding Co. of ALtd.
Unlisted FLtd.	→ Subsidiary of E Ltd. (FLtd & ALtd. are fellow subs.)

ALtd. के अंतर्गत which all Cos. to follow Ind AS

Ans.: All except FLtd. are required to follow Ind AS. However, FLtd. may voluntarily adopt Ind AS.

Special Points :

1. Listed Co., for Ind AS Rules excludes co-listed only on SME platform or ITP without public issue.
(Internet Trading Platform)
2. Net worth → as per FS presented, even if it is as per AS-
3. Nothing discussed above is applicable on NBFC/BK/Ins.Co.

NBFC, Bank and Insurance Cos.

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- 1) Bank to follow Ind AS, when RBI notifies (not yet notified)
- 2) Ins. Cos. to follow Ind AS when IRDA notifies. (not yet notified)

→ Discussion Pending (Tomorrow)

- 3) NBFCs → Mandatory applies + No Voluntary application permitted
- | | | |
|----------------------------|---|--|
| (2 years deferred) | 1-4-2018 | 1-4-2019 |
| No voluntarily application | NW \geq 500 crores
end of preceding F.Y. | Listed / To be...
or
NW \geq 250 crores
in preceding F.Y. |
| | H.S. / J.V.A to also follow Ind AS | |

NBFCs :

1. Similar to non-BFSI except \rightarrow 2 years deferred §117
Voluntary application is not permitted

2. NBFC \rightarrow ② RBI Act: Section 45I
 \rightarrow Not a Bank
 \rightarrow Principal Biz. of financial activities
Financial assets $>$ 50% of Total assets
and

Income/Revenue $>$ 50% of Total Revenue.
from financial activities

- \rightarrow ② And \rightarrow Chit fund Cos., Mutual Benefit Cos.,
Stock Brokers, Venture Capitalist
Asset Mgt. Co. (AMC) of Mutual
funds, Core Inst Cos., etc. are
covered in the definition of
NBFC for purpose of Ind AS
Rules.

Special & Other Issues :

1. AS applicability :

Rule 3 : Cos. not covered following Ind AS to follow AS as prescribed in Cos. (AS) Rules, 2006.
 \cdot Every Co. to follow every AS, (issued by ICAI) notified under Cos. (AS) Rules, 2006; except SMC have exemption from certain AS.

[Unlike Ind AS, which if applicable, are applicable without any exemptions]

* Presently Banks & Ins. Cos. are following AS

2. Ind AS if applicable are to be followed completely

\rightarrow No option to follow / not follow certain Ind AS
 \rightarrow SFS (Separate / Standalone FS) as well as CFS (Cons. FS) both to be as per Ind AS.

3. Standalone / Separate FS and Consolidated FS :

- a) If Ind AS followed then both SFS & CFS to be prepared as per Ind AS
- b) CFS to be prepared if Co. has a SIZ/A.
- c) Issue may arise when group Cos. are required to follow different GAAPs. then SIZ/A to prepare alternate FS as per GAAPs applicable on Parent / Holding Co.

to facilitate preparation of CFS by Parent/Holding Co.

4. Foreign Cos in group :-

H Ltd (Bank)

↓

S Ltd. (nm-BFSI) NW 600 Crores & required to follow Ind AS

How will FS be prepared & presented?

S Ltd. FS present/publish as per Ind AS +

it will prepare alternate FS as per A for facilitating H Ltd. in preparing Cons FS as per AS.

(Eg.)

Infosys Ltd. (Ind AS)

↳ Infosys Inc (US GAAPs)

Infosys FS (SFS & CFS incl. Infosys Inc.) to be as per Ind AS

Infosys Inc.

(SFS)

→ US GAAPs

& alternate FS as per Ind AS to facilitate Infosys Ltd. to make CFS as per Ind AS

Applicability

(Eg.)

Burger King Inc. → US Co. → NW 1000 Crore

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Subs. → Vedapav Ltd. → India Co. → NW 100 Crore. (unlisted)

→ Ind AS or AS ?

H Ltd. : SFS & CFS as per AS (in which, while preparing CFS it will use S Ltd's AS based FS)

Ans: Foreign Cos. (even if H/S/JV/A of Indian Co.) shall not affect applicability of Ind AS as it is not a company (reg. in Cos. Act)



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