

Ind AS Transition Facilitation Group (ITFG) Clarification Bulletin 8

‘Ind AS Transition Facilitation Group’ (ITFG) of Ind AS (IFRS) Implementation Committee has been constituted for providing clarifications on timely basis on various issues related to the applicability and /or implementation of Ind AS under the Companies (Indian Accounting Standards) Rules, 2015, raised by preparers, users and other stakeholders.

Ind AS Transition Facilitation Group (ITFG) considered some issues received from members and decided to issue following clarifications¹ on May 5, 2017:

Issue1: Whether provision for unspent Corporate Social Responsibility expenditure is required to be made as per Ind AS?

Response: Paragraph 14 of Ind AS 37, *Provisions, Contingent Liabilities and Contingent Assets* states:

“A provision shall be recognised when:

- (a) an entity has a present obligation (legal or constructive) as a result of a past event;*
- (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and*
- (c) a reliable estimate can be made of the amount of the obligation.*

If these conditions are not met, no provision shall be recognised.”

Section 135 (5) of the Companies Act, 2013 (the Act) requires a company to spend a certain amount as expenditure towards Corporate Social Responsibility (CSR). The proviso to section 135 (5) of the Act provides that if the specified amount is not spent by the company during the year, the Directors’ Report should disclose the reasons for not spending the amount.

In accordance with the above, it may be noted that provision for the amount which is not spent, i.e., any shortfall in the amount that was expected to be spent as per the provisions of the Act on CSR activities and the amount actually spent at the end of a reporting period, may not be required in the financial statements.

However, if a company has already undertaken certain CSR activity for which an obligation has been created, for example, by entering into a contractual obligation, or either a constructive obligation has arisen during the year, then in accordance with Ind AS 37, a

¹ Clarifications given or views expressed by the Ind AS Transition Facilitation Group (ITFG) represent the views of the members of the ITFG and are not necessarily the views of the Ind AS (IFRS) Implementation Committee or the Council of the Institute. The clarifications/views are based on the accounting principles as on the date the Group finalises the particular clarification. The date of finalisation of each clarification is indicated along with the clarification. The clarification must, therefore, be read in the light of any amendments and/or other developments subsequent to the issuance of clarifications by the Group

provision for the amount of such CSR obligation, needs to be recognised in the financial statements.

Issue2: Whether an entity is required to disclose the impact of Ind AS 115, *Revenue from Contracts with Customers* (as required by paragraph 30 of Ind AS 8) in its financial statements as prepared as per Ind AS?

Response: Paragraph 30 of Ind AS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* states as follows:

“When an entity has not applied a new Ind AS that has been issued but is not yet effective, the entity shall disclose:

(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.”

In accordance with the above, it may be noted that an entity is required to disclose the impact of Ind AS which has been issued but is not yet effective.

However, it may be noted that Ind AS 115, which was earlier notified under Companies (Indian Accounting Standards) Rules, 2015, vide MCA notification dated February 16, 2015 stands withdrawn under Companies (Indian Accounting Standards) (Amendments) Rules, 2016 vide MCA notification dated March 30, 2016. Accordingly, an entity is not required to disclose the impact of Ind AS 115 for the financial year ending March 31, 2017 as Ind AS 115 has been omitted from the Rules.

Issue 3: Ind AS 101, *First-time Adoption of Indian Accounting Standards*, requires presentation of balance sheet at the date of transition to Ind AS. For a company, the date of transition is April 1, 2016. Normally a balance sheet represents the end of day position. Is the balance sheet required to be prepared on the date of transition at the end of the day or the start of the day? (e.g if the transition date is April 1, 2016, then balance sheet to be prepared will be close of day of April 1 or start of day of April 1 (i.e. closing of March 31)

Response: As per paragraph 6 of Ind AS 101-*An entity shall prepare and present an opening Ind AS Balance Sheet at the date of transition to Ind ASs. This is the starting point for its accounting in accordance with Ind ASs subject to the requirements of paragraphs D13AA and D22. Further an example is provided under paragraph 8 of Ind AS 101 which provides as follows:*

The end of entity A’s first Ind AS reporting period is 31 March 2017. Entity A decides to present comparative information in those financial statements for one year only (see

paragraph 21). Therefore, its date of transition to Ind ASs is the beginning of business on 1 April 2015 (or, equivalently, close of business on 31 March 2015). Entity A presented financial statements in accordance with its previous GAAP annually to 31 March each year up to, and including, 31 March 2016.

As per the relevant paragraph and example given in Ind AS 101, balance sheet 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).

Issue 4: ABC Ltd. is a first-time adopter of Ind AS and has opted for deemed cost exemption as per paragraph D7AA of Ind AS 101, *First-time Adoption of Indian Accounting Standards*. It had capitalised an item of property, plant and equipment under previous GAAP even though it did not meet the definition of an asset. Whether this asset cost can also be continued to be capitalised under deemed cost exemption.

Response: Paragraph D7AA of Ind AS 101, provides that, “*Where there is no change in its functional currency on the date of transition to Ind ASs, a first-time adopter to Ind ASs may elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments in accordance with paragraph D21 and D21A, of Ind AS 101.*”

In accordance with the above, the option of deemed cost exemption can be availed for property, plant and equipment measured as per previous GAAP. The incorrect capitalisation of the item of property, plant and equipment did not meet the definition of asset as per previous GAAP and the definition of ‘Property, plant and equipment’ as per Ind AS 16, accordingly the deemed cost exemption under paragraph D7AA of Ind AS 101 cannot be availed for those assets.

Further, it is important to note the provisions of paragraph 10 of Ind AS 101, which states that, “*Except as described in paragraphs 13–19 and Appendices B–D, an entity shall, in its opening Ind AS Balance Sheet:*

- (a) recognise all assets and liabilities whose recognition is required by Ind ASs;*
- (b) not recognise items as assets or liabilities if Ind ASs do not permit such recognition;*
- (c) reclassify items that it recognised in accordance with 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 ASs; and*
- (d) apply Ind ASs in measuring all recognised assets and liabilities.”*

Paragraph 26 of Ind AS 101 provides that, ‘*If an entity becomes aware of errors made under previous GAAP, the reconciliations required by paragraph 24(a) and (b) shall distinguish the correction of those errors from changes in accounting policies.*’

Further paragraph 24 of Ind AS 101 provides that, *‘To comply with paragraph 23, an entity’s first Ind AS financial statements shall include:*

(a) reconciliations of its equity reported in accordance with previous GAAP to its equity in accordance with Ind ASs for both of the following dates:

(i) the date of transition to Ind ASs; and

(ii) the end of the latest period presented in the entity’s most recent annual financial statements in accordance with previous GAAP.

(b) a reconciliation to its total comprehensive income in accordance with Ind ASs for the latest period in the entity’s most recent annual financial statements. The starting point for that reconciliation shall be total comprehensive income in accordance with previous GAAP for the same period or, if an entity did not report such a total, profit or loss under previous GAAP.”

In view of the above, the incorrect capitalisation of asset which does not meet the definition of tangible asset will be covered under paragraph 26 of Ind AS 101 being an error, and the disclosure of the same should be done as per paragraph 24 of Ind AS 101 as mentioned above.

Issue 5: MNC Ltd. is a first-time adopter of Ind AS. It has elected to measure its property, plant and equipment at deemed cost measured as per paragraph D6 of Ind AS 101, i.e. at its previous GAAP revaluation amount measured before the date of transition (assuming the revaluation is broadly comparable to cost in accordance with Ind AS). Whether it can reverse the impairment provision recognised in books as at the date of transition.

Would the answer be different if the company has not opted for the deemed cost exemption given under Ind AS 101 and has elected to apply Ind AS 16 retrospectively?

Response: Ind AS 101, *First-time Adoption of Indian Accounting Standards* defines deemed cost as, *“An 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.”*

As per paragraph D6 of Ind AS 101, *“A first-time adopter may elect to use a previous GAAP revaluation of an item of property, plant and equipment at, or before, the date of transition to Ind ASs as deemed cost at the date of the revaluation, if the revaluation was, at the date of the revaluation, broadly comparable to:*

(a) fair value; or

(b) cost or depreciated cost in accordance with Ind ASs, adjusted to reflect, for example, changes in a general or specific price index.”

In accordance with the above, an entity may elect to measure its property, plant and equipment at its deemed cost measured as per previous GAAP revaluation on or before the

date of transition, if the revaluation was broadly comparable to fair value or cost or depreciated cost in accordance with Ind AS. The amount so elected as deemed cost is the cost and any accumulated depreciation and provision for impairment under previous GAAP have no relevance. Accordingly, provision for impairment provided before the date of such measurement as per previous GAAP cannot be reversed in later years.

It may be noted that FAQ on deemed cost of property, plant and equipment under Ind AS 101, *First-time Adoption of Indian Accounting Standards* issued by the Accounting Standards Board of ICAI also, *inter alia*, provides that from the date of transition, the deemed cost, i.e., carrying values of PPE as per the previous GAAP is the cost and any accumulated depreciation and provision for impairment under previous GAAP have no relevance as would be the case if fair value were to be taken as deemed cost as per paragraph D5.

Accordingly, provision for impairment provided before the date of transition as per previous GAAP cannot be reversed in later years.

However, from the deemed cost determination date to the date of transition, the entity shall apply appropriate Ind AS accounting policies and depreciation policies to that asset. The depreciation policy applied during the intervening period from the deemed cost determination date to the date of transition would have to be in accordance with the requirements of applicable Ind AS. Accordingly, the impairment loss for the period between the deemed cost determination date to the date of transition can be reversed, if permitted as per the provisions of Ind AS 36, *Impairment of Assets*.

However, if it follows that if Ind AS 16 was applied retrospectively in accordance with paragraphs 7 and 10 of Ind AS 101, then impairment loss can be reversed, if permitted as per the provisions of Ind AS 36, *Impairment of Assets*.

Issue 6: Company A has multiple subsidiaries. All subsidiary companies have a negative net worth as at 31st March 2015. Company A is required to apply Ind AS from 1st April, 2016. How will the company account for accumulated losses as at 31st March 2015 pertaining (under the earlier GAAP) to the non-controlling interest in its consolidated financial statements as on the date of transition-

- (i) If Company A decides to avail the exemption for all business combination before the date of transition as per Appendix C of Ind AS 101, *First-time Adoption of Indian Accounting Standards*?**
- (ii) If Company A elects to apply Ind AS 103, *Business Combinations*, retrospectively to past business combinations i.e., restating the business combinations that occurred before the date of transition to Ind AS from the date of its choice ?**

Response: Paragraph B7 of Ind AS 101, *First-time Adoption of Indian Accounting Standards* on transition states:

“A first-time adopter shall apply the following requirements of Ind AS 110 prospectively from the date of transition to Ind ASs:

- (a) the requirement in paragraph B94 that 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;*
- (b)*
- (c)*

However, if a first-time adopter elects to apply Ind AS 103 retrospectively to past business combinations, it shall also apply Ind AS 110 in accordance with paragraph C1 of this Ind AS.”

Paragraph C1 of Ind AS 101 further states:

“A first-time adopter may elect not to apply Ind AS 103 retrospectively to past business combinations (business combinations that occurred before the date of transition to Ind ASs). However, if a first-time adopter restates any business combination to comply with Ind AS 103, it shall restate all later business combinations and shall also apply Ind AS 110 from that same date.”

For example, if a first-time adopter elects to restate a business combination that occurred on 30 June 2010, it shall restate all business combinations that occurred between 30 June 2010 and the date of transition to Ind ASs, and it shall also apply Ind AS 110 from 30 June 2010.

Further paragraph C4 of Appendix C of Ind AS 101, states as follows:

C4 If a first-time adopter does not apply Ind AS 103 retrospectively to a past business combination, this has the following consequences for that business combination:

.....

(c) The first-time adopter shall exclude from its opening Ind AS Balance Sheet any item recognised in accordance with previous GAAP that does not qualify for recognition as an asset or liability under Ind ASs. The first-time adopter shall account for the resulting change as follows:

(i) the first-time adopter may have classified a past business combination as an acquisition and recognised as an intangible asset an item that does not qualify for recognition as an asset in accordance with Ind AS 38, Intangible Assets. It shall reclassify that item (and, if any, the related deferred tax and non-controlling interests) as part of goodwill (unless it deducted goodwill directly from equity in accordance with previous GAAP, see (g)(i) and (i) below) or capital reserve to the extent not exceeding the balance available in that reserve.

(ii) *the first-time adopter shall recognise all other resulting changes in retained earnings.*

.....

(k) *The measurement of non-controlling interests and deferred tax follows from the measurement of other assets and liabilities. Therefore, the above adjustments to recognised assets and liabilities affect non-controlling interests and deferred tax.”*

In accordance with above, if a company elects to apply a date prior to the transition date for the purpose of applying Ind AS 103, non-controlling interests should be calculated after all assets acquired, liabilities assumed and deferred taxes have been adjusted under Ind AS 103, *Business Combinations*.

So, as per above paragraph, in the given case (i), if Company A decides to avail the exemption for business combination as per Appendix C of Ind AS 101, in respect of all business combinations that occurred before the date of transition, then the company shall apply the requirement in paragraph B94 of Ind AS 110 of attributing the total comprehensive income to the owners of the parent and to the non-controlling interests prospectively.

However, if Company A elects to apply Ind AS 103, *Business Combinations* retrospectively to past business combinations i.e., restating the business combinations that occurred before the date of transition to Ind AS from the date of its choice, then the company should account for attribution of losses to the non-controlling interest in accordance with paragraph B 94 of 110, retrospectively from the date of application of Ind AS 103, in its consolidated financial statements as on the date of transition.

Issue 7: A company is a first-time adopter of Ind AS. It has opted for exemption under paragraph D7AA of Ind AS 101, *First-time Adoption of Indian Accounting Standards* and also elected the cost model under Ind AS 16, *Property, Plant and Equipment* for subsequent measurement. On the date of transition to Ind AS:

- (i) **What will be the accounting treatment of the balance outstanding in the “Revaluation Reserve” created as per previous GAAP.**
- (ii) **What will be the treatment of deferred tax on this transition revaluation reserve?**

Response:

Paragraph 10 of Ind AS 101, *First-time Adoption of Indian Accounting Standards* provides as follows:

“Except as described in paragraphs 13–19 and Appendices B–D, an entity shall, in its opening Ind AS Balance Sheet:

- (a) *recognise all assets and liabilities whose recognition is required by Ind ASs;*

- (b) not recognise items as assets or liabilities if Ind ASs do not permit such recognition;*
- (c) reclassify items that it recognised in accordance with 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 ASs; and*
- (d) apply Ind ASs in measuring all recognised assets and liabilities.*

Further paragraph 11 of Ind AS 101 provides that, *the accounting policies that an entity uses in its opening Ind AS Balance Sheet may differ from those that it used for the same date using its previous GAAP. The resulting adjustments arise from events and transactions before the date of transition to Ind ASs. Therefore, an entity shall recognise those adjustments directly in retained earnings (or, if appropriate, another category of equity) at the date of transition to Ind ASs.*

Accordingly, as per the above requirements in the given case balance outstanding in the revaluation reserve should be transferred to retained earnings or if appropriate, another category of equity disclosing the description of the nature and purpose of such amount in accordance with the requirements of paragraph 79(b), Ind AS 1, *Presentation of Financial Statements*. This is because after transition, the Company is no longer applying the revaluation model of Ind AS 16, instead it has elected to apply the cost model approach.

It may be noted that the requirements of Companies Act, 2013 for declaration of dividend will be required to be evaluated separately.

Further, it may also be noted that in accordance with Ind AS 12, *Income Taxes*, deferred tax would need to be recognised on any difference between the carrying amount and tax base of assets and liabilities. No deferred tax is created on equity components. However, since the asset has been revalued, there will be difference for the amount between carrying value and tax base. Hence, deferred tax will have to be recognised on such asset.

Issue 8: MNC Ltd. is a first-time adopter of Ind AS. It had taken a foreign currency loan for USD 100 million on March 31, 2013 for construction of its property, plant and equipment (PPE). The company had availed the option given under paragraph 46/46A of AS 11, *The Effects of Changes in Foreign Exchange Rates* notified under the Companies (Accounting Standards) Rules, 2006 and accordingly, exchange gain/loss on such foreign currency loan had been added to or deducted from the cost of PPE. On the date of transition to Ind AS, the Company has opted for the exemption given under paragraph D13AA of Ind AS 101, *First-time Adoption of Indian Accounting Standards*.

As per section 43A of Income Tax Act, 1961 such exchange differences capitalised are not allowed deduction under the Income Tax.

Whether deferred tax is to be recognised on such differences that are arising from adjustment of exchange difference to the cost of the asset or can it be said that these

meet the initial recognition exemption under paragraph 15(b) of Ind AS 12, *Income Taxes*, and hence no deferred tax is required to be created on the same?

Response: Paragraph D13AA of Ind AS 101 states as follows:

“A first-time adopter may 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.”

Further paragraph 7AA of Ind AS 21 states as follows:

“7AA This Standard does not also apply to long-term foreign currency monetary items for which an entity has opted for the exemption given in paragraph D13AA of Appendix D to Ind AS 101. Such an entity may continue to apply the accounting policy so opted for such long-term foreign currency monetary items.”

As stated above, it may be noted that the exemption under paragraph D13AA of Ind AS 101 is available only for the exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements immediately before the beginning of the first Ind AS financial reporting period.

As per paragraph 5 of Ind AS 12, *“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.”

It may result in deferred tax depending on treatment of such differences under Income Tax Act, 1961 including Income Computation and Disclosure Standards (ICDS).

Paragraph 15 of Ind AS 12, states as follows:

15 A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

(a) the initial recognition of goodwill; or

(b) the initial recognition of an asset or liability in a transaction which:

- (i) is not a business combination; and*
- (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).*

However, for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint arrangements, a deferred tax liability shall be recognised in accordance with paragraph 39.

Similarly, paragraph 24 of Ind AS 12 states as follows:

A deferred tax asset shall be recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- (a) is not a business combination; and*
- (b) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).*

However, for deductible temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint arrangements, a deferred tax asset shall be recognised in accordance with paragraph 44.

In accordance with the above, it may be noted that deferred taxes is required to be recognised for all taxable and deductible temporary differences except in specified situations eg. if it arises from initial recognition of an asset or a liability. However, adjustment to the cost of the asset due to exchange difference is a subsequent transaction and does not arise on ‘the initial recognition of an asset or liability’. In other words, capitalisation of the exchange differences (including the exchange differences prior to the date of transition) represents subsequent measurement of the liability which has been adjusted to the cost of the asset. Accordingly, in the given case, initial recognition exemption will not be available and deferred tax is required to be recognised on temporary difference arising from capitalised exchange differences.

Issue 9: How should the dividend income on an investment in debt instrument be recognised in the books of an investor?

Response: The dividend income on an investment in debt instrument shall be recognised in the form interest. The recognition of income will depend on the category of investment in debt instrument (e.g. amortised cost, fair value through other comprehensive income or fair value through profit or loss) determined as per the requirements of Ind AS 109.

Recognition of interest income in case of investment in debt instrument measured at amortised cost

If the financial asset is measured at amortised cost, then interest revenue on the same shall be calculated using effective interest rate method in accordance with the following paragraph of Ind AS 109:

“5.4.1 Interest revenue shall be calculated by using the effective interest method (see Appendix A and paragraphs B5.4.1–B5.4.7). This shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the entity shall apply the credit adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

(b) financial assets that are not purchased or originated credit impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the entity shall apply the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

5.4.2 An entity that, in a reporting period, calculates interest revenue by applying the effective interest method to the amortised cost of a financial asset in accordance with paragraph 5.4.1(b), shall, in subsequent reporting periods, calculate the interest revenue by applying the effective interest rate to the gross carrying amount if the credit risk on the financial instrument improves so that the financial asset is no longer credit-impaired and the improvement can be related objectively to an event occurring after the requirements in paragraph 5.4.1(b) were applied (such as an improvement in the borrower’s credit rating).”

Recognition of interest income in case of investment in debt instrument measured at fair value through Other Comprehensive Income

Paragraph 5.7.10 and 5.7.11 of Ind AS 109 states as follows:

5.7.10 A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A shall be recognised in other comprehensive income, except for impairment gains or losses (see Section 5.5) and foreign exchange gains and losses (see paragraphs B5.7.2–B5.7.2A), until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (see Ind AS 1). If the financial asset is reclassified out of the fair value through other comprehensive income measurement category, the entity shall account for the cumulative gain or loss that was previously recognised in other comprehensive income in accordance with paragraphs 5.6.5 and 5.6.7. Interest calculated using the effective interest method is recognised in profit or loss.

5.7.11 As described in paragraph 5.7.10, if a financial asset is measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A, the amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if the financial asset had been measured at amortised cost.

Accordingly, if a financial asset is measured at fair value through Other Comprehensive income (FVOCI) as per paragraph 4.1.2A of Ind AS 109, then interest revenue on such an asset calculated using effective interest rate method is recognised in profit or loss.

Recognition of interest income in case of investment in debt instrument measured at fair value through profit or loss

Paragraph B5 (e) of Ind AS 107, *Financial Instruments: Disclosures*, *inter alia*, provides as follows:

“B5 Paragraph 21 requires disclosure of 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. For financial instruments, such disclosure may include:

(a)

(e) how net gains or net losses on each category of financial instrument are determined (see paragraph 20(a)), for example, whether the net gains or net losses on items at fair value through profit or loss include interest or dividend income.”

Accordingly, the interest income in case of investment in debt instrument can either form part of fair value gains or losses arising from changes in fair value of the instrument or can be separately presented. In accordance with paragraph B5(e) of Ind AS 107, the entity shall disclose its accounting policy.

It may also be noted that in case any statute/ regulatory authority governing the entity specifically prescribes one of the above mentioned manner of the presentation, the entity should follow the same.
