

# Virtual Refresher Course on IND AS Practical Aspects

BY WIRC  
of ICAI

- By CA Yagnesh Desai
- 28<sup>th</sup> March,2021



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A Special Session on Recent Amendments on  
Companies Act ,2013 on 1<sup>st</sup> April 2021  
From 5 PM to 7 PM

Topics Covered

Mandatory use of Accounting Software having audit  
Trail

Amendments to Schedule III

## Few Minor Points of Presentation

Dividend on Preference shares to be classified as Finance Cost.

Round off Less than Rs 100 Crore and More than Rs 100 Crore – Shall as against May in Division I

Finance cost in case of Defined Benefits Obligations – whether Finance cost or Employee Cost?

[Net interest on net defined benefit liability which reflects the change in net defined benefit liability that arises from the passage of time.] 9.5.5.of GN

# Investments in Subsidiary, Associates and JVs

In case of SFS – as Financial assets

But in CFS –

Investments in subsidiary gets knocked-off.

Investments in Associates and JV – which are equity accounted are presented outside the Financial assets.

## Balance Sheet as at March 31, 2019

		₹ cr)		
Particulars		Note	As at March 31, 2019	As at March 31, 2018
<b>A</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
a)	Property, plant and equipment	2	917.84	918.87
b)	Capital work-in-progress	2	70.31	69.58
c)	Investment properties	3	3.22	3.27
d)	Intangible assets	4	0.01	0.01
e)	Financial assets			
	Investments in subsidiary companies and joint venture company	5.1	202.55	142.47
	Other investments	5.2	576.13	452.34
	Loans	6	-	5.03
	Other financial assets	7	2.22	2.48
f)	Income tax assets (net)	28.5	3.74	0.67
g)	Other non-current assets	8	37.55	44.04
	<b>Total non-current assets</b>		<b>1,762.57</b>	<b>1,628.69</b>
<b>2</b>	<b>Current assets</b>			
a)	Inventories	9	427.81	378.95
b)	Financial assets			
	Investments	5.3	197.84	-
	Trade receivables	10	767.18	717.68
	Cash and cash equivalents	11	15.39	20.13
	Bank balances other than cash and cash equivalents above	12	13.23	1.98
	Loans	6	4.92	2.04
	Other financial assets	7	17.45	31.94
c)	Other current assets	8	143.69	127.68
	<b>Total current assets</b>		<b>1,582.31</b>	<b>1,280.46</b>
	<b>Total assets</b>		<b>3,345.88</b>	<b>2,919.15</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
a)	Equity share capital	13	29.68	29.68
b)	Other equity	14	2,619.88	2,167.86
	<b>Total equity</b>		<b>2,649.56</b>	<b>2,197.54</b>
	<b>Liabilities</b>			
<b>1</b>	<b>Non-current liabilities</b>			
a)	Other financial liabilities	15	25.00	22.57
b)	Provisions	16	18.70	17.71
c)	Deferred tax liabilities (net)	28.5	122.57	124.65
	<b>Total non-current liabilities</b>		<b>166.27</b>	<b>164.93</b>
<b>2</b>	<b>Current liabilities</b>			
a)	Financial liabilities			
	Borrowings	17	-	0.01
	Trade payables	18	-	-
	Total outstanding dues of			
	a) Micro enterprises and small enterprises		7.19	2.90
	b) Creditors other than micro enterprises and small enterprises		420.91	466.96
	Other financial liabilities	15	68.09	59.18
b)	Contract liabilities	19	8.15	-
c)	Other current liabilities	20	6.31	14.68
d)	Provisions	16	29.22	8.36
e)	Current tax liabilities (net)	28.5	0.18	8.01
	<b>Total current liabilities</b>		<b>530.05</b>	<b>556.68</b>
	<b>Total liabilities</b>		<b>696.32</b>	<b>721.61</b>
	<b>Total equity and liabilities</b>		<b>3,345.88</b>	<b>2,919.15</b>

The accompanying Notes 1-28 form an integral part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Samir R. Shah  
Partner

T.R. Gopi Kannan  
Whole-time Director and CFO  
Company Secretary

L.P. Patni  
Company Secretary

B.N. Mohanan  
Whole-time Director  
and President - U&S

Mumbai  
April 26, 2019

Atul Ltd | Annual Report 2018-19

For and on behalf of the Board of Directors

S.S. Lalbhai  
Chairman and Managing Director

R.A. Shah  
B.S. Mehta  
S.M. Datta  
V.S. Rangan  
M.M. Chitale  
S.A. Parise  
B.R. Arora  
Directors

S.A. Lalbhai  
Managing Director  
Mumbai  
April 26, 2019

## Consolidated Balance Sheet as at March 31, 2019

Particulars		Note	As at March 31, 2019	As at March 31, 2018
<b>A ASSETS</b>				
<b>1 Non-current assets</b>				
a)	Property, plant and equipment	2	1,048.15	1,000.30
b)	Capital work-in-progress	2	172.27	96.20
c)	Investment properties	3	3.77	3.77
d)	Goodwill	4	22.31	23.75
e)	Other intangible assets	4	19.61	0.01
f)	Biological assets other than bearer plants	5	13.15	11.50
g)	Investments accounted for using the equity method	6.1	15.24	10.72
h)	Financial assets			
i)	Investments	6.2	527.46	463.47
ii)	Loans	7	0.22	0.20
iii)	Other financial assets	8	1.53	1.57
ii)	Income tax assets (net)	29.5	8.42	7.38
ii)	Deferred tax assets	29.5	0.52	5.01
ii)	Other non-current assets	9	38.10	43.67
	<b>Total non-current assets</b>		<b>1,881.70</b>	<b>1,856.10</b>
<b>2 Current assets</b>				
a)	Inventories	10	511.82	411.43
b)	Biological assets	5	9.04	11.20
c)	Financial assets			
i)	Current investment	6.3	208.81	5.70
ii)	Trade receivables	11	698.47	723.40
iii)	Cash and cash equivalents	12	37.50	42.62
iv)	Bank balances other than cash and cash equivalents above	13	16.91	6.72
v)	Loans	14	0.15	-
vi)	Other financial assets	8	7.02	20.90
ii)	Other current assets	9	158.40	133.47
	<b>Total current assets</b>		<b>1,864.27</b>	<b>1,355.49</b>
	<b>Total assets</b>		<b>3,745.97</b>	<b>3,211.59</b>
<b>B EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
a)	Equity share capital	14	29.68	29.68
b)	Other equity	15	2,676.03	2,214.74
	<b>Equity attributable to owners of Atul Ltd</b>		<b>2,705.71</b>	<b>2,244.42</b>
	Non-controlling interests		1.80	2.01
	<b>Total equity</b>		<b>2,728.51</b>	<b>2,263.93</b>
<b>Liabilities</b>				
<b>1 Non-current liabilities</b>				
a)	Financial liabilities			
i)	Borrowings	16	43.14	-
ii)	Other financial liabilities	17	28.03	25.23
b)	Provisions	18	19.13	17.84
c)	Deferred tax liabilities (net)	20.5	139.48	123.55
d)	Other non-current liabilities	19	7.45	8.34
	<b>Total non-current liabilities</b>		<b>237.23</b>	<b>180.92</b>
<b>2 Current liabilities</b>				
a)	Financial liabilities			
i)	Borrowings	16	9.32	15.91
ii)	Trade payables			
	<b>Total outstanding dues of</b>			
a)	Micro enterprises and small enterprises	20	7.74	3.93
b)	Creditors other than micro enterprises and small enterprises	20	371.89	466.09
iii)	Other financial liabilities	17	138.61	57.66
b)	Contract liabilities	21	8.46	-
c)	Other current liabilities	19	10.67	17.15
d)	Provisions	18	29.87	10.87
e)	Current tax liabilities (net)	29.5	0.67	8.13
	<b>Total current liabilities</b>		<b>577.23</b>	<b>563.74</b>
	<b>Total liabilities</b>		<b>814.46</b>	<b>743.66</b>
	<b>Total equity and liabilities</b>		<b>3,543.97</b>	<b>3,013.59</b>

The accompanying Notes 1-29 form an integral part of the Consolidated Financial Statements

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

Samir R. Shah  
Partner

T.R. Gopi Kannan  
Whole-time Director and CFO

L.P. Patni  
Company Secretary

Mumbai  
April 26, 2019

B.N. Mohanan  
Whole-time Director  
and President - U.S.

Atul Ltd | Annual Report 2018-19

For and on behalf of the Board of Directors

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Chairman and Managing Director

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S.M. Datta  
V.S. Rangan  
M.M. Chitale  
S.A. Panse  
B.R. Arora  
Directors

S.A. Lalbhai  
Managing Director  
Mumbai  
April 26, 2019

# Classification of Financial Investments

Ind AS 107 Para 8

Investments – amortised cost.

Cash and Cash Equivalent



## Share application Money - Investment

If allotment is sure – disclosed as part of Statement of Changes in Equity

Any application money paid towards securities, where security has not been allotted on the date of the Balance Sheet, shall be disclosed as a separate line item under ‘other non-current financial assets’ or “other current financial assets”

## Contract Liabilities – May Presented or Disclosed

Ind AS 115 requires in case of a contract with customer, when either party has performed, to present a contract liability in the balance sheet.

Contract liability arises 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 the payment is made or the payment is due (whichever is earlier).

Atul Ltd P. No. 104/ L&T P. No.397

## Advance for Equipment - Capital Advances

Should be part of Capital work in progress or Other non-current assets

Capital advances should be treated as other non-current assets irrespective of when the Property, Plant and Equipment including bearer plants, Investment Property, Other Intangible assets or Biological Assets are expected to be received

## Classification of receivables other than Sales – like PM etc – Trade Receivables or Other Financial Assets?

Items like dues in respect of insurance claims, sale of Property, Plant and Equipment, contractually reimbursable expenses, etc. Such receivables should be classified as "other financial assets" and each such item should be disclosed nature-wise.

## Contract assets and impairment thereof

Ind AS 115 requires in case of a contract with customer, when either party has performed, to present a contract asset in the **balance sheet as a line item separate from trade receivables.**

Contract asset arises if an entity performs by transferring goods or services to a customer before the customer pays consideration or before payment is due.

It excludes any amounts presented as a receivable

## Current Tax Asset - IT Refund

The excess tax paid (presented as current tax assets) may not be expected to be recovered / realised within one year from the balance sheet date and if so, the same shall be presented under non-current assets. An entity should evaluate whether current tax assets meets the definition of current assets or not and should accordingly present the same.

# Lease :Presentation by Lessee

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## **Balance Sheet Presentation:**

- Right-of-Use assets separately from other assets.
  - Lease Liabilities separately from other liabilities.
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## **Presentation in Statement of profit and loss:**

- Interest Expense on the Lease Liability
  - Depreciation charge for the Right-of-Use Asset
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## **Presentation in Statement of Cash Flows:**

- Financing Activities: Payments of Principal sum of the Lease Liability.
  - Financing Activities: Payments for the Interest of the lease liability.
  - Operating Activities: Short-term Lease Payments, Payments for Leases of Low-Value Assets and Variable Lease Payments not included in the measurement of the lease liability.
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## Few other observations

Additions to Fixed Assets : Borrowing cost amount and capitalization rate or the average capitalization rate or the average capitalization rate as the case may be.

Amount of Inventory recognised in Profit and Loss is missing in many FS

Additional line items – Owner assets – Leased assets- Assets measure at cost and at revalued amount.



# Cash and Cash Equivalents

**For the Financial Year ending 31<sup>st</sup>  
March,2021**

<b>Sr No</b>	<b>Date of Deposit</b>	<b>Date of Maturity</b>	<b>Whether Cash &amp; Cash Equivalent</b>
<b>1</b>	<b>1.4.2018</b>	<b>15.4.2021</b>	<b>No</b>
<b>2</b>	<b>1.2.2021</b>	<b>15.4.2021</b>	<b>Yes</b>

Bank deposits with more than 12 months maturity should be classified under *Other Financial Assets and not part of Other Bank Balances*

# MSME - on the face of the Balance Sheet

Trade payables

(A) Total outstanding dues of Small Enterprises and Micro enterprises

(B) Total outstanding dues of creditors other than small enterprises and micro enterprises.

# Other Comprehensive Income - OCI

Following Items - being part of OCI Items - not subsequently reclassified to Profit and loss should form part of retained earnings.

1. Re-measurement of defined benefit plans and
2. Fair value changes relating to own credit risk of financial liabilities designated at fair value through profit or loss shall be recognised as a part of retained earnings with separate disclosure of such items along with the relevant amounts in the Notes

However, Ind AS does not contain any specific guidance/ requirement whether such gains/ losses should be recognized in the retained earnings or should appear as a separate reserve within the statement of changes in equity.

## Share Application Money

*Share application money pending allotment shall be classified into equity or liability in accordance with relevant Indian Accounting Standards. 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*

## Other Borrowing Cost

Other borrowing costs would include commitment charges, loan processing charges, guarantee charges, loan facilitation charges, discounts/premium on borrowings, other ancillary costs incurred in connection with borrowings, or amortization of such costs, etc.

*Such finance costs that do not* meet the definition of transaction costs directly attributable to issue of a financial liability and are *therefore not included as a part of EIR*, shall be presented under 'Other borrowing costs'. [ Para 9.5.5.D]

Following Disclosures are not required  
any more

## Disclosures not required any more

### Other disclosures of Statement of Profit and Loss

*The following disclosures are required*

*A. (a) In the case of manufacturing companies,*

*1) Raw materials under broad heads.*

*2) goods purchased under broad heads.*

*(b) In the case of trading companies, purchases in respect of goods traded in by the company under broad heads.*

*(c) In the case of companies rendering or supplying services, gross income derived from services rendered or supplied under broad heads.*

*(d) In the case of a company, which falls under more than one of the categories mentioned in (a), (b) and (c) above, it shall be sufficient compliance with the requirements herein if purchases, sales and consumption of raw material and the gross income from services rendered is shown under broad heads.*

## Other disclosures of Statement of Profit and Loss (contd.)

*(e) In the case of other companies, gross income derived under broad heads.*

*B. In the case of all concerns having works in progress under broad heads.*

*C. (a) The aggregate, if material, of any amounts set aside or proposed to be set aside, to reserve, but not including provisions made to meet any specific liability,*

*Contingency or commitment known to exist at the date as to which the balance sheet is made up.*

*(b) The aggregate, if material, of any amounts withdrawn from such reserves.*

*D. (a) The aggregate, if material, of the amounts set aside to provisions made for meeting specific liabilities, contingencies or commitments.*

*(b) The aggregate, if material, of the amounts withdrawn from such provisions, as no longer required.*



## Other disclosures of Statement of Profit and Loss (contd.)

- E. Expenditure incurred on each of the following items, separately for each item:*
- a) Consumption of stores and spare parts;*
  - b) Power and fuel;*
  - c) Rent;*
  - d) Repairs to buildings;*
  - e) Repairs to machinery;*
  - f) Insurance;*
  - g) Rates and taxes, excluding taxes on income;*
  - h) Miscellaneous expenses,*
- F. (a) Dividends from subsidiary companies.*
- (b) Provisions for losses of subsidiary companies.*
- G. The profit and loss account shall also contain by way of a note the following information, namely:*
- (a) Value of imports calculated on C.I.F basis by the company during the financial*

## Division I

## Division II

### Other disclosures of Statement of Profit and Loss (contd.)

*year in respect of*

*I. Raw materials;*

*II. Components and spare parts;*

*III. Capital goods;*

*(b) Expenditure in foreign currency during the financial year on account of royalty, know-how, professional and consultation fees, interest, and other matters;*

*(c) Total value if all imported raw materials, spare parts and components consumed during the financial year and the total value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption;*

## Other disclosures of Statement of Profit and Loss (contd.)

*(d) The amount remitted during the year in foreign currencies on account of dividends with a specific mention of the total number of non-resident shareholders, the total number of shares held by them on which the dividends were due and the year to which the dividends related;*

*(e) Earnings in foreign exchange classified under the following heads, namely:*

- I. Export of goods calculated on F.O.B. basis;*
- II. Royalty, know-how, professional and consultation fees;*
- III. Interest and dividend;*
- IV. Other income, indicating the nature thereof.*

## Division I

## Division II

### Capital reduction

*Where sums have been written-off on a reduction of capital or revaluation of assets or where sums have been added on revaluation of assets, every balance sheet subsequent to date of such write-off, or addition shall show the reduced or increased figures as applicable and shall by way of a note also show the amount of the reduction or increase as applicable together with the date thereof for the first five years subsequent to the date of such reduction or increase.*

**No such requirement**

Division I	Division II
<b>44. Adjustments to carrying amount of investments</b>	
A Company shall disclose by way of notes additional information regarding aggregate expenditure and income on adjustments to the carrying amount of investments.	<i>No such requirement</i>

# Questions & Answers



**Thank You**