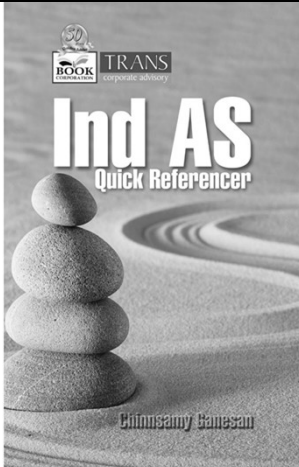


Ind AS – Post Match Analysis



Presentation at the Conference organised by the Society of Auditors on 17 Feb 2018

Chinnsamy Ganesan
CNGSN & Associates LLP

Structure of the discussion




- A quick Recap
- The major challenges
- How Companies transitioned
- Tools and Templates
- Some case studies
- Key takeaways

Society of Auditors

Chinnsamy Ganesan
CNGSN & Associates LLP

A Quick Recap




- The unaudited results and limited reviews are over
- To gear up for year-end audit Ind AS financial statements
- Companies in the group required to follow Ind AS
- Readings for Banks, Insurance Companies & NBFCs notified

Society of Auditors

Chinnsamy Ganesan
CNGSN & Associates LLP

The big question?



- What is the impact on my Net Worth?
- Is it a life time opportunity?
- How I can bridge the GAP on transition?
- Will impact my future results as well?

Society of Auditors

Chinnsamy Ganesan
CNGSN & Associates LLP

Ind AS – Key Impact Areas

Revenue	Property, Plant and Equipment	Investments
Financial Instruments	Leases	Investment Property
Consolidated financial statements	Hedging and Derivatives	Employee Benefits
Current and Deferred Taxes	Related Party Transactions	Presentation of financial statements

First Time Adoption is more than a mere "Accounting Change"

A tailored strategy and detailed transition approach has to address completely each of the above key impact areas


Society of Auditors | Chinnamy Ganesan CNGSN & Associates LLP

Unavoidable Transition Options

- 1 Business combinations before the date of transition
- 2 Deemed cost for Property, plant and equipment, intangibles and investment property
- 3 Para D5 Vs Para D7AA of Indi AS 101
- 4 Designation and fair value measurement of financial instruments at initial recognition
- 5 Deemed cost for Investments in Subsidiaries, JVs and Associates
- 6 Treatment of Long Term Foreign Currency Monetary Items
- 7 Service concession arrangements
- 8 Arrangements containing lease

Society of Auditors | Chinnamy Ganesan CNGSN & Associates LLP

Opening Balance Sheet



Include	Exclude
Remeasure	Reclassify


Consequential adjustment in Opening retained earnings

Consider the deferred tax impact as well

Ind AS 8 adjustments are Ind AS 101 adjustments?

Society of Auditors | Chinnamy Ganesan CNGSN & Associates LLP


Property, Plant and Equipment



- PPE Vs Investment Property
- PPE Vs Assets on which the entity neither owns nor controls
- Capital Work in Progress
- Component Cost Model
- Revaluation Model and Revised AS 10 impact

Society of Auditors | Chinnamy Ganesan CNGSN & Associates LLP

Financial Instruments




- Debt Vs Equity from the point of view of the holder
- Amortized cost
- Expected Credit Loss Model on long overdue monetary assets
- Transaction Cost and processing charges of Loans
- Fair valuation of long term monetary assets and liabilities

Society of Auditors

Chinnamy Ganesan
CNGSN & Associates LLP

Financial Instruments



- Fair value through OCI vs FVTPL considerations
- Accounting for forward contracts
- Guarantee Given to Group companies
- Fair valuation of advance from customers

Society of Auditors

Chinnamy Ganesan
CNGSN & Associates LLP

Government Grants




- Grants in the nature of promoters contribution
- Grants for specific assets
- Concessional loans from Government
- EPGC Schemes
- Reimbursement of expenses

Society of Auditors

Chinnamy Ganesan
CNGSN & Associates LLP

Revenue Recognition




- Gross Vs Net
- Revenue reversal and impact of force rate changes
- Revenue recognition of Tech Parks – Investment Property Vs PPE
- EPGC Schemes
- Reimbursement of expenses

Society of Auditors

Chinnamy Ganesan
CNGSN & Associates LLP


Business Combinations



- Identifiable assets
- Contingent Consideration
- Employee Continuance
- Common Control Transactions
- Court Schemes

Society of Auditors | Chinnamy Ganesan CNGSN & Associates LLP


Taxation Implications



- Deferred Tax on Balance Sheet Approach
- Implication on ICDS
- Implication on Minimum Alternate Tax
- Implication on Indirect Taxes
- Separate set of reconciliations for tax purposes

Society of Auditors | Chinnamy Ganesan CNGSN & Associates LLP

Templates and other considerations



- Excel Spreadsheet template
- Journal entry approach
- Linking unaudited Results and Financials
- Continuing with Audit Qualifications
- ITFG Bulletins

Key takeaways

- First time adoption is more of a "business decision" than accounting
- Doing it right at the first time is very critical
- Judiciously applying the optional exemptions will help reduce the GAAP differences
- Practice with options will guide to refine decisions

 **Questions**

?

 **Thank you**



ganesanca@yahoo.com/ 0 99401 30403