

*Exposure Draft*

*Accounting Standard (AS) 1*

*Presentation of Financial Statements*

*Last date for the comments: January 31, 2019*



**Issued by**  
**Accounting Standards Board**  
**The Institute of Chartered Accountants of India**

***Exposure Draft***  
***Accounting Standard (AS) 1***  
***Presentation of Financial Statements***

The Indian Accounting Standards (Ind AS), as notified by the Ministry of Corporate Affairs in February, 2015, have been applicable to the specified class of companies. Accounting Standards are applicable to entities to whom Ind AS are not applicable. However, the Ministry of Corporate Affairs has requested the Accounting Standards Board of the Institute of Chartered Accountants of India (ICAI) to upgrade Accounting Standards, as notified under Companies (Accounting Standards) Rules, 2006, to bring them nearer to Indian Accounting Standards. Accordingly, the Accounting Standards Board (ASB) of ICAI has initiated the process of upgradation of these standards which will be applicable to all entities to whom Ind AS are not applicable.

In this direction, the ASB has finalised AS 1, *Presentation of Financial Statements*. For formulating AS 1, Ind AS 1, *Presentation of Financial Statements*, has been taken as the base. Major differences between draft AS 1 and Ind AS 1 are given in Appendix 1 of AS 1. Similarly, major differences between draft AS 1, *Presentation of Financial Statements*, and AS 1, *Disclosures of Accounting Policies*, are given in Appendix 2.

Following is the Exposure Draft of the Accounting Standard (AS) 1, *Presentation of Financial Statements*, issued by the Accounting Standards Board of the Institute of Chartered Accountants of India, for comments. AS 1 refers to following ASs which are under formulation:

1. AS 27, *Separate Financial Statements*
2. AS 34, *Interim Financial Reporting*
3. AS 21, *The Effects of Changes in Foreign Exchange Rates*
4. AS 18, *Revenue*
5. AS 37, *Provisions, Contingent Liabilities and Contingent Assets*
6. AS 105, *Non-current Assets Held for Sale and Discontinued Operations*
7. AS 12, *Income Taxes*
8. AS 103, *Business Combinations*
9. AS 110, *Consolidated Financial Statements*

The Board invites comments on any aspect of this Exposure Draft. Comments are most helpful if they indicate the specific paragraph or group of paragraphs to which they relate, contain a clear rationale and, where applicable, provide a suggestion for alternative wording.

***How to Comment:***

*Comments can be submitted using one of the following methods so as to receive not later than January 31, 2019:*

1. *Electronically:* Visit the link <http://www.icai.org/comments/asb/>
2. *Email:* Comments can be sent at [commentsasb@icai.in](mailto:commentsasb@icai.in)
3. *Postal:* Secretary, Accounting Standards Board,  
The Institute of Chartered Accountants of India, ICAI Bhawan,  
Post Box No. 7100, Indraprastha Marg, New Delhi – 110 002

*Further clarifications on any aspect of this Exposure Draft may be sought by email to [asb@icai.in](mailto:asb@icai.in).*

*(This Accounting Standard includes paragraphs set in **bold** type and plain type, which have equal authority. Paragraphs in bold type indicate the main principles).*

## **Objective**

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- 1 This Standard prescribes the basis for presentation of general purpose financial statements to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. It sets out overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

## **Scope**

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- 2 An entity shall apply this Standard in preparing and presenting general purpose financial statements in accordance with Accounting Standards (ASs).
- 3 Other ASs set out the recognition, measurement and disclosure requirements for specific transactions and other events.
- 4 This Standard does not apply to the structure and content of condensed interim financial statements prepared in accordance with AS 34, *Interim Financial Reporting*. However, paragraphs 15–35 apply to such financial statements. This Standard applies equally to all entities, including those that present consolidated financial statements in accordance with AS 110, *Consolidated Financial Statements*, and those that present separate financial statements in accordance with AS 27, *Separate Financial Statements*.
- 5 This Standard uses terminology that is suitable for profit-oriented entities, including public sector business entities. If entities with not-for-profit activities in the private sector or the public sector apply this Standard, they may need to amend the descriptions used for particular line items in the financial statements and for the financial statements themselves.
- 6 Similarly, entities whose share capital is not equity may need to adapt the financial statement presentation of members' interests.

## **Definitions**

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- 7 The following terms are used in this Standard with the meanings specified:

***General purpose financial statements*** (referred to as 'financial statements') are those intended to meet the needs of users who are not in a position to require an entity to prepare reports tailored to their particular information needs.

***Impracticable*** Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.

***Accounting Standards (ASs):***

**(i) for companies, the Accounting Standards other than Indian Accounting**

**Standards prescribed under the Companies Act, 2013; and ~~an entity by any law, statute, regulator and/or the Institute of Chartered Accountants of India.~~**

- (ii) for entities other than companies, the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).**

***Material* Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.**

Assessing whether an omission or misstatement could influence economic decisions of users, and so be material, requires consideration of the characteristics of those users. The *Framework for the Preparation and Presentation of Financial Statements* issued by the Institute of Chartered Accountants of India states in paragraph 26 that ‘users have a reasonable knowledge of business and economic activities and accounting and study the information with reasonable diligence.’ Therefore, the assessment needs to take into account how users with such attributes could reasonably be expected to be influenced in making economic decisions.

***Notes* contain information in addition to that presented in the balance sheet, statement of profit and loss, statement of changes in equity and statement of cash flows. Notes provide narrative descriptions or disaggregations of items presented in those statements and information about items that do not qualify for recognition in those statements.**

***Other comprehensive income* comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by other ASs.**

The components of other comprehensive income include:

- (a) changes in revaluation surplus (see AS 16, *Property, Plant and Equipment*);
- (b) remeasurements of defined benefit plans (see AS 19, *Employee Benefits*);
- (c) gains and losses arising from translating the financial statements of a non-integral foreign operation (see AS 21, *The Effects of Changes in Foreign Exchange Rates*);
- (d) [Refer Appendix 1];
- (da) [Refer Appendix 1];
- (e) the effective portion of gains and losses on hedging instruments in a cash flow hedge in accordance with paragraph B28 of AS 109 ;
- (f) [Refer Appendix 1];

- (g) changes in the value of the time value of options when separating the intrinsic value and time value of an option contract and designating as the hedging instrument only the changes in the intrinsic value (see Section B 38 of AS 109);
- (h) changes in the value of the forward elements of forward contracts when separating the forward element and spot element of a forward contract and designating as the hedging instrument only the changes in the spot element, and changes in the value of the foreign currency basis spread of a financial instrument when excluding it from the designation of that financial instrument as the hedging instrument (see Section B 38 of AS 109).

***Owners are holders of instruments classified as equity*<sup>1</sup>.**

***Profit or loss is the total of income less expenses, excluding the components of other comprehensive income.***

***Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in the current or previous periods.***

***Total comprehensive income is the change in equity during a period resulting from transactions and other events, other than those changes resulting from transactions with owners in their capacity as owners.***

Total comprehensive income comprises all components of ‘profit or loss’ and of ‘other comprehensive income’.

8 [Refer Appendix 1]

8A The following terms are described in AS 109, *Financial Instruments*, and are used in this Standard with the meaning specified in AS 109:

- (a) puttable financial instrument classified as an equity instrument (described in paragraph C5(a) of AS 109)
- (b) an instrument that imposes on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and is classified as an equity instrument (described in paragraph C5(b) of AS 109).

## **Financial statements**

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### **Purpose of financial statements**

9 Financial statements are a structured representation of the financial position and financial performance of an entity. The objective of financial statements is to provide information about the financial position, financial performance and cash flows of an entity that is useful to a wide range of users in making

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<sup>1</sup> For the purpose of this Standard, *Equity* means as defined in AS 109, *Financial Instruments*.

economic decisions. Financial statements also show the results of the management's stewardship of the resources entrusted to it. To meet this objective, financial statements provide information about an entity's:

- (a) assets;
- (b) liabilities;
- (c) equity;
- (d) income and expenses, including gains and losses;
- (e) contributions by and distributions to owners in their capacity as owners; and
- (f) cash flows, where applicable.

This information, along with other information in the notes, assists users of financial statements in predicting the entity's future cash flows and, in particular, their timing and certainty.

### **Complete set of financial statements**

**10 A complete set of financial statements comprises:**

- (a) a balance sheet as at the end of the period ;**
- (b) a statement of profit and loss for the period;**
- (c) Statement of changes in equity for the period;**
- (d) a statement of cash flows for the period, where applicable;**
- (e) notes, comprising significant accounting policies and other explanatory information;**
- (ea) comparative information in respect of the preceding period as specified in paragraphs 38 and 38A; and**
- (f) [Refer Appendix 1]**

**10A An entity shall present a single statement of profit and loss, with profit or loss and other comprehensive income presented in two sections. The sections shall be presented together, with the profit or loss section presented first followed directly by the other comprehensive income section.**

**11 An entity shall present with equal prominence all of the financial statements in a complete set of financial statements.**

12 [Refer Appendix 1]

13-14 [Refer Appendix 1]

### **General features**

#### **Presentation of True and Fair View and compliance with ASs**

**15 Financial statements shall present a true and fair view of the financial**

**position, financial performance and cash flows of an entity. Presentation of true and fair view requires the 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 ASs, with additional disclosure when necessary, result in financial statements that present a true and fair view.**

**16 An entity whose financial statements comply with ASs shall make an explicit and unreserved statement of such compliance in the notes. An entity shall not describe financial statements as complying with ASs unless they comply with all the requirements of ASs.**

17 Presentation of a true and fair view is achieved by compliance with applicable ASs. Presentation of a true and fair view also requires an entity:

- (a) to select and apply accounting policies in accordance with AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. AS 8 sets out a hierarchy of authoritative guidance that management considers in the absence of an AS that specifically applies to an item.
- (b) to present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- (c) to provide additional disclosures when compliance with the specific requirements in ASs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

**18 An entity cannot rectify inappropriate accounting policies either by disclosure of the accounting policies used or by notes or explanatory material.**

19-24 [Refer Appendix 1]

#### **Going concern**

**25 When preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. An entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern.**

26 In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The degree of consideration depends on the facts in each case. When an entity has a history of profitable operations and ready access to financial resources, the entity

may reach a conclusion that the going concern basis of accounting is appropriate without detailed analysis. In other cases, management may need to consider a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate.

### **Accrual basis of accounting**

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

28 When the accrual basis of accounting is used, an entity recognises 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 *Framework*.

### **Materiality and aggregation**

**29 An entity shall present separately each material class of similar items. An entity shall present separately items of a dissimilar nature unless they are immaterial except when required by law.**

30 Financial statements result from processing large numbers of transactions or other events that are aggregated into classes according to their nature. The final stage in the process of aggregation and classification is the presentation of condensed and classified data, which form line items in the financial statements. If a line item is not individually material, it is aggregated with other items either in those statements or in the notes. An item that is not sufficiently material to warrant separate presentation in those statements may warrant separate presentation in the notes.

30A When applying this and other ASs an entity shall decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity shall not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures.

31 Some ASs specify information that is required to be included in the financial statements, which include the notes. An entity need not provide a specific disclosure required by an AS if the information is not material except when required by law. This is the case even if the AS contains a list of specific requirements or describes them as minimum requirements. An entity shall also consider whether to provide additional disclosures when compliance with the specific requirements in AS is insufficient to enable users of financial statements to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

### **Offsetting**

**32 An entity shall not offset assets and liabilities or income and expenses,**



**unless required or permitted by an AS.**

- 33 An entity reports separately both assets and liabilities, and income and expenses. Offsetting in the statement of profit and loss or balance sheet, except when offsetting reflects the substance of the transaction or other event, detracts from the ability of users both to understand the transactions, other events and conditions that have occurred and to assess the entity's future cash flows. Measuring assets net of valuation allowances—for example, obsolescence allowances on inventories and doubtful debts allowances on receivables—is not offsetting.
- 34 AS 18, *Revenue*, defines revenue and requires that revenue is measured at transaction price, taking into account the amount of any trade discounts and volume rebates the entity allows. An entity undertakes, in the course of its ordinary activities, other transactions that do not generate revenue but are incidental to the main revenue-generating activities. An entity presents the results of such transactions, when this presentation reflects the substance of the transaction or other event, by netting any income with related expenses arising on the same transaction. For example:
- (a) an entity presents gains and losses on the disposal of non-current assets, including investments and operating assets, by deducting from the amount of consideration on disposal the carrying amount of the asset and related selling expenses; and
  - (b) an entity may net expenditure related to a provision that is recognised in accordance with AS 37, *Provisions, Contingent Liabilities and Contingent Assets*, and reimbursed under a contractual arrangement with a third party (for example, a supplier's warranty agreement) against the related reimbursement.
- 35 In addition, an entity presents on a net basis gains and losses arising from a group of similar transactions, for example, foreign exchange gains and losses or gains and losses arising on financial instruments held for trading. However, an entity presents such gains and losses separately if they are material.

### **Frequency of reporting**

- 36 **An entity shall present a complete set of financial statements (including comparative information) at least annually. When an entity changes the end of its reporting period and presents financial statements for a period longer or shorter than one year, an entity shall disclose, in addition to the period covered by the financial statements:**
- (a) **the reason for using a longer or shorter period, and**
  - (b) **the fact that amounts presented in the financial statements are not entirely comparable.**
- 37 [Refer Appendix 1]

### **Comparative information**

*Minimum comparative information*

**38** Except when ASs permit or require otherwise, an entity shall present comparative information in respect of the preceding period for all amounts reported in the current period's financial statements. An entity shall include comparative information for narrative and descriptive information if it is relevant to understanding the current period's financial statements.

**38A-38B** [Refer Appendix 1]

38C-38D [Refer Appendix 1].

39- [Refer Appendix 1]

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40A-40D [Refer Appendix 1]

**41** If an entity changes the presentation or classification of items in its financial statements, it shall reclassify comparative amounts unless reclassification is impracticable. When an entity reclassifies comparative amounts, it shall disclose:

- (a) the nature of the reclassification;
- (b) the amount of each item or class of items that is reclassified; and
- (c) the reason for the reclassification.

**42** When it is impracticable to reclassify comparative amounts, an entity shall disclose the reason for not reclassifying the amounts.

43 Enhancing the inter-period comparability of information assists users in making economic decisions, especially by allowing the assessment of trends in financial information for predictive purposes. In some circumstances, it is impracticable to reclassify comparative information for a particular prior period to achieve comparability with the current period. For example, an entity may not have collected data in the prior period(s) in a way that allows reclassification, and it may be impracticable to recreate the information.

44 [Refer Appendix 1]

#### **Consistency of presentation**

**45** An entity shall retain the presentation and classification of items in the financial statements from one period to the next unless:

- (a) it is apparent, following a significant change in the nature of the entity's operations or a review of its financial statements, that another presentation or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies in AS 8; or
- (b) an AS requires a change in presentation.

46 For example, a significant acquisition or disposal, or a review of the presentation

of the financial statements, might suggest that the financial statements need to be presented differently. An entity changes the presentation of its financial statements only if the changed presentation provides information that is reliable and more relevant to users of the financial statements and the revised structure is likely to continue, so that comparability is not impaired. When making such changes in presentation, an entity reclassifies its comparative information in accordance with paragraphs 41 and 42.

## Structure and content

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### Introduction

- 47 This Standard requires particular disclosures in the balance sheet or in the statement of profit and loss, or in the statement of changes in equity and requires disclosure of other line items either in those statements or in the notes. AS 7, *Statement of Cash Flows*, sets out requirements for the presentation of cash flow information.
- 48 This Standard sometimes uses the term ‘disclosure’ in a broad sense, encompassing items presented in the financial statements. Disclosures are also required by other ASs. Unless specified to the contrary elsewhere in this Standard or in another AS, such disclosures may be made in the financial statements.

### Identification of the financial statements

- 49 **An entity shall clearly identify the financial statements and distinguish them from other information in the same published document.**
- 50 ASs apply only to financial statements, and not necessarily to other information presented in an annual report, a regulatory filing, or another document. Therefore, it is important that users can distinguish information that is prepared using ASs from other information that may be useful to users but is not the subject of those requirements.
- 51 **An entity shall clearly identify each financial statement and the notes. In addition, an entity shall display the following information prominently, and repeat it when necessary for the information presented to be understandable:**
- (a) **the name of the reporting entity or other means of identification, and any change in that information from the end of the preceding reporting period;**
  - (b) **whether the financial statements are of an individual entity or a group of entities;**
  - (c) **the date of the end of the reporting period or the period covered by the set of financial statements or notes;**
  - (d) **the presentation currency, as defined in AS 21; and**

(e) **the level of rounding used in presenting amounts in the financial statements.**

52 An entity meets the requirements in paragraph 51 by presenting appropriate headings for pages, statements, notes, columns and the like. Judgement is required in determining the best way of presenting such information. For example, when an entity presents the financial statements electronically, separate pages are not always used; an entity then presents the above items to ensure that the information included in the financial statements can be understood.

53 An entity often makes financial statements more understandable by presenting information in thousands, lakhs, millions or crores of units of the presentation currency. This is acceptable as long as the entity discloses the level of rounding and does not omit material information.

## **Balance Sheet**

### **Information to be presented in the balance sheet**

54 **The balance sheet shall include line items that present the following amounts:**

- (a) **property, plant and equipment;**
- (b) **investment property;**
- (c) **intangible assets;**
- (d) **financial assets (excluding amounts shown under (e), (h) and (i));**
- (e) **investments accounted for using the equity method;**
- (f) **biological assets within the scope of AS 41 *Agriculture*;**
- (g) **inventories;**
- (h) **trade and other receivables;**
- (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 AS 105, *Non-current Assets Held for Sale and Discontinued Operations*;**
- (k) **trade and other payables;**
- (l) **provisions;**
- (m) **financial liabilities (excluding amounts shown under (k) and (l));**
- (n) **liabilities and assets for current tax, as defined in AS 12, *Income Taxes*;**
- (o) **deferred tax liabilities and deferred tax assets, as defined in AS 12;**
- (p) **liabilities included in disposal groups classified as held for sale in accordance with AS 105;**
- (q) **non-controlling interests, presented within equity; and**
- (r) **issued capital and reserves attributable to owners of the parent.**

**55** An entity shall present additional line items (including by disaggregating the line items listed in paragraph 54), headings and subtotals in the balance sheet when such presentation is relevant to an understanding of the entity's financial position.

**55A** [Refer Appendix 1]

**56** When an entity presents current and non-current assets, and current and non-current liabilities, as separate classifications in its balance sheet, it shall not classify deferred tax assets (liabilities) as current assets (liabilities).

**57** This Standard does not prescribe the order or format in which an entity presents items. Paragraph 54 simply lists items that are sufficiently different in nature to warrant separate presentation in the balance sheet. In addition:

- (a) line items are included when the size or nature of an item or aggregation of similar items is such that separate presentation is relevant to an understanding of the entity's financial position; and
- (b) the descriptions used and the ordering of items or aggregation of similar items may be amended according to the nature of the entity and its transactions, to provide information that is relevant to an understanding of the entity's financial position. For example, a financial institution may amend the above descriptions to provide information that is relevant to the operations of a financial institution.

**58** An entity makes the judgement about whether to present additional items separately on the basis of an assessment of:

- (a) the nature and liquidity of assets;
- (b) the function of assets within the entity; and
- (c) the amounts, nature and timing of liabilities.

**59** The use of different measurement bases for different classes of assets suggests that their nature differs and, therefore, that an entity presents them as separate line items. For example, different classes of property, plant and equipment can be carried at cost or at revalued amounts in accordance with AS 16.

#### **Current/non-current distinction**

**60** An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its balance sheet in accordance with paragraphs 66–76 except when a presentation based on liquidity provides information that is reliable and more relevant. When that exception applies, an entity shall present all assets and liabilities in order of liquidity.

**61** [Refer Appendix 1]

**62** When an entity supplies goods or services within a clearly identifiable operating cycle, separate classification of current and non-current assets and liabilities in the balance sheet provides useful information by distinguishing the net assets that

are continuously circulating as working capital from those used in the entity's long-term operations. It also highlights assets that are expected to be realised within the current operating cycle, and liabilities that are due for settlement within the same period.

63 For some entities, such as financial institutions, a presentation of assets and liabilities in increasing or decreasing order of liquidity provides information that is reliable and more relevant than a current/non-current presentation because the entity does not supply goods or services within a clearly identifiable operating cycle.

64 In applying paragraph 60, an entity is permitted to present some of its assets and liabilities using a current/non-current classification and others in order of liquidity when this provides information that is reliable and more relevant. The need for a mixed basis of presentation might arise when an entity has diverse operations.

65 [Refer Appendix 1].

#### **Current assets**

66 **An entity shall classify an asset as current when:**

- (a) **it expects to realise 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 realise the asset within twelve months after the reporting period; or**
- (d) **the asset is cash or a cash equivalent (as defined in 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.**

67 This Standard uses the term 'non-current' to include tangible, intangible and financial assets of a long-term nature. It does not prohibit the use of alternative descriptions as long as the meaning is clear.

68 The operating cycle of an entity is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. When the entity's normal operating cycle is not clearly identifiable, it is assumed to be twelve months. Current assets include assets (such as inventories and trade receivables) that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting period. Current assets also include assets held primarily for the purpose of trading and the current portion of non-current financial assets.

#### **Current liabilities**

69 **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 (see paragraph 73). 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.**

- 70 Some current liabilities, such as trade payables and some accruals for employee and other operating costs, are part of the working capital used in the entity's normal operating cycle. An entity classifies such operating items as current liabilities even if they are due to be settled more than twelve months after the reporting period. The same normal operating cycle applies to the classification of an entity's assets and liabilities. When the entity's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.
- 71 Other current liabilities are not settled as part of the normal operating cycle, but are due for settlement within twelve months after the reporting period or held primarily for the purpose of trading. Examples are some financial liabilities that meet the definition of held for trading in AS 109, bank overdrafts, and the current portion of non-current financial liabilities, dividends payable, income taxes and other non-trade payables. Financial liabilities that provide financing on a long-term basis (ie are not part of the working capital used in the entity's normal operating cycle) and are not due for settlement within twelve months after the reporting period are non-current liabilities, subject to paragraphs 74 and 75.
- 72 An entity classifies its financial liabilities as current when they are due to be settled within twelve months after the reporting period, even if:
- (a) the original term was for a period longer than twelve months, and
  - (b) an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are approved for issue.
- 73 If an entity expects, and has the discretion, to refinance or roll over an obligation for at least twelve months after the reporting period under an existing loan facility, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period. However, when refinancing or rolling over the obligation is not at the discretion of the entity (for example, there is no arrangement for refinancing), the entity does not consider the potential to refinance the obligation and classifies the obligation as current.
- 74 Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a

consequence of the breach.

75 An entity classifies the liability as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least twelve months after the reporting period, within which the entity can rectify the breach and during which the lender cannot demand immediate repayment.

76 [Refer Appendix 1]

**Information to be presented either in the balance sheet or in the notes**

77 **An entity shall disclose, either in the balance sheet or in the notes, further subclassifications of the line items presented, classified in a manner appropriate to the entity's operations.**

78 The detail provided in subclassifications depends on the requirements of ASs and on the size and nature of the amounts involved. An entity also uses the factors set out in paragraph 58 to decide the basis of subclassification. The disclosures vary for each item, for example:

- (a) items of property, plant and equipment are disaggregated into classes in accordance with AS 16;
- (b) receivables are disaggregated into amounts receivable from trade customers, receivables from related parties, prepayments and other amounts;
- (c) inventories are disaggregated, in accordance with AS 2, *Inventories*, into classifications such as merchandise, production supplies, materials, work in progress and finished goods;
- (d) provisions are disaggregated into provisions for employee benefits and other items; and
- (e) equity capital and reserves are disaggregated into various classes, such as paid-up capital, share premium and reserves.

79 **An entity shall disclose the following, either in the balance sheet or the statement of changes in equity, or in the notes:**

- (a) **for each class of share capital:**
  - (i) **the number of shares authorised;**
  - (ii) **the number of shares issued and fully paid, and issued but not fully paid;**
  - (iii) **par value per share;**
  - (iv) **a reconciliation of the number of shares outstanding at the beginning and at the end of the period;**
  - (v) **the rights, preferences and restrictions attaching to that class including restrictions on the distribution of dividends and the repayment of capital;**
  - (vi) **shares in the entity held by the entity or by its subsidiaries or associates; and**



- (vii) shares reserved for issue under options and contracts for the sale of shares, including terms and amounts; and
  - (b) a description of the nature and purpose of each reserve within equity.
- 80** An entity whose capital is not limited by shares eg, a company limited by guarantee, shall disclose information equivalent to that required by paragraph 79(a), showing changes during the period in each category of equity interest, and the rights, preferences and restrictions attaching to each category of equity interest.
- 80A** If an entity has reclassified
- (a) a puttable financial instrument classified as an equity instrument, or
  - (b) an instrument that imposes on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and is classified as an equity instrument
- between financial liabilities and equity, it shall disclose the amount reclassified into and out of each category (financial liabilities or equity), and the timing and reason for that reclassification.

## **Statement of Profit and Loss**

- 81** [Refer Appendix 1]
- 81A** The statement of profit and loss shall present, in addition to the profit or 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.
- 81B** 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.

**Information to be presented in the profit or loss section of the statement of profit and loss**

**82 In addition to items required by other ASs, the profit or loss section of the statement of profit and loss shall include line items that present the following amounts for the period:**

- (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 amortised cost;
- (b) finance costs;
- (ba) impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with AS 109;
- (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 amortised 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 amortised cost of the financial asset and its fair value at the reclassification date (as defined in AS 109);
- (cb) [Refer Appendix 1];
- (d) tax expense;
- (e) [Refer Appendix 1];
- (ea) a single amount for the total of discontinued operations (see AS 105);
- (f)-(i) [Refer Appendix 1].

**Information to be presented in the other comprehensive income section**

**82A The other comprehensive income section shall present line items for the amounts for the period of:**

- (a) items of other comprehensive income (excluding amounts in paragraph (b)), classified by nature and grouped into those that, in accordance with other 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.

**(b) the share of 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 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.**

**83-84 [Refer Appendix 1]**

**85 An entity shall present additional line items (including by disaggregating the line items listed in paragraph 82), headings and subtotals in the statement of profit and loss, when such presentation is relevant to an understanding of the entity's financial performance.**

**85A-85B [Refer Appendix 1]**

86 Because the effects of an entity's various activities, transactions and other events differ in frequency, potential for gain or loss and predictability, disclosing the components of financial performance assists users in understanding the financial performance achieved and in making projections of future financial performance. An entity includes additional line items in the statement of profit and loss, and it amends the descriptions used and the ordering of items when this is necessary to explain the elements of financial performance. An entity considers factors including materiality and the nature of the items of income and expense. For example, a financial institution may amend the descriptions to provide information that is relevant to the operations of a financial institution. An entity does not offset income and expense items unless the criteria in paragraph 32 are met.

**87 An entity shall not present any items of income or expense as extraordinary items, in the statement of profit and loss or in the notes.**

**Profit or loss for the period**

**88 An entity shall recognise all items of income and expense in a period in profit or loss unless an AS requires or permits otherwise.**

89 Some ASs specify circumstances when an entity recognises particular items outside profit or loss in the current period. Some ASs require or permit components of other comprehensive income that meet the *Framework's* definition of income or expense to be excluded from profit or loss (see paragraph 7).

**Other comprehensive income for the period**

**90 An entity shall disclose the amount of income tax relating to each item of other comprehensive income, including reclassification adjustments, either in the statement of profit and loss or in the notes.**

91 An entity may present items of other comprehensive income either:

- (a) net of related tax effects, or
- (b) before related tax effects with one amount shown for the aggregate amount of income tax relating to those items.

If an entity elects alternative (b), it shall allocate the tax between the items that might be reclassified subsequently to the profit or loss section and those that will not be reclassified subsequently to the profit or loss section.

**92 An entity shall disclose reclassification adjustments relating to components of other comprehensive income.**

93 Other ASs specify whether and when amounts previously recognised in other comprehensive income are reclassified to profit or loss. Such reclassifications are referred to in this Standard as reclassification adjustments. A reclassification adjustment is included with the related component of other comprehensive income in the period that the adjustment is reclassified to profit or loss. These amounts may have been recognised in other comprehensive income as unrealised gains in the current or previous periods. Those unrealised gains must be deducted from other comprehensive income in the period in which the realised gains are reclassified to profit or loss to avoid including them in total comprehensive income twice.

94 An entity may present reclassification adjustments in the statement of profit and loss or in the notes. An entity presenting reclassification adjustments in the notes presents the items of other comprehensive income after any related reclassification adjustments.

95 Reclassification adjustments arise, for example, on disposal of a foreign operation (see AS 21) and when some hedged forecast cash flow affect profit or loss (see paragraph B29 of AS 109 in relation to cash flow hedges).

96 Reclassification adjustments do not arise on changes in revaluation surplus recognised in accordance with AS 16 or on remeasurements of defined benefit plans recognised in accordance with AS 19. These components are recognised in other comprehensive income and are not reclassified to profit or loss in subsequent periods. Changes in revaluation surplus may be transferred to retained earnings in subsequent periods as the asset is used or when it is derecognised (see AS 16).

**Information to be presented in the statement of profit and loss or in the notes**

**97 When items of income or expense are material, an entity shall disclose their nature and amount separately.**

98 Circumstances that would give rise to the separate disclosure of items of income and expense include:

- (a) write-downs of inventories to net realisable value or of property, plant and equipment to recoverable amount, as well as reversals of such write-downs;
- (b) restructurings of the activities of an entity and reversals of any provisions for the costs of restructuring;

- (c) disposals of items of property, plant and equipment;
- (d) disposals of investments;
- (e) discontinued operations;
- (f) litigation settlements; and
- (g) other reversals of provisions.

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

100 Entities are encouraged to present the analysis in paragraph 99 in the statement of profit and loss.

101 Expenses are subclassified to highlight components of financial performance that may differ in terms of frequency, potential for gain or loss and predictability. This analysis is provided in the form as described in paragraph 102.

102 In the analysis based on the ‘nature of expense’ method, an entity aggregates expenses within profit or loss according to their nature (for example, depreciation, purchases of materials, transport costs, employee benefits and advertising costs), and does not reallocate them among functions within the entity. This method is simple to apply because no allocations of expenses to functional classifications are necessary. An example of a classification using the nature of expense method is as follows:

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 amortisation expense	X	
Other expenses	X	
Total expenses		(X)
Profit before tax		X

103- [Refer Appendix 1]  
105

**Statement of changes in equity**

**Information to be presented in the statement of changes in equity**

**106 An entity shall present a statement of changes in equity as required by paragraph 10. 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) [refer Appendix 1];
- (c) [Refer Appendix 1];
- (d) for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing 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; and
  - (iv) any item recognised directly in equity such as amount recognised directly in equity as capital reserve in accordance with paragraph 36A of AS 103.

**Information to be presented in the statement of changes in equity or in the notes**

**106A 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 (see paragraph 106 (d) (ii)).**

**107 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.**

108 In paragraph 106, the components of equity include, for example, each class of contributed equity, the accumulated balance of each class of other comprehensive income and retained earnings.

109 Changes in an entity's equity between the beginning and the end of the reporting period reflect the increase or decrease in its net assets during the period. Except for changes resulting from transactions with owners in their capacity as owners (such as equity contributions, reacquisitions of the entity's own equity instruments and dividends) and transaction costs directly related to such transactions, the overall change in equity during a period represents the total amount of income and expense, including gains and losses, generated by the entity's activities during that period.

110 [Refer Appendix 1]

### **Statement of cash flows**

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

## Notes

### Structure

- 112 **The notes shall:**
- (a) **present information about the basis of preparation of the financial statements and the specific accounting policies used in accordance with paragraphs 117–124;**
  - (b) **disclose the information required by ASs that is not presented elsewhere in the financial statements; and**
  - (c) **provide information that is not presented elsewhere in the financial statements, but is relevant to an understanding of any of them.**
- 113 **An entity shall present notes in a systematic manner. In determining a systematic manner, the entity shall consider the effect on the understandability and comparability of its financial statements. An entity shall cross-reference each item in the balance sheet and in the statement of profit and loss, and in the statements of changes in equity and of cash flows to any related information in the notes.**
- 114 Examples of systematic ordering or grouping of the notes include:
- (a) giving prominence to the areas of its activities that the entity considers to be most relevant to an understanding of its financial performance and financial position, such as grouping together information about particular operating activities;
  - (b) grouping together information about items measured similarly such as assets measured at fair value; or
  - (c) following the order of the line items in the statement of profit and loss and the balance sheet, such as:
    - (i) statement of compliance with ASs (see paragraph 16);
    - (ii) significant accounting policies applied (see paragraph 117);
    - (iii) supporting information for items presented in the balance sheet, and in the statement of profit and loss, and in the statements of changes in equity and of cash flows, in the order in which each statement and each line item is presented; and
    - (iv) other disclosures, including:
      - (1) contingent liabilities (see AS 37) and unrecognised contractual commitments, and
      - (2) non-financial disclosures, eg the entity's financial risk management objectives and policies (see AS 109).
- 115 [Refer Appendix 1].
- 116 An entity may present notes providing information about the basis of preparation of the financial statements and specific accounting policies as a separate section

of the financial statements.

### **Disclosure of accounting policies**

- 117 An entity shall disclose its significant accounting policies comprising:**
- (a) the measurement basis (or bases) used in preparing the financial statements, and**
  - (b) the other accounting policies used that are relevant to an understanding of the financial statements.**
- 118 It is important for an entity to inform users of the measurement basis or bases used in the financial statements (for example, historical cost, current cost, net realisable value, fair value or recoverable amount) because the basis on which an entity prepares the financial statements significantly affects users' analysis. When an entity uses more than one measurement basis in the financial statements, for example when particular classes of assets are revalued, it is sufficient to provide an indication of the categories of assets and liabilities to which each measurement basis is applied.
- 119 In deciding whether a particular accounting policy should be disclosed, management considers whether disclosure would assist users in understanding how transactions, other events and conditions are reflected in reported financial performance and financial position. Disclosure of particular accounting policies is especially useful to users when those policies are selected from alternatives allowed in ASs. An example is disclosure of the accounting policies adopted in measuring inventories, including the cost formula used (see AS 2, *Inventories*). Some ASs specifically require disclosure of particular accounting policies, including choices made by management between different policies they allow. For example, AS 16 requires disclosure of the measurement bases used for classes of property, plant and equipment.
- 120 [Refer Appendix 1]
- 121 An accounting policy may be significant because of the nature of the entity's operations even if amounts for current and prior periods are not material. It is also appropriate to disclose each significant accounting policy that is not specifically required by ASs but the entity selects and applies in accordance with AS 8.
- 122 An entity shall disclose, alongwith its significant accounting policies or other notes, the judgements, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.**
- 123 [Refer Appendix 1]
- 124 Some of the disclosures made in accordance with paragraph 122 are required by other ASs. For example, AS 108 requires disclosure of aggregation criteria for aggregating two or more operating segments into a single reportable segment.



**125--136 [Refer Appendix 1]**

**Puttable financial instruments classified as equity**

- 136A For puttable financial instruments classified as equity instruments, an entity shall disclose (to the extent not disclosed elsewhere):**
- (a) summary quantitative data about the amount classified as equity;**
  - (b) its objectives, policies and processes for managing its obligation to repurchase or redeem the instruments when required to do so by the instrument holders, including any changes from the previous period;**
  - (c) the expected cash outflow on redemption or repurchase of that class of financial instruments; and**
  - (d) information about how the expected cash outflow on redemption or repurchase was determined.**

**Other disclosures**

- 137 An entity shall disclose in the notes:**
- (a) the amount of dividends proposed or declared before the financial statements were approved for issue but not recognised as a distribution to owners during the period, and the related amount per share; and**
  - (b) the amount of any cumulative preference dividends not recognised.**
- 138 An entity shall disclose the following, if not disclosed elsewhere in information published with the financial statements:**
- (a) the domicile and legal form of the entity, its country of incorporation and the address of its registered office (or principal place of business, if different from the registered office);**
  - (b) a description of the nature of the entity's operations and its principal activities;**
  - (c) the name of the parent and the ultimate parent of the group; and**
  - (d) if it is a limited life entity, information regarding the length of its life.**

# Appendix A

## References to matters contained in other Accounting Standards

*This Appendix is an integral part of the AS.*

This appendix lists the different appendices which are the part of other Accounting Standards and make reference to AS 1.

- 1 Appendix A, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*, contained in AS 16, *Property, Plant and Equipment*
- 2 Appendix A, *Intangible Assets—Web Site Costs*, contained in AS 38, *Intangible Assets*

# Appendix 1

*Note: This Appendix is not a part of the Accounting Standard. The purpose of this Appendix is only to bring out the major differences, if any, between Accounting Standard (AS) 1 and the corresponding Indian Accounting Standard (Ind AS) 1, Presentation of Financial Statements.*

## **Comparison with Ind AS 1, *Presentation of Financial Statements***

1. In paragraph 7, the definition of Accounting Standards is given whereas Ind AS 1 defines Indian Accounting Standards.
2. Following paragraphs of Ind AS 1 have been modified on the basis of requirements of AS 109, *Financial Instruments*:
  - (a) Definition of Other Comprehensive Income in paragraph 7 (sub-paragraphs (e), (g) and (h) of Components of Other Comprehensive Income).
  - (b) paragraphs 8A, 82(ba), 114(c)(iv)(2)
  - (c) Paragraph 68
  - (d) Paragraphs 95-96

Similarly, sub-paragraphs (d), (da) and (f) of Components of Other Comprehensive Income under the definition of Other Comprehensive Income in paragraph 7 and paragraph 82(cb) have been deleted on the basis of requirements of AS 109, *Financial Instruments*. However, paragraph numbers have been retained in AS 1 to maintain consistency with paragraph numbers of Ind AS 1.

3. Since AS 38, *Intangible assets*, does not allow revaluation model for subsequent measurement of Intangible Assets, following paragraphs of Ind AS 1 have been modified:
  - (a) sub-paragraph (b) of Components of Other Comprehensive Income under the definition of Other Comprehensive Income in paragraph 7.
  - (b) paragraph 96
4. Paragraphs 44, 106(b), 110 of Ind AS 1 have been deleted and paragraph 89 of Ind AS 1 has been modified in accordance with the requirements of AS 8.
5. Paragraph 10(f) of Ind AS 1 which provides that a complete set of financial statements comprises of the balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements has been deleted in order to exempt the entities to whom Ind AS are not applicable from the requirements of preparing the balance sheet at the beginning of preceding period. Consequently, paragraphs 40A-40D and its related heading of Ind AS 1 have also been deleted. However, paragraph numbers have been retained in AS 1 to maintain consistency with paragraph numbers of Ind AS 1.

6. For the purposes of simplification for the entities to whom Ind AS are not applicable, paragraphs 17 and 124 of Ind AS 1 have been modified and following paragraphs of Ind AS 1 have been deleted:

- (i) paragraphs 13-14
- (ii) paragraphs 19-24
- (iii) paragraphs 38A-38B
- (iv) paragraphs 38C-38D and its related heading
- (v) paragraph 55A
- (vi) paragraphs 61 and 65
- (vii) paragraphs 85A-85B
- (viii) paragraph 123

However, paragraph numbers have been retained in AS 1 to maintain consistency with paragraph numbers of Ind AS 1.

7. Ind AS 1 requires classification of expenses to be presented based on nature or function of expenses. AS 1 requires nature wise classification of expenses. Accordingly, paragraphs 29, 30, 30A, 57, 59, 78 and 86 have been modified.

8. It has been decided to formulate AS 18, *Revenue*, corresponding to Ind AS 18, *Revenue*, instead of issuing standard corresponding to Ind AS 115, *Revenue from Contract with Customers*. Accordingly, paragraph 34 of Ind AS 1 has been modified in accordance with AS 18 which is under formulation.

9. To simplify the disclosures requirements for the entities to whom Ind AS are not applicable, paragraphs 125-136 and its related heading have been 'deleted' and the following paragraphs have been modified:

- (a) paragraphs 41 and 42
- (b) paragraph 79(a)(iii)
- (c) paragraph 122. Consequently, paragraphs 123-133 have been deleted

However, paragraph numbers have been retained to maintain consistency with paragraph numbers of Ind AS 1.

10. Following paragraph numbers appear as 'Deleted' in Ind AS 1. In order to maintain consistency with paragraph numbers of Ind AS 1, the paragraph numbers are retained in AS 1.

- (i) Paragraph 8
- (ii) paragraph 12
- (iii) paragraph 37
- (iv) paragraphs 39-40
- (v) paragraph 76
- (vi) paragraph 81
- (vii) paragraphs 82(e) and 82(f)-(i)
- (viii) paragraphs 83-84
- (ix) paragraphs 103-105
- (x) paragraph 106(c)

- (xi) paragraph 115
- (xii) paragraph 120

## Appendix 2

*Note 1: This Appendix is not a part of the Accounting Standard. The purpose of this Appendix is only to bring out the major differences, if any, between Accounting Standard (AS) 1, Presentation of Financial Statements, and Accounting Standard (AS) 1, Disclosure of Accounting Policies.*

*Note 2: AS 1, Presentation of Financial Statements, deals with presentation of financial statements, whereas AS 1, Disclosure of Accounting Policies, deals only with the disclosure of accounting policies. The scope of AS 1, Presentation of Financial Statements, is thus much wider and line by line comparison of the differences with AS 1, Disclosure of Accounting Policies, is not possible.*

### **Comparison with AS 1, Disclosure of Accounting Policies**

1. AS 1, *Presentation of Financial Statements*, requires that an entity shall make an explicit statement in the financial statements of compliance with all the Indian Accounting Standards. AS 1, *Disclosure of Accounting Policies*, does not provide so.
2. AS 1, *Presentation of Financial Statements*, requires presentation and provides criteria for classification of Current / Non- Current assets / liabilities. AS 1, *Disclosure of Accounting Policies*, does not provide so.
3. AS 1, *Presentation of Financial Statements*, specifically prohibits presentation of any item as 'Extraordinary Item' in the statement of profit and loss or in the notes.
4. AS 1 requires disclosure of judgments made by management while framing of accounting policies. Also, it requires disclosure of key assumptions about the future and other sources of measurement uncertainty that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within next financial year.
5. AS 1, *Presentation of Financial Statements*, requires the financial statements to include a 'Statement of Changes in Equity' to be shown as a separate statement, which, inter alia, includes reconciliation between opening and closing balance for each component of equity. AS 1, *Disclosure of Accounting Policies*, does not require so.
6. AS 1, *Presentation of Financial Statements*, requires that an entity shall present a single statement of profit and loss, with profit or loss and other comprehensive income presented in two sections. The sections shall be presented together, with the profit or loss section presented first followed directly by the other comprehensive income section. AS 1, *Disclosure of Accounting Policies*, does not require so.
7. AS 1, *Presentation of Financial Statements*, clarifies that long-term loan arrangement need not be classified as current on account of breach of a material provision, for which the lender has agreed to waive before the approval of financial statements for issue. (Paragraph 74 of AS 1). AS 1, *Disclosure of Accounting Policies*, does not provide so.