

COMMENTS ON EXPOSURE DRAFT

Exposure Draft of Ind AS 118, *Presentation and Disclosure in Financial Statements*

Question for respondents:

Do you agree with the proposal to require classification and presentation of expenses in the operating category in a way that provides the most useful structured summary of its expenses using characteristics of nature or function or mixed presentation (as explained above)? Why or why not? If you disagree with the proposal, please explain what you suggest instead and why.

Comment-

I agree that classification and presentation of expenses in the operating activity should be done in such a manner that it gives clear description regarding the line to which the expense is incurred and how it is contributing towards revenue and smooth functioning of the organization. This ensures that appropriate disclosures are given which helps the users of financial statements to take informed decision in relation to investment in an organization.

OBJECTIVE-

This Standard sets out requirements for the presentation and disclosure of information in *general purpose financial statements* (financial statements) to ensure that they provide relevant information that faithfully represents an entity's 5 Elements assets, liabilities, equity, income and expenses.

Scope

Point 5-This Standard does not apply to the presentation and disclosure of information in condensed interim financial statements prepared by applying Ind AS 34, *Interim Financial Reporting*.

Point 6-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, categories, subtotals or totals in the financial statements and for the financial statements themselves. ADD- thereby enhancing transparency in the presentation of financial statements.

A complete set of financial statements

Point 12-An entity shall present a single statement of profit and loss, with profit or loss and other comprehensive income presented in two sections **ADD- making financial statements more understandable to the users**. The sections shall be presented together, with the profit or loss section presented first followed directly by the other comprehensive income section.

Point 16-The role of the primary financial statements is to provide structured summaries of a reporting

entity's recognised assets, liabilities, equity, income, expenses and cash flows, that are useful

to users of financial statements for:

ADD- (D)- Facilitating users of financial statements to take informed decisions in relation to making investments in the entity.

Consistency of presentation, disclosure and classification

Point 33

Add-(d) the impact of reclassification

Point 36

Add-this ensures comparability of data.

The operating category

Point 56

ii- the income and expenses from cash and cash equivalents that do not relate to providing financing to customers—by applying an accounting policy choice to classify the income and expenses specified in paragraph 54 in the operating category or the investing category.

Add-The choice of accounting policy shall be applied consistently from year-to-year with that made by the entity for the purpose of the related accounting policy for income and expenses from liabilities in paragraph 65(a)(ii).

Notes

Structure

Point 115-

An entity may disclose notes providing information about the basis of preparation of the financial statements and specific accounting policies used in a separate section of the financial statements Add-If there is any change in accounting policy, reason for changes and its effects on the financial statements.