Contents

Foreword		I-5, I-7
Ackn	Acknowledgement	
	1	
	$rac{1}{L}$ INCOME COMPUTATION AND DISCLOSURE STANDARDS [ICDS]	
1.1	Introduction	1
1.2	About ICDS	1
1.3	About Accounting Standard (AS)	4
1.4	About Indian Accounting Standards (Ind AS)	8
	2	
	ACCOUNTING POLICIES [ICDS-I]	
2.1	Introduction	15
2.2	About	15
2.3	Fundamental accounting assumptions	16
2.4	Significant accounting policies	19
	3	
	VALUATION OF INVENTORIES [ICDS-II]	
3.1	Introduction	26
3.2	About	26
3.3	Cost of inventories	30

PAGE

	CONTENTS	I-12
		PAGE
3.4	NRV of inventory	38
3.5	Disclosure required	39
3.6	Reconciliation statements	40
	<u>4</u>	
	CONSTRUCTION CONTRACTS [ICDS-III]	
4.1	Introduction	42
4.2	About	42
4.3	Contract revenue and cost	45
4.4	Percentage of completion of contract	48
4.5	Recognizing contract revenue or cost	49
4.6	Change in estimates	55
4.7	Combining or segmenting contracts	57
4.8	Disclosures	59
4.9	Reconciliation	60
	<u>5</u>	
	REVENUE RECOGNITION [ICDS-IV]	
5.1	Introduction	62
5.2	About	62
5.3	Recognition of revenue from sale of goods	64
5.4	Recognition of revenue from sale of services	71
5.5	Recognition of other revenue	74
5.6	Disclosure requirements	80
5.7	Reconciliation	81
	<u>6</u>	
	TANGIBLE FIXED ASSETS [ICDS-V]	
6.1	Introduction	83
6.2	Guidance on classification of asset	83
6.3	Guidance on determination of cost	85
6.4	Guidance on repair and maintenance cost	91
6.5	Guidance on depreciation and transfer of asset	93

I-13	CONTENTS
1-10	CONTENTS

		PAGE
6.6	Disclosures required	96
6.7	Reconciliation statements	97
	7	
	<u>/</u> EFFECTS OF CHANGES IN FOREIGN EXCHANGE	
	RATES [ICDS-VI]	
7.1	Introduction	100
7.2	About	101
7.3	Treatment of capital account fluctuations [Section 43A]	103
7.4	Treatment of revenue account fluctuation [Section 43AA read with ICDS-VI]	112
7.5	Treatment of foreign exchange contracts [Section 43AA read with ICDS-VI]	119
7.6	Translation of financial statement of foreign operations [Section 43AA read with ICDS-VI]	123
7.7	Disclosures required	124
7.8	Reconciliation	124
	8	
	GOVERNMENT GRANTS [ICDS-VII]	
8.1	Introduction	129
8.2	About	129
8.3	Recognition of government grants	131
8.4	Disclosures required	142
8.5	Reconciliation statement	143
	9	
	SECURITIES [ICDS-VIII]	
9.1	Introduction	146
9.2	About	147
9.3	Valuation of securities held as stock-in-trade	148
9.4	Valuation of securities held by scheduled bank	164
9.5	Reconciliation	164

CONTENTS	I-	1	4	ŀ

		PAGE
	<u>10</u>	
	BORROWING COSTS [ICDS-IX]	
10.1	Introduction	168
10.2	Guidance on treatment of borrowing cost	168
10.3	Guidance on capitalization of borrowing cost	175
10.4	Disclosures required	180
10.5	Reconciliation statements	181
	11	
	PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS [ICDS-X]	
11.1	Introduction	184
11.2	About	185
11.3	Treatment of provisions	187
11.4	Treatment of contingencies	193
11.5	Disclosures	194
11.6	Reconciliation	195
	APPENDICES	
APPEN	DIX 1 : INCOME COMPUTATION AND DISCLOSURE STANDARDS (2016 VERSION)	199
APPEN	DIX 2 : RELEVANT SECTIONS OF INCOME-TAX ACT, 1961	231
APPEN	DIX 3 : RELEVANT SECTION OF SECURITIES CONTRACTS	
ADDEN	(REGULATION) ACT, 1956	234
APPEN	DIX 4 : TESTS FOR DISTINCTION BETWEEN SHARES HELD AS STOCK-IN-TRADE AND SHARES HELD AS INVESTMENT	235
APPEN	DIX 5 : DISTINCTION BETWEEN SHARES HELD AS STOCK-IN-TRADE AND SHARES HELD AS INVEST-MENTS - TESTS FOR SUCH A DISTINCTION	238
APPEN	DIX 6 : ISSUE OF TAXABILITY OF SURPLUS ON SALE OF SHARES AND SECURITIES - CAPITAL GAINS OR BUSINESS INCOME - INSTRUCTIONS IN ORDER	241
	TO REDUCE LITIGATION	241