

Indian Accounting Standard (Ind AS) 31

## Interests in Joint Ventures

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## Interests in Joint Ventures

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

### Scope

**1** This Standard shall be applied in accounting for interests in joint ventures and the reporting of joint venture assets, liabilities, income and expenses in the financial statements of venturers and investors, regardless of the structures or forms under which the joint venture activities take place. However, it does not apply to venturers' interests in jointly controlled entities held by:

- (a) venture capital organisations
- (b) [Refer to Appendix 1]

that upon initial recognition are designated as at fair value through profit or loss or are classified as held for trading and accounted for in accordance with Ind AS 39 *Financial Instruments: Recognition and Measurement*. Such investments shall be measured at fair value in accordance with Ind AS 39, with changes in fair value recognised in profit or loss in the period of the change. A venturer holding such an interest shall make the disclosures required by paragraphs 55 and 56.

**2** A venturer with an interest in a jointly controlled entity is exempted from paragraphs 30 (proportionate consolidation) and 38 (equity method) when it meets the following conditions:

- (a) the interest is classified as held for sale in accordance with Ind AS 105 *Non current Assets Held for Sale and Discontinued Operations*;

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(b) [Refer to Appendix 1]

(c) [Refer to Appendix 1]

## Definitions

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

***Control*** is the power to govern the financial and operating policies of an economic activity so as to obtain benefits from it.

The ***equity method*** is a method of accounting whereby an interest in a jointly controlled entity is initially recorded at cost and adjusted thereafter for the post acquisition change in the venturer's share of net assets of the jointly controlled entity. The profit or loss of the venturer includes the venturer's share of the profit or loss of the jointly controlled entity.

An ***investor in a joint venture*** is a party to a joint venture and does not have joint control over that joint venture.

***Joint control*** is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

A ***joint venture*** is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

***Proportionate consolidation*** is a method of accounting whereby a venturer's share of each of the assets, liabilities, income and expenses of a jointly controlled entity is combined line by line with similar items in the venturer's financial statements or reported as separate line items in the venturer's financial statements.

***Separate financial statements*** are those presented by a parent, an investor in an associate or a venturer in a jointly controlled entity, in which the investments are accounted for on the basis of the direct

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equity interest rather than on the basis of the reported results and net assets of the investees.

***Significant influence*** is the power to participate in the financial and operating policy decisions of an economic activity but is not control or joint control over those policies.

**A venturer** is a party to a joint venture and has joint control over that joint venture.

4 Financial statements in which proportionate consolidation or the equity method is applied are not separate financial statements, nor are the financial statements of an entity that does not have a subsidiary, associate or venturer's interest in a jointly controlled entity.

5 Separate financial statements are those presented in addition to consolidated financial statements, financial statements in which investments are accounted for using the equity method and financial statements in which venturers' interests in joint ventures are proportionately consolidated. Separate financial statements need not be appended to, or accompany, those statements, unless required by law.

6 [Refer to Appendix 1]

## **Forms of joint venture**

7 Joint ventures take many different forms and structures. This Standard identifies three broad types—jointly controlled operations, jointly controlled assets and jointly controlled entities—that are commonly described as, and meet the definition of, joint ventures. The following characteristics are common to all joint ventures:

- (a) two or more venturers are bound by a contractual arrangement; and
- (b) the contractual arrangement establishes joint control.

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### **Joint control**

8 Joint control may be precluded when an investee is in legal reorganisation or in bankruptcy, or operates under severe long term restrictions on its ability to transfer funds to the venturer. If joint control is continuing, these events are not enough in themselves to justify not accounting for joint ventures in accordance with this Standard.

### **Contractual arrangement**

9 The existence of a contractual arrangement distinguishes interests that involve joint control from investments in associates in which the investor has significant influence (see Ind AS 28). Activities that have no contractual arrangement to establish joint control are not joint ventures for the purposes of this Standard.

10 The contractual arrangement may be evidenced in a number of ways, for example by a contract between the venturers or minutes of discussions between the venturers. In some cases, the arrangement is incorporated in the articles or other by laws of the joint venture. Whatever its form, the contractual arrangement is usually in writing and deals with such matters as:

- (a) the activity, duration and reporting obligations of the joint venture;
- (b) the appointment of the board of directors or equivalent governing body of the joint venture and the voting rights of the venturers;
- (c) capital contributions by the venturers; and
- (d) the sharing by the venturers of the output, income, expenses or results of the joint venture.

11 The contractual arrangement establishes joint control over the joint venture. Such a requirement ensures that no single venturer is in a position to control the activity unilaterally.

12 The contractual arrangement may identify one venturer as the operator or manager of the joint venture. The operator does not control the joint venture but acts within the financial and operating policies that have been agreed by the venturers in accordance with the contractual arrangement

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and delegated to the operator. If the operator has the power to govern the financial and operating policies of the economic activity, it controls the venture and the venture is a subsidiary of the operator and not a joint venture.

## **Jointly controlled operations**

13 The operation of some joint ventures involves the use of the assets and other resources of the venturers rather than the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the venturers themselves. Each venturer uses its own property, plant and equipment and carries its own inventories. It also incurs its own expenses and liabilities and raises its own finance, which represent its own obligations. The joint venture activities may be carried out by the venturer's employees alongside the venturer's similar activities. The joint venture agreement usually provides a means by which the revenue from the sale of the joint product and any expenses incurred in common are shared among the venturers.

14 An example of a jointly controlled operation is when two or more venturers combine their operations, resources and expertise to manufacture, market and distribute jointly a particular product, such as an aircraft. Different parts of the manufacturing process are carried out by each of the venturers. Each venturer bears its own costs and takes a share of the revenue from the sale of the aircraft, such share being determined in accordance with the contractual arrangement.

**15 In respect of its interests in jointly controlled operations, a venturer shall recognise in its financial statements:**

- (a) the assets that it controls and the liabilities that it incurs;  
and**
- (b) the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.**

16 Because the assets, liabilities, income and expenses are recognised in the financial statements of the venturer, no adjustments or other consolidation procedures are required in respect of these items when the venturer presents consolidated financial statements.

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17 Separate accounting records may not be required for the joint venture itself and financial statements may not be prepared for the joint venture. However, the venturers may prepare management accounts so that they may assess the performance of the joint venture.

## **Jointly controlled assets**

18 Some joint ventures involve the joint control, and often the joint ownership, by the venturers of one or more assets contributed to, or acquired for the purpose of, the joint venture and dedicated to the purposes of the joint venture. The assets are used to obtain benefits for the venturers. Each venturer may take a share of the output from the assets and each bears an agreed share of the expenses incurred.

19 These joint ventures do not involve the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the venturers themselves. Each venturer has control over its share of future economic benefits through its share of the jointly controlled asset.

20 Many activities in the oil, gas and mineral extraction industries involve jointly controlled assets. For example, a number of oil production companies may jointly control and operate an oil pipeline. Each venturer uses the pipeline to transport its own product in return for which it bears an agreed proportion of the expenses of operating the pipeline. Another example of a jointly controlled asset is when two entities jointly control a property, each taking a share of the rents received and bearing a share of the expenses.

**21 In respect of its interest in jointly controlled assets, a venturer shall recognise in its financial statements:**

- (a) its share of the jointly controlled assets, classified according to the nature of the assets;**
- (b) any liabilities that it has incurred;**
- (c) its share of any liabilities incurred jointly with the other venturers in relation to the joint venture;**
- (d) any income from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and**

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- (e) any expenses that it has incurred in respect of its interest in the joint venture.**

22 In respect of its interest in jointly controlled assets, each venturer includes in its accounting records and recognises in its financial statements:

- (a) its share of the jointly controlled assets, classified according to the nature of the assets rather than as an investment. For example, a share of a jointly controlled oil pipeline is classified as property, plant and equipment.
- (b) any liabilities that it has incurred, for example those incurred in financing its share of the assets.
- (c) its share of any liabilities incurred jointly with other venturers in relation to the joint venture.
- (d) any income from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture.
- (e) any expenses that it has incurred in respect of its interest in the joint venture, for example those related to financing the venturer's interest in the assets and selling its share of the output.

Because the assets, liabilities, income and expenses are recognised in the financial statements of the venturer, no adjustments or other consolidation procedures are required in respect of these items when the venturer presents consolidated financial statements.

23 The treatment of jointly controlled assets reflects the substance and economic reality and, usually, the legal form of the joint venture. Separate accounting records for the joint venture itself may be limited to those expenses incurred in common by the venturers and ultimately borne by the venturers according to their agreed shares. Financial statements may not be prepared for the joint venture, although the venturers may prepare management accounts so that they may assess the performance of the joint venture.

## **Jointly controlled entities**

24 A jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest. The entity operates in the same way as other entities, except that a contractual arrangement between the venturers establishes joint control over the economic activity of the entity.

25 A jointly controlled entity controls the assets of the joint venture, incurs liabilities and expenses and earns income. It may enter into contracts in its own name and raise finance for the purposes of the joint venture activity. Each venturer is entitled to a share of the profits of the jointly controlled entity, although some jointly controlled entities also involve a sharing of the output of the joint venture.

26 A common example of a jointly controlled entity is when two entities combine their activities in a particular line of business by transferring the relevant assets and liabilities into a jointly controlled entity. Another example is when an entity commences a business in a foreign country in conjunction with the government or other agency in that country, by establishing a separate entity that is jointly controlled by the entity and the government or agency.

27 Many jointly controlled entities are similar in substance to those joint ventures referred to as jointly controlled operations or jointly controlled assets. For example, the venturers may transfer a jointly controlled asset, such as an oil pipeline, into a jointly controlled entity, for tax or other reasons. Similarly, the venturers may contribute into a jointly controlled entity assets that will be operated jointly. Some jointly controlled operations also involve the establishment of a jointly controlled entity to deal with particular aspects of the activity, for example, the design, marketing, distribution or after sales service of the product.

28 A jointly controlled entity maintains its own accounting records and prepares and presents financial statements in the same way as other entities in conformity with Indian Accounting Standards.

29 Each venturer usually contributes cash or other resources to the jointly controlled entity. These contributions are included in the accounting

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records of the venturer and recognised in its financial statements as an investment in the jointly controlled entity.

### **Financial statements of a venturer**

#### **Proportionate consolidation**

**30 A venturer shall recognise its interest in a jointly controlled entity using proportionate consolidation or the alternative method described in paragraph 38. When proportionate consolidation is used, one of the two reporting formats identified below shall be used.**

31 A venturer recognises its interest in a jointly controlled entity using one of the two reporting formats for proportionate consolidation irrespective of whether it also has investments in subsidiaries or whether it describes its financial statements as consolidated financial statements.

32 When recognising an interest in a jointly controlled entity, it is essential that a venturer reflects the substance and economic reality of the arrangement, rather than the joint venture's particular structure or form. In a jointly controlled entity, a venturer has control over its share of future economic benefits through its share of the assets and liabilities of the venture. This substance and economic reality are reflected in the consolidated financial statements of the venturer when the venturer recognises its interests in the assets, liabilities, income and expenses of the jointly controlled entity by using one of the two reporting formats for proportionate consolidation described in paragraph 34.

33 The application of proportionate consolidation means that the balance sheet of the venturer includes its share of the assets that it controls jointly and its share of the liabilities for which it is jointly responsible. The statement of profit and loss of the venturer includes its share of the income and expenses of the jointly controlled entity. Many of the procedures appropriate for the application of proportionate consolidation are similar to the procedures for the consolidation of investments in subsidiaries, which are set out in Ind AS 27.

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34 Different reporting formats may be used to give effect to proportionate consolidation. The venturer may combine its share of each of the assets, liabilities, income and expenses of the jointly controlled entity with the similar items, line by line, in its financial statements. For example, it may combine its share of the jointly controlled entity's inventory with its inventory and its share of the jointly controlled entity's property, plant and equipment with its property, plant and equipment. Alternatively, the venturer may include separate line items for its share of the assets, liabilities, income and expenses of the jointly controlled entity in its financial statements. For example, it may show its share of a current asset of the jointly controlled entity separately as part of its current assets; it may show its share of the property, plant and equipment of the jointly controlled entity separately as part of its property, plant and equipment. Both these reporting formats result in the reporting of identical amounts of profit or loss and of each major classification of assets, liabilities, income and expenses; both formats are acceptable for the purposes of this Standard.

35 Whichever format is used to give effect to proportionate consolidation, it is inappropriate to offset any assets or liabilities by the deduction of other liabilities or assets or any income or expenses by the deduction of other expenses or income, unless a legal right of set off exists and the offsetting represents the expectation as to the realisation of the asset or the settlement of the liability.

**36 A venturer shall discontinue the use of proportionate consolidation from the date on which it ceases to have joint control over a jointly controlled entity.**

37 A venturer discontinues the use of proportionate consolidation from the date on which it ceases to share in the control of a jointly controlled entity. This may happen, for example, when the venturer disposes of its interest or when such external restrictions are placed on the jointly controlled entity that the venturer no longer has joint control.

### **Equity method**

**38 As an alternative to proportionate consolidation described in paragraph 30, a venturer shall recognise its interest in a jointly controlled entity using the equity method.**

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39 A venturer recognises its interest in a jointly controlled entity using the equity method irrespective of whether it also has investments in subsidiaries or whether it describes its financial statements as consolidated financial statements.

40 Some venturers recognise their interests in jointly controlled entities using the equity method, as described in Ind AS 28. The use of the equity method is supported by those who argue that it is inappropriate to combine controlled items with jointly controlled items and by those who believe that venturers have significant influence, rather than joint control, in a jointly controlled entity. This Standard does not recommend the use of the equity method because proportionate consolidation better reflects the substance and economic reality of a venturer's interest in a jointly controlled entity, that is to say, control over the venturer's share of the future economic benefits. Nevertheless, this Standard permits the use of the equity method, as an alternative treatment, when recognising interests in jointly controlled entities.

**41 A venturer shall discontinue the use of the equity method from the date on which it ceases to have joint control over, or have significant influence in, a jointly controlled entity.**

### **Exceptions to proportionate consolidation and equity method**

**42 Interests in jointly controlled entities that are classified as held for sale in accordance with Ind AS 105 *Non-current Assets Held for Sale and Discontinued Operations* shall be accounted for in accordance with that Indian Accounting Standard.**

43 When an interest in a jointly controlled entity previously classified as held for sale no longer meets the criteria to be so classified, it shall be accounted for using proportionate consolidation or the equity method as from the date of its classification as held for sale. Financial statements for the periods since classification as held for sale shall be amended accordingly.

44 [Refer to Appendix 1]

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**45** When an investor ceases to have joint control over an entity, it shall account for any remaining investment in accordance with Ind AS 39 from that date, provided that the former jointly controlled entity does not become a subsidiary or associate. From the date when a jointly controlled entity becomes a subsidiary of an investor, the investor shall account for its interest in accordance with Ind AS 27 and Ind AS 103 *Business Combinations*. From the date when a jointly controlled entity becomes an associate of an investor, the investor shall account for its interest in accordance with Ind AS 28. On the loss of joint control, the investor shall measure at fair value any investment the investor retains in the former jointly controlled entity. The investor shall recognise in profit or loss any difference between:

- (a) the fair value of any retained investment and any proceeds from disposing of the part interest in the jointly controlled entity; and
- (b) the carrying amount of the investment at the date when joint control is lost.

**45A** When an investment ceases to be a jointly controlled entity and is accounted for in accordance with Ind AS 39, the fair value of the investment when it ceases to be a jointly controlled entity shall be regarded as its fair value on initial recognition as a financial asset in accordance with Ind AS 39 .

**45B** If an investor loses joint control of an entity, the investor shall account for all amounts recognised in other comprehensive income in relation to that entity on the same basis as would be required if the jointly controlled entity had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the investor reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the investor loses joint control of the entity. For example, if a jointly controlled entity has available-for-sale financial assets and the investor loses joint control of the entity, the investor shall reclassify to profit or loss the gain or loss previously recognised in other comprehensive income in relation to those assets. If an investor's ownership interest in a jointly controlled entity is reduced, but the investment continues to be a jointly controlled entity, the investor shall reclassify to profit or loss

only a proportionate amount of the gain or loss previously recognised in other comprehensive income.

## **Separate financial statements of a venturer**

**46** An interest in a jointly controlled entity shall be accounted for in a venturer's separate financial statements in accordance with paragraphs 38–43 of Ind AS 27.

47 This Standard does not mandate which entities produce separate financial statements available for public use.

## **Transactions between a venturer and a joint venture**

**48** When a venturer contributes or sells assets to a joint venture, recognition of any portion of a gain or loss from the transaction shall reflect the substance of the transaction. While the assets are retained by the joint venture, and provided the venturer has transferred the significant risks and rewards of ownership, the venturer shall recognise only that portion of the gain or loss that is attributable to the interests of the other venturers.<sup>1</sup> The venturer shall recognise the full amount of any loss when the contribution or sale provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

**49** When a venturer purchases assets from a joint venture, the venturer shall not recognise its share of the profits of the joint venture from the transaction until it resells the assets to an independent party. A venturer shall recognise its share of the losses resulting from these transactions in the same way as profits except that losses shall be recognised immediately when they represent a reduction in the net realisable value of current assets or an impairment loss.

50 To assess whether a transaction between a venturer and a joint venture provides evidence of impairment of an asset, the venturer determines

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<sup>1</sup> See also Appendix A of this standard *Jointly Controlled Entities—Non-Monetary Contributions by Venturers* .

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the recoverable amount of the asset in accordance with Ind AS 36 *Impairment of Assets*. In determining value in use, the venturer estimates future cash flows from the asset on the basis of continuing use of the asset and its ultimate disposal by the joint venture.

## **Reporting interests in joint ventures in the financial statements of an investor**

**51** An investor in a joint venture that does not have joint control shall account for that investment in accordance with Ind AS 39 or, if it has significant influence in the joint venture, in accordance with Ind AS 28.

## **Operators of joint ventures**

**52** Operators or managers of a joint venture shall account for any fees in accordance with Ind AS 18 *Revenue*.

**53** One or more venturers may act as the operator or manager of a joint venture. Operators are usually paid a management fee for such duties. The fees are accounted for by the joint venture as an expense.

## **Disclosure**

**54** A venturer shall disclose the aggregate amount of the following contingent liabilities, unless the probability of loss is remote, separately from the amount of other contingent liabilities:

- (a) any contingent liabilities that the venturer has incurred in relation to its interests in joint ventures and its share in each of the contingent liabilities that have been incurred jointly with other venturers;
- (b) its share of the contingent liabilities of the joint ventures themselves for which it is contingently liable; and
- (c) those contingent liabilities that arise because the venturer is contingently liable for the liabilities of the other venturers of a joint venture.

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**55** A venturer shall disclose the aggregate amount of the following commitments in respect of its interests in joint ventures separately from other commitments:

- (a)** any capital commitments of the venturer in relation to its interests in joint ventures and its share in the capital commitments that have been incurred jointly with other venturers; and
- (b)** its share of the capital commitments of the joint ventures themselves.

**56** A venturer shall disclose a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities. A venturer that recognises its interests in jointly controlled entities using the line-by-line reporting format for proportionate consolidation or the equity method shall disclose the aggregate amounts of each of current assets, long term assets, current liabilities, long term liabilities, income and expenses related to its interests in joint ventures.

**57** A venturer shall disclose the method it uses to recognise its interests in jointly controlled entities.

## **Appendix A**

### **Jointly Controlled Entities—Non-Monetary Contributions by Venturers**

#### **Issue**

1 Paragraph 48 of Ind AS 31 refers to both contributions and sales between a venturer and a joint venture as follows: ‘When a venturer contributes or sells assets to a joint venture, recognition of any portion of a gain or loss from the transaction shall reflect the substance of the transaction’. In addition, paragraph 24 of Ind AS 31 says that ‘a jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest’. There is no explicit guidance on the recognition of gains and losses resulting from contributions of non-monetary assets to jointly controlled entities (‘JCEs’).

2 Contributions to a JCE are transfers of assets by venturers in exchange for an equity interest in the JCE. Such contributions may take various forms. Contributions may be made simultaneously by the venturers either upon establishing the JCE or subsequently. The consideration received by the venturer(s) in exchange for assets contributed to the JCE may also include cash or other consideration that does not depend on future cash flows of the JCE (‘additional consideration’).

3 The issues are:

- (a) when the appropriate portion of gains or losses resulting from a contribution of a non-monetary asset to a JCE in exchange for an equity interest in the JCE should be recognised by the venturer in profit or loss;
- (b) how additional consideration should be accounted for by the venturer; and
- (c) how any unrealised gain or loss should be presented in the consolidated financial statements of the venturer.

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4 This Appendix deals with the venturer's accounting for non-monetary contributions to a JCE in exchange for an equity interest in the JCE that is accounted for using either the equity method or proportionate consolidation.

### **Accounting Principles**

5 In applying paragraph 48 of Ind AS 31 to non-monetary contributions to a JCE in exchange for an equity interest in the JCE, a venturer shall recognise in profit or loss for the period the portion of a gain or loss attributable to the equity interests of the other venturers except when:

- (a) the significant risks and rewards of ownership of the contributed non-monetary asset(s) have not been transferred to the JCE; or
- (b) the gain or loss on the non-monetary contribution cannot be measured reliably; or
- (c) the contribution transaction lacks commercial substance, as that term is described in Ind AS 16.

If exception (a), (b) or (c) applies, the gain or loss is regarded as unrealised and therefore is not recognised in profit or loss unless paragraph 6 also applies.

6 If, in addition to receiving an equity interest in the JCE, a venturer receives monetary or non-monetary assets, an appropriate portion of gain or loss on the transaction shall be recognised by the venturer in profit or loss.

7 Unrealised gains or losses on non-monetary assets contributed to JCEs shall be eliminated against the underlying assets under the proportionate consolidation method or against the investment under the equity method. Such unrealised gains or losses shall not be presented as deferred gains or losses in the venturer's consolidated balance sheet.

## **Appendix B**

### **References to matters contained in other Indian Accounting Standards**

*This Appendix is an integral part of Indian Accounting Standard 31.*

1 Appendix A, *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds* contained in Ind AS 37 *Provisions, Contingent Liabilities and Contingent Assets* makes reference to this Standard also.

## **Appendix 1**

*Note: This Appendix is not a part of the Indian Accounting Standard. The purpose of this appendix is only to bring out the differences between Indian Accounting Standard (Ind AS) 31 and the corresponding International Accounting Standard (IAS) 31, Interests in Joint Ventures and SIC 13, Jointly Controlled Entities — Non-Monetary Contributions by Venturers issued by the International Accounting Standards Board.*

### **Comparison with IAS 31, *Interests in Joint Ventures* and SIC 13**

1 The transitional provisions given in IAS 31 have not been given in Ind AS 31, since all transitional provisions related to Ind ASs, wherever considered appropriate have been included in Ind AS 101, First-time Adoption of Indian Accounting Standards corresponding to IFRS 1, First-time Adoption of International Financial Reporting Standards.

2 Different terminology is used, as used in existing laws e.g., the term 'balance sheet' is used instead of 'Statement of financial position' and 'Statement of profit and loss' is used instead of 'Statement of comprehensive income'.

3 Paragraph 1(b) of IAS 31 has been deleted in Ind AS 31 as the Companies Act, 1956, is not applicable to mutual funds, unit trusts and similar entities including investment linked insurance funds and, thus, this standard would not be applicable to such entities. However, paragraph number 1(b) has been retained in Ind AS 31 to maintain consistency with IAS 31

4 Sub-Paragraphs 2(b) and (c) and paragraph 6 have been deleted as the applicability or exemptions to the Indian Accounting Standards is governed by the Companies Act and the Rules made thereunder. However, paragraph number 6 has been retained in Ind AS 31 to maintain consistency with IAS 31.

5 Paragraph 44 has been deleted by IASB. However, the paragraph number has been retained in Ind AS 31 to maintain consistency with IAS 31.