



Ledger			
	Debit	Credit	Balance
3/26/2018	-	1,000.00	-1,000.00
3/27/2018	1,500.00	-	500.00
3/28/2018	-	500.00	-
3/29/2018	-	3,000.00	-3,000.00
3/30/2018	6,000.00	-	3,000.00

### Computation of Total Inco

Gain as per profit & loss

ICDS Adjustment

Taxable income

Ledger			
	Debit	Credit	Balance
4/2/2018	-	1,000.00	2,000.00
4/3/2018	-	1,000.00	1,000.00

### Computation of Total Inco

Gain as per profit & loss

ICDS Adjustment

Taxable income

ome

-3,000.00

3,000.00

-

ome

2,000.00

-3,000.00

-1,000.00

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Illustration on ICDS II

**Normal Accounting**

Particulars	Unit	Rate	Amount	Amount	Particulars	Unit	Rate
Opening Stock					Sales	6	150,000
Purchase	10	100,000		1,000,000	Inventory	4	100,000
Profit				300,000			
				<u>1,300,000</u>			

**145A Accounting**

Particulars	Unit	Rate	Amount	Amount	Particulars	Unit	Rate
Opening Stock					Sales	6	192,000
Purchase	10	128,000	1,280,000		Inventory	4	128,000
Less: Input credit	6	-28,000	-168,000	1,112,000			
GST on sales	6	42,000		252,000			
Profit				300,000			
				<u>1,664,000</u>			

**Normal Accounting**

Particulars	Unit	Rate	Amount	Amount	Particulars	Unit	Rate
Opening Stock	4	100,000		400,000	Sales	4	150,000
Purchase	-	-		-	Inventory	-	-
Profit				200,000			
				<u>600,000</u>			

**145A Accounting**

Particulars	Unit	Rate	Amount	Amount	Particulars	Unit	Rate
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Opening Stock	4	128,000	512,000		Sales	4	192,000
Purchase	-	128,000	-		Inventory	-	-
Less: Input credit	4	-28,000	-112,000	400,000			
GST on sales	4	42,000		168,000			
Profit				<u>200,000</u>			
				<u>768,000</u>			

<b>ICAI GN on Tax Audit</b>	
Amount	Particulars
900,000	1. Increase in cost of opening stock on inclusion of tax, duty, cess or fee on which input credit is available/availed
400,000	2. Increase in purchase cost of raw material on inclusion of tax, duty, cess or fee on which input credit is available/availed
1,300,000	3. Increase in sales of finished goods on inclusion of tax, duty, cess or fee 4. Tax, duty, cess or fee paid on sale of finished goods as a result of its inclusion in sales
	5. Increase in closing stock of raw material on inclusion of tax, duty, cess or fee
	6. Increase in closing stock of finished goods on inclusion of tax, duty, cess or fee
Amount	7. Increase in tax, duty, cess or fee on closing stock of finished goods as a result of its inclusion in closing stock of finished goods
1,152,000	8. Accounting of input credit availed and utilised on raw materials consumed in payment of tax, duty, cess or fee on finished goods <b>accounted on the basis of raw material consumed</b>
512,000	
1,664,000	

<b>ICAI GN on Tax Audit</b>	
Amount	Particulars
600,000	1. Increase in cost of opening stock on inclusion of tax, duty, cess or fee on which input credit is available/availed
-	2. Increase in purchase cost of raw material on inclusion of tax, duty, cess or fee on which input credit is available/availed
600,000	3. Increase in sales of finished goods on inclusion of tax, duty, cess or fee 4. Tax, duty, cess or fee paid on sale of finished goods as a result of its inclusion in sales
	5. Increase in closing stock of raw material on inclusion of tax, duty, cess or fee
	6. Increase in closing stock of finished goods on inclusion of tax, duty, cess or fee
Amount	7. Increase in tax, duty, cess or fee on closing stock of finished goods as a result of its inclusion in closing stock of finished goods

768,000

8. Accounting of input credit availed and utilised on raw materials consumed in payment of tax, duty, cess or fee on finished goods **accounted on the basis of raw material consumed**

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768,000

Increase in Profit	Decrease in Profit
	280,000
252,000	
	252,000
112,000	
168,000	
532,000	532,000

Increase in Profit	Decrease in Profit
	112,000
	-
168,000	
	168,000
-	



112,000

280,000

280,000

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Illustration on ICDS III

Original		Year 1 (Books of account)			Year 2 (Books of account)	
Estimated contract costs	6,000.00	Actual contract costs	3,000.00	Actual contract costs		
Contract revenue	7,500.00	% completed	50.00%	% completed		
Contract profits	1,500.00			Cumulative Contract profit		
Revised (after Year 1)		Contract revenue	3,750.00	Contract revenue		
Estimated contract costs	8,000.00	Contract costs	3,000.00	Contract costs		
Contract revenue	7,500.00			Estimated loss or profit		
Contract profits	-500.00	Contract profit	750.00	Contract profit		
		Year 1 (ICDS)		Year 2 (ICDS)		
		Contract revenue	3,750.00	Contract revenue		
		Contract costs	3,000.00	Contract costs		
		Contract profit	750.00	Estimated loss or profit		
ICDS (Clause 13(e))		Increase in Profit	Decrease in profit	Net effect	Increase in Profit	
ICDS 3	Construction Contracts	-	-	-	187.50	
Computation of Total Income						
	Gain as per profit & loss			750.00		
	ICDS Adjustment			-		
	Taxable income			750.00		

Account		Year 3 (Books of account)		Totals	
Costs	5,000.00	Actual contract costs	8,000.00		
	62.50%	% completed	100.00%		
Contract revenue	4,687.50	Cumulative Contract revenue	7,500.00		
	937.50	Contract revenue	2,812.50	7,500.00	
	2,000.00	Contract costs	3,000.00	8,000.00	
Contract	187.50	Estimated loss on contract	-187.50	-	
	-1,250.00	Contract profit	-	-500.00	
Account		Year 3 (ICDS)		Totals	
	937.50	Contract revenue	2,812.50	7,500.00	
	2,000.00	Contract costs	3,000.00	8,000.00	
Contract	-	Estimated loss on contract	-	-	
	-1,062.50	Contract profit	-187.50	-500.00	
Decrease in profit		Increase in Profit	Decrease in profit	Net effect	
	187.50	-	187.50	-187.50	-
	-1,250.00			-	-500.00
	187.50			-187.50	-
	-1,062.50			-187.50	-500.00

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Illustration on ICDS VI w.r.t. Para 4(e) of AS 16

ECB	USD 500,000.00		As per books of acco
Rol	6%		Debit (INR)
Rol (Indian loan)	10%	Bank	32,500,000.00
Exchange rate on date of loan	65	ECB Loan	
Exchange rate on BS date	72		
Loan in INR	32,500,000.00	Interest	1,950,000.00
Restated loan in INR	36,000,000.00	Bank	
Exchange loss	3,500,000.00	Forex loss	3,500,000.00
		ECB Loan	
		Interest	1,300,000.00
		Forex Loss	
		Total interest	3,250,000.00
		Total forex loss	<u>2,200,000.00</u>
		Total	<u>5,450,000.00</u>

Amount	As per ICDS	
	Debit (INR)	Credit (INR)
32,500,000.00	Bank	32,500,000.00
	ECB Loan	32,500,000.00
1,950,000.00	Interest	1,950,000.00
	Bank	1,950,000.00
3,500,000.00	Forex loss	3,500,000.00
	ECB Loan	3,500,000.00
1,300,000.00	Interest	-
	Forex Loss	-
	Total interest	1,950,000.00
	Total forex loss	3,500,000.00
		<u>5,450,000.00</u>

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Illustration on ICDS VIII

**Securities held as stock-in-trade**

	Qty	Rate	Amount	Closing rate	Amount	3/31/2018 Balance Sheet	Profit / (Loss)	ICDS
<b>Investment in Mutual Funds</b>								
Fund A	500	10	5,000	10	5,025	5,000	-	
Fund B	1,000	10	10,000	10	9,500	9,500	-500	
Fund C	1,250	12	15,000	15	18,750	15,000	-	
<b>Total</b>			<b>30,000</b>		<b>33,275</b>	<b>29,500</b>	<b>-500</b>	<b>30,000</b>
<b>Investment in equity shares (listed)</b>								
Share 1	5,000	10	50,000	15	75,000	50,000	-	
Share 2	1,000	100	100,000	90	90,000	90,000	-10,000	
Share 3	200	2,005	401,000	1,850	370,000	370,000	-31,000	
Share 4	10,000	20	200,000	18	180,000	180,000	-20,000	
<b>Total</b>			<b>751,000</b>		<b>715,000</b>	<b>690,000</b>	<b>-61,000</b>	<b>715,000</b>
<b>Grand total</b>			<b>781,000</b>		<b>748,275</b>	<b>719,500</b>	<b>-61,500</b>	<b>745,000</b>
<b>Profit / (Loss)</b>							<b>-61,500</b>	<b>-36,000</b>

ICDS (Clause 13(e))

ICDS 8 Securities

ICDS 8 Securities

	Increase in Profit	Decrease in profit	Net effect
	61,500	36,000	25,500

**Computation of Total Income**

Gain as per profit & loss	-61,500
ICDS Adjustment	25,500
<b>Taxable income</b>	<b>-36,000</b>

It is assumed that all securities are so

Closing rate	Amount	3/31/2019		ICDS	Closing rate	3/31/2020	
		Balance Sheet	Profit / (Loss)			Amount	Balance Sheet
9	4,500	4,500	-500		10	5,000	-
10	10,000	10,000	500		10	10,000	-
20	25,000	15,000	-		12	15,000	-
	<u>39,500</u>	<u>29,500</u>	<u>-</u>	30,000		<u>30,000</u>	<u>-</u>
15	75,000	50,000	-		10	50,000	-
85	85,000	85,000	-5,000		100	100,000	-
2,200	440,000	401,000	31,000		2,005	401,000	-
15	150,000	150,000	-30,000		20	200,000	-
	<u>750,000</u>	<u>686,000</u>	<u>-4,000</u>	750,000		<u>751,000</u>	<u>-</u>
	789,500	715,500	-4,000	780,000		781,000	-
			-4,000	35,000			

Increase in Profit	Decrease in profit	Net effect	Increase in Profit
4,000	-35,000	39,000	-
36,000	61,500	-25,500	-35,000
		-4,000	
		13,500	
		<u>9,500</u>	

old at cost price

Profit / (Loss)	ICDS
500	
-	
-	
<hr/> 500	-
-	
15,000	
-	
50,000	
<hr/> 65,000	-
65,500	-
65,500	-

Decrease in profit	Net effect	Total
-	-	
4,000	-39,000	
	65,500	-
	-39,000	-
	<hr/> 26,500	-



**The suggested manner of reporting, where the ICDS is applicable, may be as under:**

ICDS I – Accounting Policies

Requirement
6. All significant accounting policies adopted by a person shall be disclosed.
7. Any change in an accounting policy which has a material effect shall be disclosed. The amount by which any item is affected by such change shall also be disclosed to the extent ascertainable. Where such amount is not ascertainable, wholly or in part, the fact shall be indicated. If a change is made in the accounting policies which has no material effect for the current previous year but which is reasonably expected to have a material effect in later previous years, the fact of such change shall be appropriately disclosed in the previous year in which the change is adopted and also in the previous year in which such change has material effect for the first time.
8. Disclosure of accounting policies or of changes therein cannot remedy a wrong or inappropriate treatment of the item.
9. If the fundamental accounting assumptions of Going Concern, Consistency and Accrual are followed, specific disclosure is not required. If a fundamental accounting assumption is not followed, the fact shall be disclosed.

ICDS II – Valuation of Inventories

Requirement
26. The following aspects shall be disclosed, namely:— (a) the accounting policies adopted in measuring inventories including the cost formulae used. Where Standard Costing has been used as a measurement of cost, details of such inventories and a confirmation of the fact that standard cost approximates the actual cost; and (b) the total carrying amount of inventories and its classification appropriate to a person.

### ICDS III – Construction Contracts

Requirement
23. A person shall disclose: (a) the amount of contract revenue recognised as revenue in the period; and (b) the methods used to determine the stage of completion of contracts in progress.
24. A person shall disclose the following for contracts in progress at the reporting date, namely:— (a) amount of costs incurred and recognised profits (less recognised losses) upto the reporting date; (b) the amount of advances received; and (c) the amount of retentions.

### ICDS IV – Revenue Recognition

Requirement
13. Following disclosures shall be made in respect of revenue recognition, namely:— (a) in a transaction involving sale of good, total amount not recognised as revenue during the previous year due to lack of reasonably certainty of its ultimate collection along with nature of uncertainty; (b) the amount of revenue from service transactions recognised as revenue during the previous year; (c) the method used to determine the stage of completion of service transactions in progress; and (d) for service transactions in progress at the end of previous year: (i) amount of costs incurred and recognised profits (less recognised losses) upto end of previous year; (ii) the amount of advances received; and (iii) the amount of retentions.

### ICDS V – Tangible Assets

Requirement
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19. Following disclosure shall be made in respect of tangible fixed assets, namely:—
- (a) description of asset or block of assets;
  - (b) rate of depreciation;
  - (c) actual cost or written down value, as the case may be;
  - (d) additions or deductions during the year with dates; in the case of any addition of an asset, date put to use; including adjustments on account of—
    - (i) Central Value Added Tax credit claimed and allowed under the CENVAT Credit Rules, 2004;
    - (ii) change in rate of exchange of currency;
    - (iii) subsidy or grant or reimbursement, by whatever name called;
  - (e) depreciation Allowable; and
  - (f) written down value at the end of year.

#### ICDS VII – Government Grants

Requirement
<p>14. Following disclosure shall be made in respect of Government grants, namely:—</p> <ul style="list-style-type: none"> <li>(a) nature and extent of Government grants recognised during the previous year by way of deduction from the actual cost of the asset or assets or from the written down value of block of assets during the previous year;</li> <li>(b) nature and extent of Government grants recognised during the previous year as income;</li> <li>(c) nature and extent of Government grants not recognised during the previous year by way of deduction from the actual cost of the asset or assets or from the written down value of block of assets and reasons thereof; and</li> <li>(d) nature and extent of Government grants not recognised during the previous year as income and reasons thereof.</li> </ul>

#### ICDS IX – Borrowing costs

Requirement
<p>11. The following disclosure shall be made in respect of borrowing costs, namely:—</p> <ul style="list-style-type: none"> <li>(a) the accounting policy adopted for borrowing costs; and</li> <li>(b) the amount of borrowing costs capitalised during the previous year.</li> </ul>

#### ICDS X – Provisions, Contingent Liabilities and Contingent Assets

Requirement
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21(1) Following disclosure shall be made in respect of each class of provision, namely:-

- (a) a brief description of the nature of the obligation;
- (b) the carrying amount at the beginning and end of the previous year;
- (c) additional provisions made during the previous year, including increases to existing provisions;
- (d) amounts used, that is incurred and charged against the provision, during the previous year;
- (e) unused amounts reversed during the previous year; and
- (f) the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

21(2) Following disclosure shall be made in respect of each class of asset and related income recognised as provided in para 11, namely:—

- (a) a brief description of the nature of the asset and related income;
- (b) the carrying amount of asset at the beginning and end of the previous year;
- (c) additional amount of asset and related income recognised during the year, including increases to assets and related income already recognised; and
- (d) amount of asset and related income reversed during the previous year.

Disclosure

- There is no requirement to prepare financial statements in accordance with ICDS. The financial statements are to be prepared as per Generally Accepted Accounting Principles and applicable Accounting standards.

- All the significant accounting policies are already disclosed in the notes to financial statements.

- The disclosure under this ICDS can be done in the following manner:

The significant accounting policies adopted by the assessee are as per Note No. ## to the financial statements except for the following:

1)

2)

(a) Where there is no change in accounting policy:

There is no change in accounting policy during the previous year.

(b) Where there is a change in accounting policy:

Since the disclosure requirement is same as AS 5 (Para 32), the same disclosure can be referred here.

It is just a statement. No disclosure required.

Similar to Para 9 of AS 1. However, in case

assessee follows cash basis of accounting for certain transactions the same would be required to be disclosed as follows:

The assessee follows cash basis of accounting for following transactions:.

a)

b)

Disclosure

The disclosure requirements (other than use of standard costing) are similar to AS 2 (Para 26). In financial statements reference of significant accounting policies is given under the note relating to inventories.

The disclosure under this ICDS can be made in the following manner:

(a) The accounting policy adopted by the assessee in measuring inventories is as per Note No. ## to the financial statements [specific mention that it is including taxes has to be made]

(b) The carrying amount of inventories and its classification is as follows:

Disclosure

The disclosure requirements are similar to AS 7 (Para 38).

The disclosure under this ICDS can be made in the following manner:

(a) The amount of contract revenue recognised as revenue is as per Note No. ## to the financial statements.

The disclosure requirements are similar to AS 7 (Para 39).

The disclosure under this ICDS can be made in the following manner:

The disclosure required under Para 24 is as per Note No. ## to the financial statements.

Disclosure

Specific disclosure should be made for item a. and d. of Para 13 of ICDS IV. Even if the amount is NIL it should be mentioned as there is no corresponding reporting requirement under AS 9.

The disclosure under this ICDS can be made in the following manner:

(a) in a transaction involving sale of good, total amount not recognised as revenue during the previous year due to lack of reasonably certainty of its ultimate collection along with nature of uncertainty is Rs. \$\$\$.

(b) The amount of revenue from service transactions recognised as revenue is as per Note No. ## to the financial statements which includes unbilled revenue of Rs. \$\$\$.

(c) The method used to determine the stage of completion of service transactions in progress has been disclosed in the significant accounting policy vide Note No. ## to the financial statements

(d) For service transactions in progress at the end of previous year:

(i) amount of costs incurred is Rs. \$\$\$ and recognised profits (less recognised losses) upto end of previous year is Rs. \$\$\$

(ii) the amount of advances received is Rs. \$\$\$

(iii) the amount of retentions is Rs. \$\$\$

Disclosure

The disclosure requirements are same as Clause 18 to Form 3CD.

The disclosure under this ICDS can be made in the following manner:

For disclosures refer clause 18 to Form 3CD

#### Disclosure

Specific disclosure should be made for each item of Para 14 of ICDS VII. Even if the amount is NIL it should be mentioned as there is no corresponding reporting requirement under AS 12.

The disclosure under this ICDS can be made in the following manner:

- (a) nature and extent of Government grants recognised during the previous year by way of deduction from the actual cost of the asset or assets or from the written down value of block of assets during the previous year is Rs. \$\$\$
- (b) nature and extent of Government grants recognised during the previous year as income is Rs. \$\$\$
- (c) nature and extent of Government grants not recognised during the previous year by way of deduction from the actual cost of the asset or assets or from the written down value of block of assets is Rs. \$\$\$\$. The same has not been recognised because @@@@.
- (d) nature and extent of Government grants not recognised during the previous year as income is Rs. \$\$\$\$. The same has not been recognised because @@@@.

#### Disclosure

The disclosure requirements are similar to AS 16 (Para 23).

The disclosure under this ICDS can be made in the following manner:

- (a) The accounting policy adopted by the assessee for borrowing costs is as per Note No. ## to the financial statements.
- (b) The amount of borrowing costs capitalised during the year is Rs. \$\$\$ / as per Note No. ## to the financial statements.

#### Disclosure

The disclosure requirements are similar to AS 29 (Para 66 & 67).  
The disclosure under this ICDS can be made in the following manner:  
 The disclosure required under Para 21(1) is as per Note No. ## to the financial statements.

The disclosure under this ICDS can be

		Amount in Rs.
A. Carrying amount of asset at the beginning of the previous year		
B. Additional amount of asset and related income recognised during the year, including increases to assets and related income already recognised		
C. Amount of asset and related income reversed during the previous year		
D. Carrying amount of asset at the end of the previous year		
Note: $A + B - C = D$		