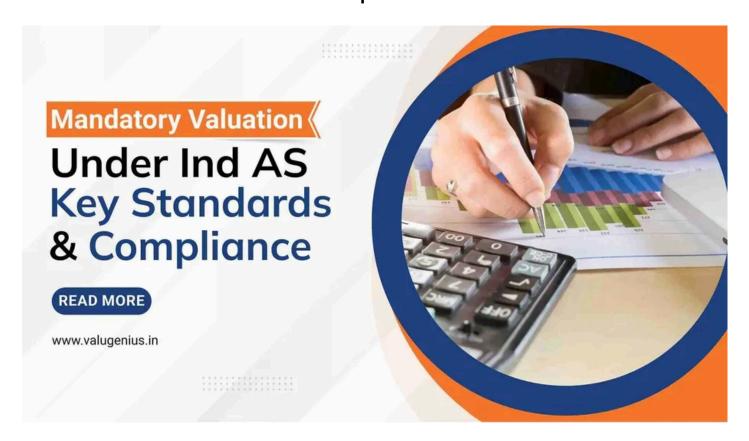


Mandatory Valuation Under Ind AS – Key Standards & Compliance



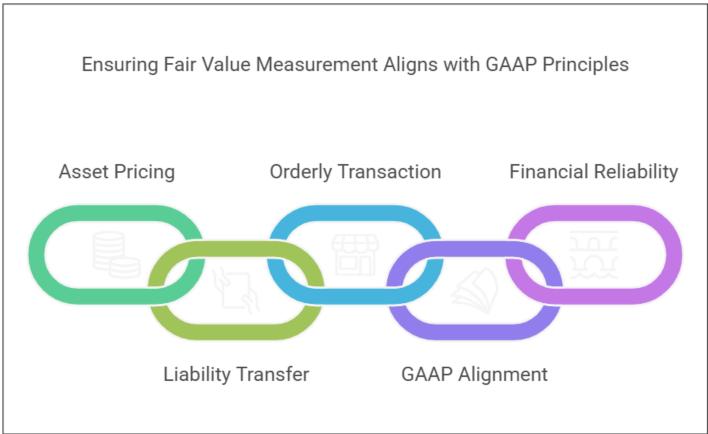
Mandatory Valuation Under Ind AS – Key Standards & Compliance

Mandatory valuation under Indian Accounting Standards (Ind AS) plays a critical role in ensuring fair value measurement, financial transparency, and compliance with regulatory norms. Valuation under Ind AS is guided by Ind AS 113, which provides the framework for determining fair value, complemented by several other standards requiring mandatory valuation. Let's explore the key areas where valuation is required

Fair Value Measurement – Ind AS 113

- Ind AS 113 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction.
- This standard applies to fair value measurement or disclosures required by other Ind AS standards, ensuring alignment with GAAP principles and enhancing reliability in financial reporting.





Key Ind AS Standards Requiring Valuation

Ind AS 16: Property, Plant, and Equipment

 Allows a revaluation model where assets are measured at fair value instead of historical cost. Valuation becomes mandatory when this model is adopted.

Ind AS 36: Impairment of Assets

 Requires assessing the recoverable amount of assets, calculated as the higher of fair value less costs to sell or value in use.

Ind AS 38: Intangible Assets

Mandates valuation when adopting the revaluation model for intangible assets, aligning with

<u>intangible assets valuation</u> principles.

Ind AS 109: Financial Instruments

 Financial assets and liabilities must be measured at fair value at initial recognition and in subsequent measurements for specific categories, such as fair value through profit or loss.

Ind AS 40: Investment Property

 Requires measurement at fair value when the fair value model is chosen, ensuring compliance with Ind AS regulations.

Ind AS 41: Agriculture

 Biological assets and agricultural produce must be measured at fair value less costs to sell.

Ind AS 103: Business Combinations

 Fair value measurement of acquired assets, liabilities, and non-controlling interests is essential in business combinations.

Ind AS 102: Share-based Payments

Mandates fair value measurement of equity-settled and cash-settled share-based payment transactions, ensuring accurate financial reporting under Ind AS.



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Financial Reporting and Disclosures

- All fair value measurements require disclosure of the fair value hierarchy (Level 1, Level 2, Level 3 inputs).
- Sensitivity analysis for significant unobservable inputs (Level 3) enhances transparency and investor confidence.

Entities Mandated to Apply Ind AS

Entities such as listed companies, large unlisted companies, and financial institutions notified under MCA guidelines must comply with Ind AS requirements, ensuring alignment with Indian Accounting Standard Services and accurate financial statements under Ind AS.



Why Choose ValuGenius Advisors LLP?

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