



**CIRCULAR**

SEBI/HO/IMD-II/DOF8/P/CIR/2022/12

February 04, 2022

**All Mutual Funds (MFs)/  
Asset Management Companies (AMCs)/  
Trustee Companies/ Boards of Trustees of Mutual Funds/  
Association of Mutual Funds in India (AMFI)**

Sir / Madam,

**Subject: Guidelines on Accounting with respect to Indian Accounting Standards (IND AS)**

1. SEBI vide notification dated January 25, 2022 amended SEBI (Mutual Funds) Regulations, 1996 (MF Regulations), which, inter-alia, mandated that the AMCs shall prepare the Financial Statements and Accounts of the Mutual Fund Schemes in accordance with IND AS with effect from April 01, 2023. Accordingly, the following requirements are specified:
  - I. Mutual Fund Schemes shall prepare the opening balance sheet as on date of transition and the comparatives as per the requirements of IND AS.
  - II. Perspective historical per unit statistics mentioned in Clause 6 of Eleventh Schedule of MF Regulations requires disclosure of scheme wise per unit statistics for the past 3 years. In this regard, Mutual Fund schemes may not be mandatorily required to restate the previous years published perspective historical per unit statistics as per requirement of IND AS for the first two years from first time adoption of IND AS. However, Mutual Fund schemes shall furnish following additional information in perspective historical per unit statistics:
    - a. Label the previous Generally Accepted Accounting Principles (GAAP) information prominently as not being prepared in accordance with IND AS; and
    - b. Disclose the nature of the adjustments that would be required to make it comply with IND AS. Mutual Funds schemes need not quantify those adjustments.



- III. The Financial Statements of the Mutual Fund Schemes shall be prepared in the Formats given at **Annexure-A**.

**2. Modification to Para C (2) of SEBI circular CIR/IMD/DF/24/2012 dated November 19, 2012**

In order to align with IND AS requirement regarding transactions cost of investment to be expensed out (viz. to be charged to Revenue Account instead of Capitalisation) and as per the amended Regulations 52 (6A)(a) of MF Regulations, the provision of Para C (2) of SEBI circular CIR/IMD/DF/24/2012 dated November 19, 2012 is modified, and the revised provisions shall read as under:

*It is clarified that Brokerage and transaction cost incurred for the purpose of execution shall be charged to the schemes as provided under Regulation 52 (6A) (a) upto 12 bps and 5 bps for cash market transactions and derivatives transactions respectively. Any payment towards brokerage & transaction costs, over and above the said 12 bps and 5 bps for cash market transactions and derivatives transactions respectively may be charged to the Scheme within the maximum limit of Total Expense Ratio (TER) as prescribed under Regulation 52 of the SEBI (Mutual Funds) Regulations, 1996.*

3. The provisions of this Circular shall be effective from April 01, 2023.
4. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with the provisions of regulations 77 of SEBI (Mutual Funds) Regulations, 1996, to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

**Lamber Singh**  
**Deputy General Manager**  
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**ANNEXURE-A**

Contents of scheme-wise Balance Sheet (at Scheme level)

Rupees in Lakhs

Particulars	Note No.	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
<b>Assets</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	1		
Balances with Bank/(s)	2		
Derivative financial instruments	3		
Receivables	4		
Investments	5		
Other Financial assets	6		
<b>Non-Financial Assets</b>			
Investment Property	7		
Other Non -Financial assets	8		
<b>Total Assets (A)</b>			
<b>Financial Liabilities</b>			
Derivative financial instruments	9		
Payables	10		
Borrowings	11		
Other Financial Liabilities	12		
<b>Non-Financial Liabilities</b>			
Provisions			
Other Non-Financial Liabilities	13		
<b>Total Liabilities (B)</b>			
<b>Net assets attributable to holder of redeemable units</b>			

The Notes referred to herein form an integral part of the Balance Sheet



Statement of changes in net asset attributable to unit holders of scheme:

Rupees in Lakhs

Figures for the current reporting Period

Particulars	Unit Capital (Rs.)	Reserves & Surplus (Rs.)				Total (Rs.)
		Unit Premium Reserves	Unrealised Appreciation Reserves	Revenue Reserves	Other Reserves (to be specified)	
Balance at the beginning of the reporting period						
Changes in accounting policy/prior period errors						
Movement during the reporting period						
Transfer from/ to Revenue account						
Equalisation Account						
Surplus distribution						
Others ( to be specified)						
<b>Balance at the end of the reporting period</b>						

Figures for the previous reporting Period

Particulars	Unit Capital (Rs.)	Reserves & Surplus (Rs.)				Total (Rs.)
		Unit Premium Reserves	Unrealised Appreciation Reserves	Revenue Reserves	Other Reserves (to be specified)	
Balance at the beginning of the reporting period						



Changes in accounting policy/prior period errors						
Movement during the reporting period						
Transfer from/ to Revenue account						
Equalisation Account						
Surplus distribution						
Others ( to be specified)						
<b>Balance at the end of the reporting period</b>						

**Movement of Unit Capital**

Rupees in Lakhs

Particulars	Figures for the current reporting period		Figures for the previous reporting period	
	No of Units	(Rs.)	No of Units	(Rs.)
<b>Balance of unit capital at the beginning of the reporting period</b>				
New fund / plan offer during period, Capital issued during period (including dividend reinvestment) etc.				
Redemptions during the period				
<b>Balance of unit capital at the end of the period</b>				

**Note: Provide break-up of unit capital plan/option wise.**



Contents of Revenue Account (at Scheme level)

Rupees in Lakhs

Particulars	Note No.	Figures for the current reporting Period	Figures for the previous reporting period
<b>Income</b>			
Interest Income			
Dividend Income			
Rental Income			
Gain on fair value changes	14		
Gain on Sale/Redemptions of Investments	15		
Others ( to be specified)			
<b>Total Income (A)</b>			
<b>Expenses</b>			
Finance Costs			
Fees and commission expenses	16		
Loss on fair value changes	17		
Loss on Sale/Redemptions of Investments	18		
Others ( to be specified)	19		
<b>Total Expense (B)</b>			
<b>Surplus/ Deficit for the Reporting Period (A-B)</b>			
<b>The Notes referred to herein form an integral part of the Revenue Account</b>			



Notes to Balance Sheet and Revenue Account

Note 1

Cash and cash equivalents

Particulars	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
Reverse repurchase transactions / Triparty Repo (TREPs) etc.		
Cash on Hand		
<b>Total</b>		

Note 2

Balances with Bank(s) #

Particulars	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
Balances with banks in current account		
Deposits with scheduled banks - (Specify the nature as ASBA deposits, Margin deposits etc.)		
Others ( to be specified)		
<b>Total</b>		

Note 3

Derivative financial instruments receivable

Particulars	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
Stock Futures/ Options		
Index Futures/ Options		
Commodity Futures/Options		
Interest Rate Futures/ Swaps		
Currency Futures		
Others (to be specified)		
<b>Total</b>		



**Note 4**

**Receivables #**

<b>Particulars</b>	<b>Figures as at the end of current reporting period</b>	<b>Figures as at the end of the previous reporting period</b>
Contracts for sale of investments in securities		
Receivable from AMC		
Receivable from other schemes of Mutual Fund		
Others (to be specified)		
<b>Total</b>		

**Note 5**

**Investments**

<b>Particulars</b>	<b>Figures as at the end of current reporting period</b>	<b>Figures as at the end of the previous reporting period</b>
Equity shares		
Preference shares		
Debentures/bonds		
Central and State Government Securities		
Treasury bills		
Commercial Paper		
Certificate of Deposits		
Units of Domestic Mutual Fund		
Commodities (Gold, Silver etc.)		
Foreign Securities		
Exchange Traded Funds ( ETFs)		
Infrastructure Investment Trust units (INVITS)		
Real Estate Investment Trust (REITs)		
Calls paid in advance		
Securitized Assets		





Others (to be specified)		
<b>Total</b>		

Wherever applicable, the assets shall be further classified according to its nature such as

- Listed/Awaiting listing/ Unlisted
- Convertible/Non-convertible
- Investment Grade/Below Investment Grade

**Note 6**

**Other Financial assets #**

Particulars	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
Interest Accrued		
Dividend Receivable		
Margin money		
Shares/debentures application money, pending allotment		
Others (to be specified)		
<b>Total</b>		

**Note 7**

**Non-Financial Assets - Investment Property**

Particulars	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
<b><u>Real Estate Assets</u></b>		
Residential *		
Commercial *		
Others ( to be specified)		
<b>Total</b>		

\* Shall be sub-classified on the basis of developers, location and project. Particulars shall include area, cost, fair value, basis of fair value, and legal disputes, etc. Specify non-performing Investment properties separately.



**Note 8**

**Other Non - Financial assets #**

Particulars	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
Fixed Assets @		
Tax credit receivable		
Others (to be specified)		
<b>Total</b>		

@ Depreciated cost of the Fixed Assets as a whole or net block may be disclosed.

# Allowances for the impairment loss/doubtful receivable/diminution in the value of the assets shall be disclosed under relevant heads of this notes.

**Note 9**

**Derivative financial instruments payable**

Particulars	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
Stock Futures/ Options		
Index Futures/ Options		
Commodity Futures/Options		
Interest Rate Futures/ Swaps		
Currency Futures		
Others (to be specified)		
<b>Total</b>		

**Note 10**

**Payables**

Particulars	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
Contract for purchase of investments in securities		
Income distribution payable		



Payable to AMC		
Payable to other schemes of Mutual Fund		
Payable on redemption of units		
Others (to be specified)		
<b>Total</b>		

**Note 11**

**Borrowings**

<b>Particulars</b>	<b>Figures as at the end of current reporting period</b>	<b>Figures as at the end of the previous reporting period</b>
<b><u>Loans/Borrowings</u></b>		
From Reserve Bank of India		
From Settlor/Sponsor		
From other Commercial Banks		
From Triparty Repo (TREPs)		
From others ( to be specified)		
<b>Total</b>		

If the above loans/borrowings are secured, the nature and extent of security should be disclosed.

Loans/Borrowings by the scheme with amount, rate of interest, source and other terms shown separately, source-wise.

**Note 12**

**Other Financial Liabilities**

<b>Particulars</b>	<b>Figures as at the end of current reporting period</b>	<b>Figures as at the end of the previous reporting period</b>
Finance Cost on Loans/Borrowing/(s)		
Management Fees Payable		
Trusteeship Fees Payable		
Commission to Distributors Payable		
Custodian Fees and Expenses Payable		
Registrar Fees and Expenses Payable		



Marketing/Publicity/Advertisement Expenses Payable		
Audit Fees Payable		
Investor Communication Expense Payable		
Investor Education & Awareness Expenses Payable		
Brokerage & Transaction Costs Payable		
Unclaimed dividend/income distribution		
Unclaimed redemptions		
Sundry Creditors		
Others (to be specified)		
<b>Total</b>		

**Note 13**

**Other Non-Financial Liabilities**

<b>Particulars</b>	<b>Figures as at the end of current reporting period</b>	<b>Figures as at the end of the previous reporting period</b>
Statutory taxes payable		
Others ( to be specified)		
<b>Total</b>		

**Note 14**

**Gain on fair value changes**

<b>Particulars</b>	<b>Figures for the current reporting Period</b>	<b>Figures for the previous reporting period</b>
Gross change on account of Gain on fair value changes (MTM)		
Gross change on account of Gain on fair value changes- Derivative Instruments (MTM)		



Change in unrealised gain in the value of investments due to foreign exchange fluctuation		
Others ( to be specified)		
<b>Total</b>		

**Note 15**

**Gain on Sale/Redemptions of Investments**

<b>Particulars</b>	<b>Figures for the current reporting Period</b>	<b>Figures for the previous reporting period</b>
Profit on sale/redemption of investments (Gross)		
Profit on inter-scheme sale of Investments (Gross)		
Profit on derivatives transactions (Gross)		
Profit on sale of real estate assets		
Profit on inter-scheme sale of real estate assets (Gross)		
Others ( to be specified)		
<b>Total</b>		

**Note 16**

**Fees and commission expenses**

<b>Particulars</b>	<b>Figures for the current reporting Period</b>	<b>Figures for the previous reporting period</b>
Management Fees		
GST on Management Fees		
Trusteeship Fees		
Commission to Distributors		
<b>Total</b>		



**Note 17**

**Loss on fair value changes**

<b>Particulars</b>	<b>Figures for the current reporting Period</b>	<b>Figures for the previous reporting period</b>
Gross change on account of Gain on fair value changes (MTM)		
Gross change on account of Gain on fair value changes - Derivative Instruments (MTM)		
Change in unrealised gain in the value of investments due to foreign exchange fluctuation		
Others ( to be specified)		
<b>Total</b>		

**Note 18**

**Loss on Sale/Redemptions of Investments**

<b>Particulars</b>	<b>Figures for the current reporting Period</b>	<b>Figures for the previous reporting period</b>
Loss on sale/redemption of investments (Gross)		
Loss on inter-scheme sale of Investments (Gross)		
Loss on derivatives transactions (Gross)		
Loss on exchange rate fluctuation		
Loss on sale of real estate assets		
Loss on inter-scheme sale of real estate assets (Gross)		
Others ( to be specified)		
<b>Total</b>		



**Note 19**

**Expenses – Others**

<b>Particulars</b>	<b>Figures for the current reporting Period</b>	<b>Figures for the previous reporting period</b>
Custodian Fees and Expenses		
Registrar Fees and Expenses		
Marketing/Publicity/Advertisement Expenses		
Audit Fees		
Investor Communication Expenses		
Investor Education and Awareness expenses		
Brokerage & Transaction Costs		
Insurance & Security Expenses		
Statutory Taxes		
Advisory Fee in respect of real estate asset		
Repairs and Maintenance in case of real estate asset.		
Registration and local charges		
Legal & Title Search Fee		
Depreciation of fixed assets		
Other Operating expenses		
Others (to be specified)		
<b>Total</b>		

**Notes**

- (i) All disclosures required by Indian Accounting Standards (IND AS) shall be applicable with respect to preparation of annual statements of accounts of the schemes, shall form part of notes to account.
- (ii) Accounting policy in respect of recognition of revenue and income from investments (including dividend and interest in case of securities and rental income in case of real estate asset) shall be disclosed by way of a note.



- (iii) If a security is in default beyond its maturity date, then disclosure to this effect shall be provided. Such disclosure shall include details of the security including ISIN, name of security, value of the security considered under net receivables (i.e. value recognized in NAV in absolute terms and as % to NAV) and total amount (including principal and interest) that is due to the scheme on that investment. Further, this disclosure shall continue till the value of the security recognized in the NAV is received or for a period of 3 years from the date of maturity of security, whichever is later.
- (iv) The total income and expenditure expressed as a percentage of average net assets, calculated on a Daily Average Net Asset basis should be indicated. Expenditure expressed as a percentage of average net assets should be at plan level.
- (v) Accounting policy of valuation of Investments shall be disclosed.
- (vi) Contingent liabilities disclosure should be made of all contingent liabilities, showing separately:-
  - (a) Underwriting commitments;
  - (b) Uncalled liability on partly paid shares;
  - (c) Other commitments; and
  - (d) Others (specifying details).
- (vii) The Balance Sheet and the Revenue Account shall be signed by the Chief Executive Officer, Chief Operating Officer/Chief Finance Officer/ such other KMP as designated by Board of AMC who is responsible for preparation of financial statements, Chief Investment Officer, scheme wise fund manager/s, and the Board of Trustees, and reported upon by the Auditors. The financial statements of the scheme should be approved at a meeting of the Board of Directors of the Asset Management Company and also at a meeting of the trustees or in the case of a trustee company by the Board of Directors of the trustee company.
- (viii) Disclosures as required by the Regulations or as may be prescribed by the Board from time to time shall form part of notes to accounts.