PwC Reporting*InBrief*

Overview of Ind AS 116, '*Leases*' and other recent Ind AS amendments

In brief

The Ministry of Corporate Affairs (MCA) notified Ind AS 116, the new leases accounting standard, and certain other amendments to Indian Accounting Standards (Ind AS) on 30 March 2019. Ind AS 116 and other amendments come into force on 1 April 2019.

This publication gives an overview of the impact of changes, which may be significant for some entities, helping companies understand if they will be affected and to begin their considerations. It will help entities plan more effectively by highlighting where new processes and systems or more guidance may be needed.

Ind AS reporters are required to disclose information relevant to assessing the impact of Ind AS 116 and other amendments in periods prior to adoption. For instance, entities will have to provide expected impact of these changes in their financial statements for the year ended 31 March 2019. This publication sets out our practical suggestions of matters to consider while preparing the disclosures in respect of these recent amendments.

Let's talk

Paragraphs 30 and 31 of Ind AS 8, *'Accounting Policies, Changes in Accounting Estimates and Errors'*, detail the disclosure requirements for the expected impact of new accounting standards which have not yet been adopted. In particular, Ind AS 8 requires entities to disclose known or reasonably estimable information relevant to assessing the possible impact that application of Ind AS 116 and other Ind AS amendments will have on an entity's financial statements in the period of initial application. In complying with these requirements, an entity considers disclosing:

a) the title of the new Ind AS;
b) the nature of the impending change or changes in accounting policy;
c) the date by which application of the Ind AS is required;
d) the date as at which it plans to apply the Ind AS initially; and
e) either:
    (i) a discussion of the impact that initial application of the Ind AS is expected to have on the entity's financial statements; or
    (ii) if that impact is not known or reasonably estimable, a statement to that effect.

It is therefore important that entities carefully consider the expected impact of Ind AS 116 and other Ind AS amendments, to provide specific and meaningful disclosures.

In detail

Overview of Ind AS 116

Ind AS 116 will replace the current guidance in Ind AS 17, *'Leases'*. Ind AS 116 defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Under Ind AS 116 lessees have to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for almost all lease contracts. This is a significant change compared to Ind AS 17, under which lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). Ind AS 116 gives lessees optional exemptions for certain short-term leases and leases of low-value assets.

In the statement of profit and loss lessees will have to present interest expense on the lease liability and depreciation on the right-of-use asset. In the cash flow statement, cash payments for the principal portion of the lease liability and its related interest are classified within financing activities. Payments for short-term leases, leases of low-value assets and variable lease payments not included in the measurement of the lease liability are presented within operating activities.

The accounting by lessors will not significantly change. As under Ind AS 17, the lessor will continue to classify leases as either finance or operating, depending on whether substantially all of the risks and rewards incidental to ownership of the underlying asset have been transferred. For a finance lease the lessor recognises a receivable, and for an operating lease the lessor continues to recognise the underlying asset.

Ind AS 116 adds significant new, enhanced disclosure requirements for both lessors and lessees.

On transition, lessees can choose between full retrospective application or a simplified approach that includes certain reliefs and does not require a restatement of comparatives. In addition, as a practical expedient entities are not required to reassess whether a contract is, or contains, a lease at the date of initial application (that is, such contracts are 'grandfathered').

Practical suggestions for robust disclosure of the impact of Ind AS 116

All entities with leases, or arrangements where significant judgement has been made in assessing whether it contains a lease, will need to consider their disclosure of the expected impact of Ind AS 116. Entities without leases should consider disclosing the fact that Ind AS 116 is not expected to impact them.

With reference to the requirements of Ind AS 8, we set out below our practical suggestions of matters for entities to consider disclosing in relation to the expected impact of Ind AS 116:

NB: these practical suggestions are solely an indicative guide of how an entity could respond to the need to disclose the impact of Ind AS 116. Disclosures should be entity specific, and management should consider what disclosures best meet the requirements of Ind AS 8, based on their specific facts and circumstances.

- Disclose the fact that Ind AS 116 has not yet been applied and it comes into force on 1 April 2019.
- Information about the structure and status of the entity's implementation project.
- A description of the changes in accounting policy which will take effect, including whether exemptions will be applied (such as low-value assets or short-term leases exemptions).
- A description of which transition approach will be taken, and whether any practical expedients will be applied.
- A description of the key judgements and estimates made (such as assessing whether an arrangement contains a lease, determining the lease term, calculating the discount rate and whether any service/lease components of arrangements will be separated), and identifying lease portfolios for which Ind AS 116 has a significant impact.
- Quantification of the expected impact (restatement to assets, liabilities and retained earnings adjustment, or the change in assets, liabilities, income, expense on adoption, depending on transition approach).
- If alternative performance measures (APMs) are used by investors (such as EBITDA), and Ind AS 116 is expected to have a significant impact on those APMs, the quantum of that impact.

Based on above, certain examples of disclosing impact of Ind AS 116 are illustrated below:

	Ind AS 116, *Leases*
Nature of change	Ind AS 116 was notified by Ministry of Corporate Affairs on 30 March 2019 and it is applicable for annual reporting periods beginning on or after 1 April 2019. Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The statement of profit and loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change. Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under Ind AS 116, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
Impact (Example 1)	The group has set up a project team which has reviewed all of the group's leasing arrangements in light of the new lease accounting rules in Ind AS 116. The standard will affect primarily the accounting for the group's operating leases. The group intends to apply simplified transition approach and will not restate comparative information in the financial statements for the year ending 31 March 2020 to show the impact of adopting Ind AS 116. As at the reporting date, the group has non-cancellable operating lease commitments of INR XX, see note XX. Of these commitments, approximately INR XX relate to short-term leases and INR XX to low value leases which will both continue to be recognised on a straight-line basis as expense in profit or loss. For the remaining lease commitments the group expects to recognise lease liabilities of INR XX, right-of-use assets of approximately INR XX on 1 April 2019 (after adjustments for prepayments and accrued lease payments recognised as at 31 March 2019) and deferred tax assets of INR XX. Overall net assets will be approximately INR XX lower, and net current assets will be INR XX lower due to the presentation of a portion of the liability as a current liability.

	The group expects that net profit after tax will decrease by approximately INR XX for the next financial year as a result of adopting the new rules. Adjusted EBITDA used to measure segment results is expected to increase by approximately INR XX as the operating lease payments were included in EBITDA, but the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure. Operating cash flows will increase and financing cash flows decrease by approximately INR XX as repayment of the lease liabilities and related interest will be classified as cash flows from financing activities. The group's activities as a lessor are not material and hence it does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.
Impact (Example 2)	The preparations for this standard are substantially complete. The group intends to elect the 'full retrospective' approach for adopting Ind AS 116 and accordingly the comparative information relating to prior years will be restated. The group also intends to use the exemptions provided by Ind AS 116 for short-term leases (less than a year) and leases for low-value assets. The estimated impact of Ind AS 116 on the group's financial statements at 31 March 2019 is as follows: Balance sheet: The group estimates that the adoption of Ind AS 116 will result in an increase in total assets of approximately INR XX, split between right-of-use assets of INR XX and deferred tax assets of INR XX. Financial liabilities are expected to increase by approximately INR XX and net equity will decrease by approximately INR XX. Statement of profit and loss: The group estimates that the adoption of Ind AS 116 will result in increased depreciation of approximately INR XX from the right-of-use assets and increased finance costs of approximately INR XX per year due to the interest recognised on lease liabilities. These will offset the reduction in operating lease expenses of around INR XX per year, resulting in an overall net reduction of profit before taxes of approximately INR XX. Statement of cash flows: The group estimates that the adoption of Ind AS 116 will result in increase in operating cash flows and decrease in financing cash flows by approximately INR XX as repayment of the lease liabilities and related interest will be classified as cash flows from financing activities.

Overview of other amendments to Ind AS

Title	Key requirements
Appendix C, '*Uncertainty over Income Tax Treatments*', to Ind AS 12, '*Income Taxes*'	***Issue*** This appendix clarifies how the recognition and measurement requirements of Ind AS 12 *'Income Taxes'*, are applied where there is uncertainty over income tax treatments. ***Impact*** **When does the appendix apply?** This appendix explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. The appendix applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including determining taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. **What is the unit of account?** Each uncertain tax treatment is considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty. The factors that an entity might consider to make this determination include: 1. how it prepares and supports the tax treatment; and 2. the approach that it expects the tax authority to take during an examination. **What should an entity assume about the examination of tax treatments by taxation authorities?** An entity is required to assume that a tax authority with the right to examine and challenge tax treatments will examine those treatments and have full knowledge of all related information. Detection risk is not considered in the recognition and measurement of uncertain tax treatments.

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When should an entity account for any uncertain tax treatments?
If an entity concludes that it is probable that the tax authority will accept an uncertain tax treatment that has been taken or is expected to be taken on a tax return, it should determine its accounting for income taxes consistently with that tax treatment. If an entity concludes that it is not probable that the treatment will be accepted, it should reflect the effect of the uncertainty in its income tax accounting in the period in which that determination is made (for example, by recognising an additional tax liability or applying a higher tax rate).
How is the effect of uncertainty recognised?
The entity should measure the impact of the uncertainty using the method that best predicts the resolution of the uncertainty (that is, the entity should use either the most likely amount method or the expected value method when measuring an uncertainty).
The most likely amount method might be appropriate if the possible outcomes are binary or are concentrated on one value. The expected value method might be appropriate if there is a range of possible outcomes that are neither binary nor concentrated on one value. Some uncertainties affect both current and deferred taxes (for example, an uncertainty over the year in which an expense is deductible). The appendix requires consistent judgements and estimates to be applied to current and deferred taxes.
What about changes in circumstances?
The judgements and estimates made to recognise and measure the effect of uncertain tax treatments are reassessed whenever circumstances change or when there is new information that affects those judgements. New information might include actions by the tax authority, evidence that the tax authority has taken a particular position in connection with a similar item, or the expiry of the tax authority’s right to examine a particular tax treatment. The appendix states specifically that the absence of any comment from the tax authority is unlikely to be, in isolation, a change in circumstances or new information that would lead to a change in estimate.
What about the disclosures?
There are no new disclosure requirements in appendix. However, entities are reminded of the need to disclose, in accordance with Ind AS 1, ‘Presentation of Financial Statements’ the judgements and estimates made in determining the uncertain tax treatment.
Transition
An entity can, on initial application, elect to apply this appendix either:

retrospectively applying Ind AS 8, if possible without the use of hindsight; or
retrospectively, with the cumulative effect of initially applying the appendix recognised at the date of initial application as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate).

Insight
The appendix provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. It also provides specific guidance in several areas where previously Ind AS 12 was silent. For example, the appendix specifies how to determine the unit of account and the recognition and measurement guidance to be applied to that unit. There was no specific guidance in Ind AS 12, and entities today might be using different models to determine the unit of account and measure the consequences of tax uncertainties. The appendix also explains when to reconsider the accounting for a tax uncertainty, and it states specifically that the absence of comment from the tax authority is unlikely, in isolation, to trigger a reassessment.
Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in Ind AS 12. These models might, in some circumstances, be inconsistent with the appendix and the impact on tax accounting could be material. Management should assess the existing models against the specific guidance in the appendix and consider the impact on income tax accounting.
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<tr><td>Long-term Interests in Associates and Joint Ventures – Amendments to Ind AS 28, ‘Investment in Associates and Joint Ventures’</td><td>
Issue
Investors could have long-term interests (for example, preference shares or long-term loans) in an associate or joint venture that form part of the net investment in the associate or joint venture. It was not clear whether these long-term interests are within the scope of Ind AS 109 ‘Financial Instruments’, and whether Ind AS 109 impairment requirements are applicable.
Insight
The narrow-scope amendments to Ind AS 28 clarify that these long-term interests in an associate or joint venture to which the equity method is not applied should be accounted for using Ind AS 109. This includes the impairment requirements in Ind AS 109. An illustrative example is also provided.
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	Transition An entity shall apply these amendments retrospectively in accordance with Ind AS 8 for annual reporting periods beginning on or after 1 April 2019. However, the entity is not required to restate prior periods to reflect the application of the amendments. The entity may restate prior periods only if it is possible without the use of hindsight. If an entity does not restate prior periods, at the date of initial application of the amendments, it shall recognise in the opening retained earnings (or other component of equity, as appropriate) any difference between the previous carrying amount of long-term interests described in paragraph 14A of Ind AS 28 at that date; and the carrying amount of those long-term interests at that date.
Prepayment Features with Negative Compensation – Amendments to Ind AS 109, *'Financial Instruments'*	***Issue*** The narrow-scope amendments to Ind AS 109 enable companies to measure at amortised cost some prepayable financial assets with negative compensation. The assets affected, that include some loans and debt securities, would otherwise have been measured at fair value through profit or loss (FVTPL). Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than unpaid amounts of principal and interest. However, to qualify for amortised cost measurement, the negative compensation (the difference between the prepayment amount and unpaid amount of principal and interest) must be 'reasonable compensation for early termination of the contract'. An example of such reasonable compensation is an amount that reflects the effect of the change in the relevant benchmark rate of interest. However, the standard does not define 'reasonable compensation' and significant judgement may be required to assess if this test is met. In addition, to qualify for amortised cost measurement, the asset must be held within a 'held to collect' business model. ***Impact*** The amendments are likely to be welcomed by preparers. In practice, there is a broad range of prepayment features with potentially negative compensation in many kinds of debt instruments: • The prepayment option may be contingent on the occurrence of a trigger event (for example, sale or fall in value of collateral to a loan). • The prepayment option may be held by only one party to the contract or both parties. • Prepayment may be permitted or required (in particular circumstances). • The compensation formula may differ. In many cases judgement will be required to assess whether the compensation meets the test of being 'reasonable compensation for early termination of the contract'. ***Transition*** An entity shall apply these amendments retrospectively in accordance with Ind AS 8. However, an entity is not required to restate prior periods to reflect the application of these amendments. The entity may restate prior periods if, and only if, it is possible without the use of hindsight. If an entity does not restate prior periods, it recognises, in the opening retained earnings (or other component of equity, as appropriate), any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application. However, if an entity restates prior periods, the restated financial statements must reflect all of the requirements in Ind AS 109.
Plan Amendment, Curtailment or Settlement – Amendments to Ind AS 19, '*Employee Benefits*'	***Insight*** Current service cost and net interest are usually calculated using assumptions determined at the beginning of the period. However, if the net defined benefit liability is remeasured to determine past service cost, or the gain or loss on curtailment or settlement, current service cost and net interest for the remainder of the period are remeasured using the same assumptions and the same fair value of plan assets. This will change the amounts that would otherwise have been charged to profit or loss in the period after the plan amendment, and it might mean that the net defined benefit liability is remeasured more often. A plan amendment, curtailment or settlement might reduce or eliminate a surplus, which could change the effect of the asset ceiling. Past service cost, or a gain or loss on settlement, is calculated in accordance with Ind AS 19, and it is recognised in profit or loss. This reflects the substance of the transaction, because a surplus that has been used to settle an obligation or provide additional benefits is recovered. The impact on the asset ceiling is recognised in other comprehensive income, and it is not reclassified to profit or loss. The impact of the amendments is to confirm that these effects are not offset. ***Who is affected*** The amendments will affect any entity that changes the terms or the membership of a defined benefit plan such that there is past service cost or a gain or loss on settlement.

	Transition An entity shall apply these amendments to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 April, 2019.
Ind AS 103, '*Business Combinations*'	***Insight*** The amendments clarify that obtaining control of a business that is a joint operation, is a business combination achieved in stages. The acquirer should re-measure its previously held interest in the joint operation at fair value at the acquisition date. **Transition** An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 April 2019.
Ind AS 111, '*Joint Arrangements*'	***Insight*** The amendments clarify that a party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in Ind AS 103. In such cases, previously held interests in the joint operation are not remeasured. ***Transition*** An entity shall apply those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 April 2019.
Ind AS 12, '*Income Taxes*'	***Issue*** Previously, it was unclear whether the income tax consequences of dividends of financial instruments classified as equity should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous. In particular, whether the requirements in paragraph 57A (paragraph 52B before the amendments were made) apply only in the circumstances described in paragraph 52A (for example, when there are different tax rates for distributed and undistributed profits), or whether those requirements apply as long as payments on financial instruments classified as equity are distributions of profit. ***Insight*** The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends. The reason for the income tax consequences of dividends should not affect where those income tax consequences are recognised. It does not matter whether such consequences arise, for example, because of different tax rates for distributed and undistributed profits or because of the deductibility of dividends for tax purposes. This is because, in both cases, the income tax consequences arise from the distribution of profits. ***Transition*** An entity shall apply those amendments for annual reporting periods beginning on or after 1 April 2019.
Ind AS 23, '*Borrowing Costs*'	***Insight*** When determining the funds that an entity borrows generally, paragraph 14 of Ind AS 23 required an entity to exclude borrowings made specifically for the purpose of obtaining a qualifying asset. The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings. ***Transition*** An entity shall apply those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.

Disclosure of the expected impact of other Ind AS amendments

Entities should consider disclosing impact of other amendments in their financial statements for the year ended 31 March 2019 depending on their specific fact and circumstances. These amendments shall come into force on 1 April 2019. Certain illustrations are provided below:

Title	Key requirements and expected impact
Appendix C, *Uncertainty over Income Tax Treatments*, to Ind AS 12, *'Income Taxes'*	The appendix explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses: • how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty; • that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored; • that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment; • that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and • that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements. The group operates in multiple countries and tax jurisdictions and has substantially completed assessing its existing models and processes which it has developed to account for tax uncertainties against the specific guidance in the appendix C to Ind AS 12 to consider the impact on income tax accounting in respect of its material tax jurisdictions. Basis such assessment, the application of this guidance is not expected to have material impact on its consolidated financial statements.
Long-term Interests in Associates and Joint Ventures – Amendments to Ind AS 28, *'Investment in Associates and Joint Ventures'*	The amendments clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under Ind AS 109 '*Financial Instruments'* before applying the loss allocation and impairment requirements in Ind AS 28. Since the group does not have such long-term interests in its associates or joint ventures, the amendments will not have any impact on its consolidated financial statements.
Prepayment Features with Negative Compensation – Amendments to Ind AS 109, *'Financial Instruments'*	The narrow-scope amendments made to Ind AS 109 enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. These amendments are not expected to have any impact on the consolidated financial statements of the group.
Plan Amendment, Curtailment or Settlement – Amendments to Ind AS 19, '*Employee Benefits'*	The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must : • calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change; • any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and • separately recognise any changes in the asset ceiling through other comprehensive income. These amendments will apply to any future plan amendments, curtailments, or settlements of the group on or after 1 April 2019.
Ind AS 103, '*Business Combinations'*	The amendments clarify that obtaining control of a business that is a joint operation, is a business combination achieved in stages. The acquirer should re-measure its previously held interest in the joint operation at fair value at the acquisition date. These amendments will apply to future business combinations of the group for which acquisition date is on or after 1 April 2019.
Ind AS 111, '*Joint Arrangements'*	The amendments clarify that the party obtaining joint control of a business that is a joint operation should not re-measure its previously held interest in the joint operation. These amendments will apply to future transactions of the Group in which it obtains joint control of a business on or after 1 April 2019.

Ind AS 12, '*Income Taxes*'	The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous. These amendments are not expected to have any material impact on the consolidated financial statements of the group.
Ind AS 23, '*Borrowing Costs*'	The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings. The group's current practice is in line with these amendments and accordingly these amendments are not expected to have any material impact on its consolidated financial statements.

The takeaway

Where a new standard or amendment has been published but has not yet come into effect, entities are required to make certain disclosures. The disclosures aim to enable the user to assess the possible effect of the new accounting pronouncement on the entity's financial statements. Management will need to apply judgement in determining whether a new accounting pronouncement is expected to have a material effect for disclosure purposes. The assessment of materiality should consider the effect both on previous transactions and financial position and on reasonably foreseeable future transactions. Some new pronouncements provide options that could have an effect on the entity. Management should disclose its expectation on the use of options.

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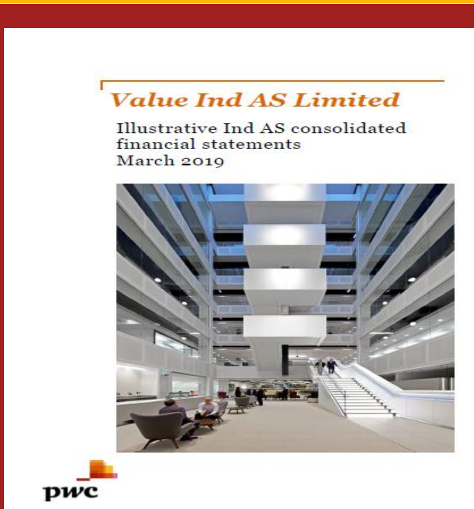

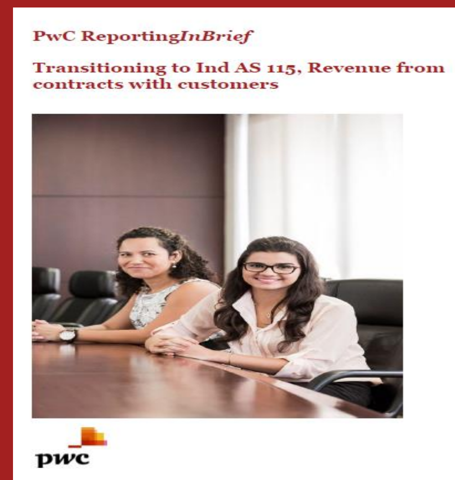

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