

Convertible Instruments - Liability or Equity?

The Accounting Advisory Services (AAS) team at BDO India is pleased to share, '**THE STANDARD STANCE**' - An expert insight into key accounting matters. Each **monthly** issue of the publication will spotlight and discuss a key accounting matter noteworthy for organisations to stay ahead in their business journeys.

This issue of **THE STANDARD STANCE CONVERTIBLE INSTRUMENTS - LIABILITY OR EQUITY?** highlights several practical issues that need to be considered when determining the appropriate presentation (liability v/s equity) for convertible instruments.

In today's fast-growing and ever-evolving business environment, many companies are issuing innovative and complex instruments with increasingly attractive returns to obtain funds from investors. In many cases, investors require entities to issue convertible instruments. The classification of these as liability or equity is important as it has a direct effect on an issuer's reported net profit/ loss and capital structure.

For a detailed understanding of the practical considerations around these instruments,

Read [The Standard Stance](#) here.

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