Overview of Transition to IND-AS

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Need for one Common language of Accounting

The **IFRS**® **Foundation** and the **International Accounting Standards Board**

Mission

To develop IFRS Standards that bring transparency, accountability and efficiency to financial markets around the world. Our work serves the public interest by fostering trust, growth and long-term financial stability in the global economy.

IFRS Standards:

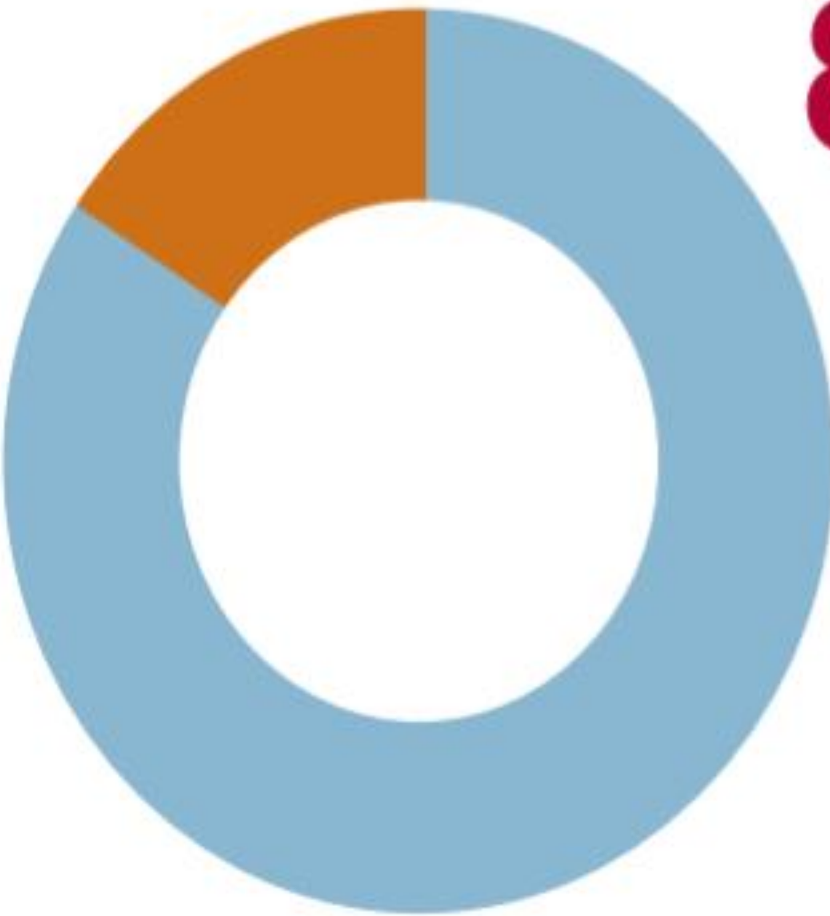
- bring **transparency** by enhancing the international comparability and quality of financial information, enabling investors and other market participants to make informed economic decisions;

- strengthen **accountability** by reducing the information gap between the providers of capital and the people to whom they have entrusted their money. Our Standards provide information that is needed to hold management to account. As a source of globally comparable information, IFRS Standards are also of vital importance to regulators around the world;

- contribute to economic **efficiency** by helping investors to identify opportunities and risks across the world, thus improving capital allocation. For businesses, the use of a single, trusted accounting language lowers the cost of capital and reduces international reporting costs.

Progress towards global Standards

The IFRS Foundation has so far assessed the use of our Standards in 147 jurisdictions. All the jurisdiction profiles are available on www.ifrs.org.



83%

122 of 147 jurisdictions require the use of IFRS Standards for all or most publicly accountable companies.

Most of the remaining jurisdictions permit their use.

The *IFRS for SMEs* Standard is required or permitted in 83 jurisdictions.

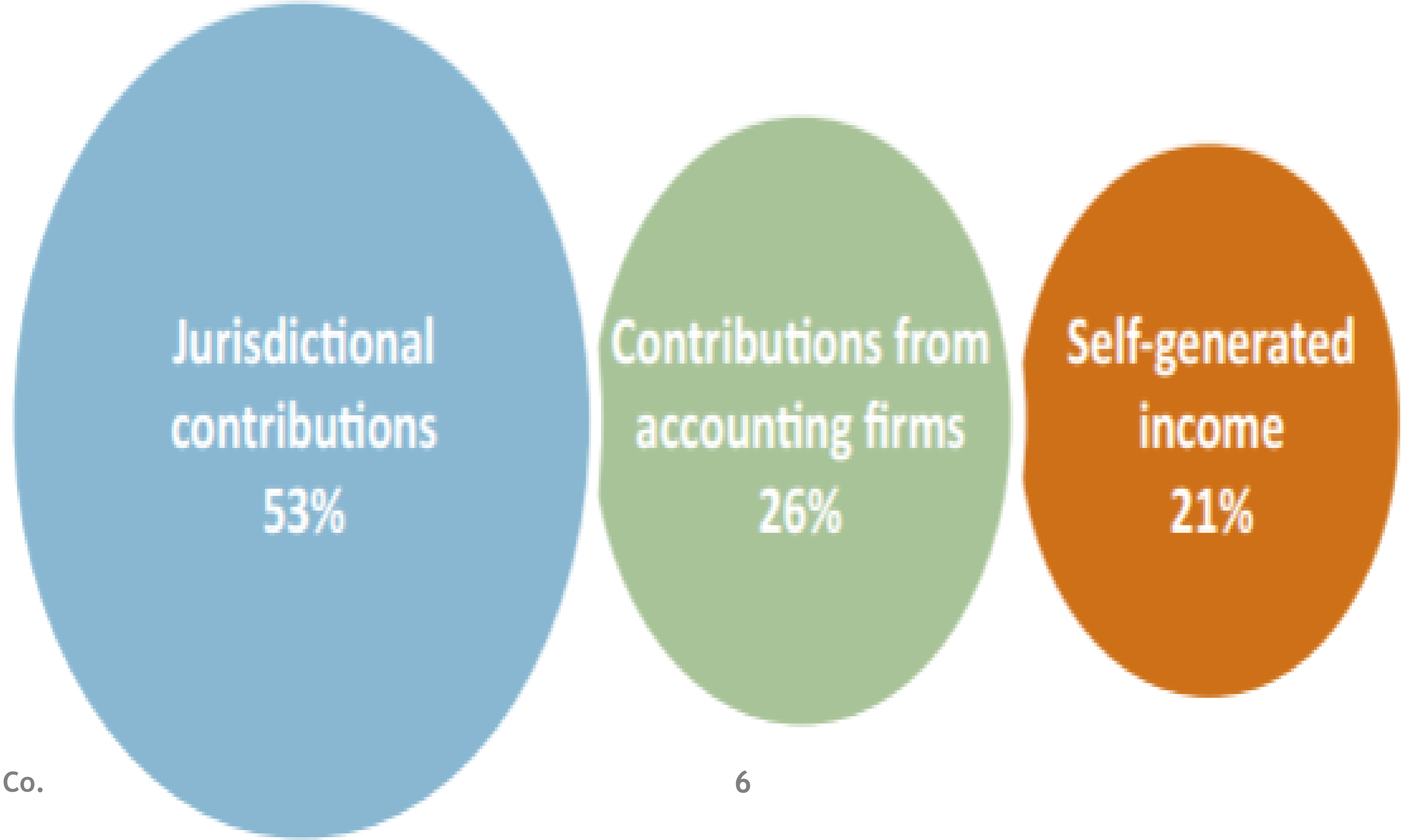
Structure

The IFRS Foundation is an independent, privately organised, not-for-profit organisation, operating to serve the public interest. The governance and due process are designed to keep the standard-setting independent from special interests while ensuring accountability to our stakeholders around the world.

Public accountability	The organisation is overseen by a **Monitoring Board**, consisting of public authorities, such as financial market regulators.
Governance	The **Trustees** are responsible for the governance and oversight of the Board, promoting IFRS Standards and securing the organisation's funding.
Independent standard-setting	The **International Accounting Standards Board** is the standard-setting body, made up of experts from diverse professional backgrounds and geographical regions.

Funding

The IFRS Foundation is funded by income from multiple sources. In 2015, the total income was £27.4 million.



Developing the Standards

The process for developing the Standards is highly transparent; every stage involves public consultation. The public can also access all Board papers and observe all Board meetings via our website or by attendin the meetings.

Setting the Agenda

The Board consults the public on its technical work plan every five years. The work of the IFRS Interpretations Committee and post-implementation reviews of Standards may also add topics to the work plan.

Research projects

Research is conducted to assess possible accounting problems, develop possible solutions and decide whether standard-setting is required. Public views are usually sought via a Discussion Paper.

Standard-setting projects

Building on the research, specific proposals are developed and consulted on publicly via an Exposure Draft. Feedback is debated by the Board before a Standard is finalised or amended.

Maintenance

Reviews of new Standards are carrie out and, if needed, amendments are proposed and consulted on. The IFRS Interpretations Committee may als decide to create an interpretation of th Standard.

Advisory bodies and committees

Formal advisory bodies provide an important channel for the Board and the Foundation to receive input on its work and to consult with interested parties from a broad range of backgrounds and geographical regions.

Accounting Standards Advisory Forum (ASAF)	Emerging Economies Group (EEG)	IFRS Interpretations Committee	Project Consultative Groups
Capital Markets Advisory Committee (CMAC)	Global Preparers Forum (GPF)	IFRS Taxonomy Consultative Group (ITCG)	SME Implementation Group (SMEIG)
Education Advisory Group	IFRS Advisory Council	Islamic Finance Consultative Group	

| 7

Accounting Standards in India

➢ The ICAI, established Accounting Standards Board (ASB) in 1977, to issue Accounting Standards (AS) in India

* Initially, AS mandatory for members of the ICAI acting as auditors

* In the year 1999, the Companies Act 1956, was amended to make AS mandatory to companies

* In 2006, Central Government notified 28 Accounting Standards, as recommended by ICAI under Companies (Accounting Standards) Rules 2006

Accounting Standards
Guidance Notes
List of Exposure Drafts
Auditing, Review and Other Standards - Complete Text
Advisory Service Rules
Accounting Standard Interpretation
Insurance
Standards on Internal Audit
Recent Opinions of Expert Advisory Committee
Other Technical Literature on Auditing
Accounting Standards for Local Bodies
Other Technical Literature on Internal Audit
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- Accounting Standard Interpretation
- Accounting Standards
- Accounting Standards for Local Bodies
- Advisory Service Rules
- Auditing, Review and Other Standards - Complete Text
- Free Download - Online Publications
- Guidance Notes
- Insurance
- List of Exposure Drafts
- Other Technical Literature on Auditing
- Other Technical Literature on Internal Audit
- Recent Opinions of Expert Advisory Committee
- Standards on Internal Audit
- The Companies (Indian Accounting Standards) Rules, 2015

Need for convergence towards Global Standards

- In view of global developments and expected benefits of convergence with IFRS, ICAI constituted Task Force in 2006 to explore approach for achieving convergence with IFRS

- The Council of the ICAI in 2007 accepted recommendations of the Task Force to converge with IFRS for Public- interest entities and approach to be followed for the same.

- The Ministry of Corporate Affairs, Govt. of India, also supported the initiative of ICAI to converge with IFRS

- Due to legal and economic environment adoption of IFRS, as they are, i.e., without any modification, is not practicable. Therefore, ICAI decided to ‘converge’ with IFRS and not to ‘adopt’ them

Relationship of Ind AS to IFRS

- IFRSs issued by the IASB are not country specific; they are meant to be applied across the globe.

- In India, while formulating Ind AS, the aim of the ICAI has always been to comply with the IFRSs as far as possible.

- However, adoption of IFRSs as they are, i.e., without any modification, may not be practicable and departures may have to be made primarily on the following grounds:

  (i) Legal and regulatory environment prevailing in the country

  (ii) Economic environment within the country

  (iii) Industry preparedness and practices in country

  (iv) Removal of alternatives permitted in IFRSs

  (v) Conceptual Issues

* Relationship of Ind AS to IFRS *(Contd…)*

* Ind AS are based on and substantially converged with IFRS as issued by the IASB

* Ind AS have some modifications to IFRS Standards that are generally optional, only few are mandatory, and are of limited scope.

* An Appendix to each Ind AS explains 'the major differences, if any, between' the Ind AS and the corresponding IFRS Standard.

Approach followed in formulation of Ind AS

- Under convergence, Accounting Standards corresponding to all IAS/IFRS are being formulated
- Process followed in formulation of IFRS-converged Standards
  - IFRS are **reviewed**
  - As far as possible, **no change** is made **unless** absolutely essential keeping in view the **Indian conditions** and circumstances
  - **Optional** treatments prescribed under IFRS are **removed** keeping in view Indian environment to bring about comparability.
  - **Conceptual issues**, if any, are identified and taken up with the IASB

Salient Features of IFRS-converged Ind AS

- **Principle**-based Standards

  (AS-21, AS-26, AS-14 …)

- Give more importance to concept of '**Substance over form**', i.e., economic reality of a transaction. *(Preference Shares…)*

- Rely more on **fair valuation** approach, and measurements based on **time value of money**.

- Require more **disclosures** of all the relevant information and assumptions used.

- Require higher degree of **judgment** and estimates.

* Main Areas of change as compared to existing

- Ind AS Accounting Standards are driven more by '*substance*' rather than "*form* ", as compared to the existing AS . To illustrate, as per Ind AS, preference shares that provide for mandatory redemption by the issuer are presented as a ***liability***

- Increased use of ***fair value*** driven accounting under Ind AS. This will require adoption of appropriate accounting policies or else volatility could increase.

- Accounting for ***revenue recognition (post Ind AS 15)*** and ***mergers/business acquisitions*** will not be the same going forward.

Changes in Ind AS from IFRS.

Changes due to Legal and regulatory environment such as-

- Terminology used in Indian law, such as, '***balance sheet***' instead of '***Statement of financial position***

Changes due to removal of alternatives permitted in IFRSs

- Optional treatments prescribed under IFRS have been removed in appropriate, e.g., option to use fair value model to measure investment property has been removed in the relevant Ind AS; only cost model permitted.

Changes due to Economic environment within the country

Classification of a loan liability as non-current in case of breach of a loan condition

- IAS 1 requires a loan liability to be classified as current if it becomes repayable on demand due to breach of a condition.
- Considering Indian banking system, Ind AS 1 and Ind AS 10 have been amended.
- For breach of a material provision on or before the end of the reporting period, an entity is not required to classify a long-term loan liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Changes due to Industry practices in country

- IAS 17 requires recognition of lease rentals receivable under operating lease on a straight-line basis over the lease period. Such recognition is appropriate in case of structured lease payments, e.g., ballooned lease payments
- It is felt that where increases in lease rentals are on account of inflation, recognising lease rentals on straight line basis is not appropriate in India where the inflation is considerably high.
- Ind AS 17 requires that leases rentals should be charged to the statement of profit and loss in accordance with the lease agreement.

Changes due to Conceptual Issues

Revenue Recognition in case of Real Estate Developers (IFRIC 15)

- IFRIC 15 requires the recognition of revenue on completion of the contract (completed contract method). In that case, the profit and loss account of the developers will not truly reflect the performance of the business, as during the years the real estate project continues, no revenue will be recognised.

- IFRIC 15 not included in Ind AS 18, *Revenue*. Such agreements have been scoped out from Ind AS 18 and have been included in Ind AS 11, *Construction Contracts*.

Changes due to Conceptual Issues

- **Classification of Foreign Currency Convertible Bonds component as equity and not financial liability(FCCBs) (Ind AS 32)**

  - IAS 32, FCCB would be considered as a financial liability to be measured at fair value and changes in fair value are to be recognised in the statement of profit and loss.

  - Ind AS 32, an exception has been added to the definition of ‘financial liability’ whereby the equity conversion option embedded in FCCB would be considered as an equity instrument; not required to be measured at fair value.

MCA Roadmap on conversion to Ind AS
(Other than Banks, NBFC & Insurance Co.)

Phase I (1st April,2016)

- Companies listed in or outside India (debt/ equity) with net-worth of Rs. 500 Crores or more
- Unlisted companies with net-worth of Rs. 500 Crores or more
- Holding, subsidiary, JV or associate companies of aforesaid companies

Phase II (1st April,2017)

- All other listed companies
- Unlisted companies with net-worth of Rs. 250 Crores or more
- Holding, subsidiary, JV or associate companies of aforesaid companies

GMJ & Co.

MCA Roadmap on conversion to Ind AS

2015-16 — April | March

2016-17 — April | March

Opening Balance Sheet
1 April 2015 (DOT)

Comparative
for
31 March 2016

Financial statements for year
ended
31 March 2017

2016-17 — April | March

2017-18 — April | March

Opening Balance Sheet
1 April 2016 (DOT)

Comparative for 31 March
2017

Financial statements for year
ended
31 March 2018

GMJ & Co.

MCA Roadmap on conversion to Ind AS:

- Companies whose securities are listed or in the process of listing on SME exchanges will not be required to apply Ind AS. Such companies will continue to comply with existing Accounting Standards unless they choose otherwise.

- Applicability of Ind-AS on Voluntary basis for financial statements for accounting period beginning or after April 1, 2015 with the comparatives for the period ending March 31, 2015 or thereafter.

- Once a company starts following Ind AS, it shall be required to follow such Accounting standards for all subsequent financial statements even if any of the eligibility criteria does not subsequently apply to it.

- Indian Accounting Standards (Ind AS) once required to be complied with in accordance with these rules, shall apply to both stand-alone financial statements and consolidated financial statements.

- Roadmap for banks, NBFCs and Insurance Companies is effective in two phases from 01/04/2018 and 01/04/2019

* Approach for upgradation of existing Accounting Standards

* Approach-Categories of Entities

For the purpose of applicability of Accounting Standards, following categories of entities should be considered:

Level I: All entities including non-corporate which require to apply IFRS-converged Ind AS.

Level II: Upgraded Accounting Standards to be followed by:

(a) All entities having net worth < Rs. 250 crores and notcovered in Level I and Level II (b)

(b) All entities meeting the following criteria:

* turnover (excluding other income) $\leq$ Rs. 100 Crore;
* borrowings (including public deposits) $\leq$ Rs. 20 Crore

* Approach-Categories of Standards

For the purpose of upgradation Ind AS should be divided into following four categories:

Category 1: Ind AS corresponding to which AS need not be issued.

Category 2: Existing AS which can be revised by including certain aspects from the corresponding Ind AS

Category 3: Ind AS which can be used as basis for revision of the corresponding existing Accounting Standards with changes

Category 4: Standards for which hybrid approach to be followed

* Category 1-No Standard

- Ind AS 26, *Accounting and Reporting by Retirement Benefit Plans*
- Ind AS 29, *Financial Reporting in Hyper-Inflationary Economies*
- Ind AS 40, *Investment Property*
- Ind AS 104, *Insurance Contracts*
- Ind AS 106, *Exploration for and Evaluation of Mineral Resources*
- Ind AS 114, *Regulatory Deferral Accounts*

* Category 2-Base is Existing AS

Existing AS	Ind AS	Title of Ind AS
AS 7 and AS 9	Ind AS 115	*Revenue*
AS 6	Ind AS 16	*Property, Plant and Equipment*
AS 10		
AS 12	Ind AS 20	*Accounting for Government Grants and Disclosures of Government Assistance*
AS 16	Ind AS 23	*Borrowing Costs*
AS 18	Ind AS 24	*Related Party Disclosures*
AS 20	Ind AS 33	*Earnings Per Share*
AS 11	Ind AS 21	*The Effects of Foreign Exchange Changes*

* Category 3-Base is Ind AS

AS	Ind AS	Title of Ind AS
AS 1	Ind AS 1	*Presentation of Financial Statements*
AS 2	Ind AS 2	*Inventories*
AS 3	Ind AS 7	*Cash Flow Statements*
AS 4	Ind AS 10	*Events After Reporting Period*
AS 5	Ind AS 8	*Accounting Policies, Changes in Accounting Estimates and Errors*
AS 15	Ind AS 19	*Employee Benefits*
AS 17	Ind AS 108	*Operating Segments*
AS 19	Ind AS 17	*Leases*

* Category 3-Base is Ind AS

AS	Ind AS	Title of Ind AS
AS 22	Ind AS 12	*Income Taxes*
AS 24	Ind AS 105	*Non-Current Assets held for Sale and Discontinued Operations*
AS 25	Ind AS 34	*Interim Financial Reporting*
AS 26	Ind AS 38	*Intangible Assets*
AS 28	Ind AS 36	*Impairment of Assets*
AS 29	Ind AS 37	*Provisions, Contingent Liabilities and Contingent Assets*
---	Ind AS 41	*Agriculture*
---	Ind AS 102	*Share-based Payment*

Financial instrument Related Standards

---	Ind AS 32	Financial Instruments: Presentation
AS 13	Ind AS 109	Financial Instruments
	Ind AS 107	Financial Instruments: Disclosures
---	Ind AS 113	Fair Value Measurement

Business Combinations and Consolidation related Standards

AS 14	Ind AS 103	Business Combinations
AS 21	Ind AS 110	Consolidated Financial Statements
AS 23	Ind AS 28	Accounting for Associates and Joint Ventures
AS 27	Ind AS 28	Accounting for Associates and Joint Ventures
	Ind AS 111	Joint Arrangements
---	Ind AS 112	Disclosure of Interests in Other Entities
---	Ind AS 27	Separate Financial Statements

APPROACH FOR DISCLOSURE REQUIREMENTS

- **Existing Standards available:** Broadly as per the existing Accounting Standards including exemptions/relaxations given to SMEs.
- **Other Standards:** Restricted to those which are primarily relevant from the perspective of the lenders
- The disclosure requirements may also not exceed those given in IFRS for SMEs.

Few impact Areas

- Other Comprehensive Income
- Statement of Changes in Equity
- Financial Instruments
- Joint Arrangement/Control Assessment.
- Business Combinations
- Income Taxes
- Leases
- Employee Benefits

Few impact Areas

- Property , Plant and Equipment
- Revenue
- Share Based Payments
- Events after the Reporting Period
- Operating segment
- Related Party Disclosures

AS 1 vis-à-vis Ind AS 1

- Compared to Ind AS 1, the scope of AS 1 is very limited as it deals only with the aspect of disclosure of accounting policies.

- Ind AS 1 deals other aspects that relate to the **presentation of financial statements**, e.g., the contents of financial statements, classification of asset and liability into current and non-current, etc.

- Concept of **Other Comprehensive Income** will change the face of statement of profit and loss

Other Comprehensive Income

Concept of **Other Comprehensive Income** will change the face of statement of profit and loss.

- Other Comprehensive Income comprises of items of income and expenses that are not recognized in profit and loss .
- These Components are:
  - Changes in revaluation surplus
  - Re-measurement of defined benefit plans
  - Gains and losses arising from translating the financial statements of foreign operation
  - Gains and losses from fair valuation of investments designates through OCOI
  - Gains and losses on financial assets measured at fair value through OCI,
  - Etc.

Statement of changes in Equity

- Statement of Changes in Equity (SOCIE)
- In SOCIE reconciliation between opening balance and closing balance of various component of Equity is presented.
- Following broad heads are presented under SOCIE:
  - Equity Share capital
  - Other Equity:
    - Share application money pending allotment
    - Equity component of compound financial instruments
    - Reserves and Surplus
    - Items of OCI
    - Money received against share warrants

Format of Statement of changes in Equity

STATEMENT OF CHANGES IN EQUITY
Name of the Company……………………
Statement of Changes in Equity for the period ended …………………..

(Rupees in……………..)

a. Equity Share Capital

Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period

b. Other Equity

	Share application money pending allotment	**Equity component of compound financial instruments**	**Reserves and Surplus**				**Items of Other Comprehensive Income**						**Money received against share warrants**	**Total**
			Capital Reserve	Securities Premium Reserve	Other Reserves (specify nature)	Retained Earnings	Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income (specify nature)		
Balance at the beginning of the reporting period														
Changes in accounting policy/prior period errors														

Restated balance at the beginning of the reporting period														
Total Comprehensive Income for the year														
Dividends														
Transfer to retained earnings														
Any other change (to be specified)														
Balance at the end of the reporting period														

Note: Remeasurment of net defined benefit plans, fair value changes relating to own credit risk and share of Other Comprehensive Income in Associates and Joint Ventures shall be recognised as a part of retained earnings with separate disclosure of such items alongwith the relevant amounts in the Notes.

Ind AS 1 vis-à-vis IAS 1

No major difference except:

- Ind AS 1 allows presentation of line items in the Statement of profit & Loss only **nature-wise** as compared to IAS 1 which also permits function-wise classification

Carve-out

- Ind AS 1 provides that where there is **a breach of a provision** of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach. However, IAS 1 treats such non-current liabilities as current.

AS 2 vis-à-vis Ind AS 2

No major difference except:

- AS 2 is focused on inventory valuation only, whereas Ind AS also covers presentation and recognition of inventory

- As per AS 2, **machinery spares** which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are not inventory and accounted for in accordance with AS 10. Whereas, spare parts, stand-by equipment and servicing equipment are accounted for as inventory if they does not meet the definition of PPE.

- Ind AS 2 deals with the subsequent recognition of cost/carrying amount of inventories as an expense, whereas the existing AS 2 does not provide the same

AS 3 vis-à-vis Ind AS 7

No major difference except:

- AS 3 does not contain any specific method of accounting for **associate, subsidiary or joint venture** entities whereas Ind AS 7 specifies methods of accounting for such entities

- Ind AS 7 specifically includes **bank overdrafts** repayable on demand as a part of cash and cash equivalents, whereas the existing AS 3 is silent on this aspect

- AS 3 requires cash flows associated with **extraordinary activities** to be separately classified as arising from operating, investing and financing activities, whereas Ind AS 7 does not contain this requirement.

AS 4 vis-à-vis Ind AS 10

No major difference except:

- As per Ind AS 10, **dividend proposed/declared** after the reporting period, cannot be recognised as a liability whereas as per the existing AS 4 the same is required to be adjusted in financial statements., if required by the statue.

- As per AS 4, in case **going concern** assumption is no longer appropriate, **assets and liabilities** are to be adjusted. However as per Ind AS 10, in such case, fundamental **change in the basis of accounting** is required

Ind AS 10 vis-à-vis IAS 10

No significant difference except a **consequential carve-out:**

- As per Ind AS 10, in case of breach of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, and the lender before the approval of the financial statements for issue, agrees not to demand payment as a consequence of the breach, shall be considered as an adjusting event. As per IAS 10, such events are not adjusting events.

AS 5 vis-à-vis Ind AS 8

* Ind AS 8 is wider in Scope as it prescribes the criteria for selecting and changing accounting policies/ treatment and disclosures thereof.

* Ind AS 1 prohibits presentation of any line item as extraordinary item whereas AS 5 defines **'extraordinary items'** and requires the same to be so presented.

* Ind AS 8 requires rectification of **prior period errors** with **retrospective** effect, whereas, AS 5 requires such rectifications with prospective effect.
* Changes in Accounting Policy to account for retrospectively

AS 10 & 6 vis-à-vis IAS 16

- **Componentisation** Approach
- Ad hoc vs. consistent **Revaluation** model
- **Annual review** of estimated useful life, residual value and depreciation method under Ind AS 16
- Decommissioning liability to be **capitalised** (ARO)
- As per AS 6, change in the method of depreciation is accounted for as a change in accounting policy (retrospective application), whereas under Ind AS 16 same is accounted for as a change in accounting estimates (prospective application)

AS 11 vis-à-vis Ind AS 21

- Integral and non-integral foreign operations approach vs. **functional currency** approach.
- AS 11 allows foreign currency losses/gains to be adjusted in the cost of relevant fixed assets and in case of other assets and liabilities to be deferred to be amortised to profit or loss over the life of the liability.(Para 46/46 A). Ind AS 21 does not permit such option
- Under Ind AS 21, presentation currency can be different from local currency, whereas existing AS 11 talks about presentation currency only

Ind AS 21 vis-à-vis IAS 21

Transitional relief to first time adoption to Ind AS under Ind AS 101 regarding deferment of exchange differences on long-term foreign currency monetary items existing as on the date of beginning of the first Ind AS financial reporting period.

AS 12 vis-à-vis Ind AS 20

- Ind AS 20 deals with the other forms of government assistance which are not government grants, such assistance are not covered by AS 12
- Ind AS 20 prohibits recognition of grants directly in the shareholders' funds and require all grants to be recognise in profit and loss. However AS 12 allows it in certain types of grants.
- Existing AS 12 gives an option to present the grants related to assets by setting up the grant as deferred income or by deducting it from the gross value of asset. However, this option is not available in Ind AS 20, such grants are presented only as deferred income.
- Non-monetary asset to be recognised at Fair Value under Ind AS

AS 13 vis-à-vis Ind AS 40 &109

- Standards to deal with accounting for financial instruments

- Scope of AS 13 is very limited as it deals only with limited aspect of investment. Ind AS 109 covers classification, measurement and hedge accounting of financial instruments.

- AS 13 treats ‘investment property’ as a ‘long term investment’ to be valued at cost. On the other hand, Ind AS 40 is a detailed standard dealing with various aspects of investment property accounting.

Ind AS 40 & 109 vis-à-vis IAS 40 & IFRS 9

No significant differences except:

- IAS 40 permits fair value model and cost model as well, whereas Ind AS 40 permits only cost model. However, Ind AS 40 retains the disclosures pertaining to fair values.
- There is no major difference between Ind AS 109 and IFRS 9

AS 14 vis-à-vis Ind AS 103

- AS 14 is limited in Scope as it deals only with amalgamation whereas Ind AS 103 covers all types of business combinations
- Under AS 14, acquired assets and liabilities are recognised at their existing book values or at fair values under the purchase method. Ind AS 103 requires the acquired assets and liabilities be recognised at fair value under acquisition method.
- Under Ind AS 103, the goodwill is not amortised but tested for impairment only. Whereas, AS 14 requires goodwill to be amortised over a period not exceeding five years.

Ind AS 103 vis-à-vis IFRS 3

No significant differences except:

* IFRS 3 requires bargain purchase gain to be recognised in profit or loss whereas, as per Ind AS 103 the gain shall be accumulated as capital reserve in the balance sheet.

* Additional guidance is given in Ind AS 103 regarding accounting for business combinations under common control. IFRS 3 does not contain such guidance.

AS 15 vis-à-vis Ind AS 19

- Under AS 15, employee includes whole time directors only whereas as per Ind AS 19, employee includes all directors.

- Existing AS 15 requires recognition of actuarial gains and losses immediately in the profit and loss but Ind AS 19 requires that the same shall be recognised in Other comprehensive income and should not be taken to profit or loss.

AS 16 vis-à-vis Ind AS 23

- Ind AS 23 does not apply to assets which are measured at fair value whereas the existing AS 16 does not provide for such relaxation.

- AS 16, interest is calculated at contracted rate whereas under Ind AS 23 interest to be calculated by using the **effective rate**.

- Ind AS 23 requires disclosure of capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation. The existing AS 16 does not have this disclosure requirement.

AS 17 vis-à-vis Ind AS 108

- **Different Approaches:** AS 17 requires identification of segments based on risks and rewards involved whereas in Ind AS 108, identification of segments is based on 'management approach'
- Under AS 17 in case there is neither more than one business segment nor more than one geographical segment, segment information as per this standard is not required to be disclosed. However, this fact shall be disclosed by way of footnote. Ind AS 108 requires certain disclosures even in case of entities having single reportable segment.
- Measurement at Transfer Pricing Mechanism

AS 18 vis-à-vis Ind AS 24

- Ind AS 24 definition of ‘close members of family’ includes the persons who can influence or be influenced by that person including relatives of the person. However, AS 18 only includes relatives of an individual.
- AS 18 covers key management personnel (KMP) of the entity only, whereas, Ind AS 24 covers KMP of the parent as well.
- Under Ind AS 24 includes co-venturers, or one is a venturer and the other is an associate. Whereas as per existing AS 18, co-venturers or co-associates are not related to each other.
- Extended disclosures for compensation of KMP under Ind AS 24
- Ind AS 24 requires disclosures of certain information by the government related entities, whereas the existing AS 18 exempts such disclosure.

AS 19 vis-à-vis Ind AS 17

No significant differences except:

- AS 19 does not cover leases of land. However Ind AS 17 has specific provisions and guidance dealing with leases of land and building.
- Ind AS 17 also addresses some additional matters such as distinction between inception of lease and commencement of lease.

AS 20 vis-à-vis Ind AS 33

No significant differences except:

- AS 20 does not specifically deal with purchased options, written put option etc, held on its shares. Ind AS 33 deals with the same.
- Ind AS 33 requires presentation of basic and diluted EPS from continuing and discontinued operations separately. However, AS 20 does not require any such disclosure.
- Existing AS 20 requires the disclosure of EPS with and without extraordinary items. Since as per Ind AS 1, Presentation of Financial Statements, no item can be presented as extraordinary item, Ind AS 33 does not require the aforesaid disclosure.

AS 21 vis-à-vis Ind AS 110

- AS 21 defines control as the ownership of more than one-half of the voting power of an enterprise or control of the composition of the board of directors or governing body. However, unlike rule based definition given in AS 21, definition of control in Ind AS 110 is principle based.
- Under AS 21 there can be more than one parent of a subsidiary , whereas, under Ind AS 110 there can only be one parent of a subsidiary.
- As per AS 21, difference between the date of the subsidiary's financial statements and that of the CFS shall not exceed 6 months. However, under Ind AS 110 the difference shall be not more than three months.
- Consolidation of assets and liabilities of subsidiaries at fair value as compared to carrying value under AS 21

AS 21 vis-à-vis Ind AS 110

- Under AS 21 minority interest is presented in CFS separately from liabilities and equity of the parent's shareholders. However, as per Ind AS 110 non-controlling interests shall be presented in CFS within equity separately from the parent shareholders' equity.

- For considering share ownership, potential equity shares held by investor are not taken into account under AS 21. However, as per Ind AS 110, potential voting rights that are substantive are also considered when assessing control over the subsidiary.

- As per existing AS 21, subsidiary is excluded from consolidation when control is intended to be temporary or when subsidiary operates under severe long term restrictions. Ind AS 110 does not give any such exemption from consolidation.

AS 22 vis-à-vis Ind AS 12

- As compared to AS 22, the approach followed in Ind AS 12 is different. Ind AS 12 follows **balance sheet approach** whereas existing AS 22 is based on **income statement approach.** The difference in the approaches gives different results in certain situations, e.g., revaluation of fixed assets.
- Concept of probable certainty as against Virtual certainty for Unabsorbed Depreciation and business losses.

AS 23 vis-à-vis Ind AS 28

Ind AS 28 deals with accounting for joint ventures apart from associates whereas AS 23 only deals with associates.

AS 24vis-à-vis Ind AS 105

AS 24 establishes principles for reporting of **discontinuing** operations only, whereas Ind AS 105 specifies the accounting for non-current assets held for sale, and the presentation and disclosure of **discontinued** operations.

AS 25 vis-à-vis Ind AS 34

Ind AS 34 vis-à-vis IAS 34

No significant difference

AS 26 vis-à-vis Ind AS 38

No significant differences except:

- AS 26 is based on the assumption that the useful life of an intangible asset is always finite whereas, under Ind AS 38 useful life can be indefinite. Such assets are not required to be amortised.

- Ind AS 38 permits revaluation model whereas AS 26 prohibits fair value measurement of intangible asset

Ind AS 38 vis-à-vis IAS 38

No significant difference:

Except **transitional relief** under Ind AS 101 with regard to amortization of intangible assets arising from service concession arrangements (**toll roads**) as per accounting policies under previous GAAP

AS 27 vis-à-vis Ind AS 111

- The approach followed under AS 27 depends on the structure of the joint venture, which led to inconsistencies in accounting. However, Ind AS 111 uses different approach based on rights and obligations which resolves such inconsistencies.

- Accounting for Joint arrangements is dealt with in Ind AS 28 and not in Ind AS 111. As per Ind AS 28, in case of Joint Venture Equity method (EM) of Consolidation is applied and for Joint Operation Proportionate consolidation Method (PCM) is applied. Whereas under AS 27 for all joint ventures only PCM is applied

AS 28 vis-à-vis Ind AS 36

No significant difference except:

- Ind AS 36 also applies to subsidiaries, associates and joint ventures whereas existing AS 28 does not apply to these entities.
- Under Ind AS 36, annual impairment testing for an intangible asset with an indefinite useful life or not yet available for use and goodwill acquired in a business combination
- No reversal of impairment loss on Goodwill
- Goodwill is allocated to cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the business combination from which it arose

AS 29 vis-à-vis Ind AS 37

No significant difference except:

- AS 29 prohibits discounting of provisions whereas Ind AS 37 requires discounting of provisions.
- Ind AS 37 requires creation of provisions in respect of constructive obligations also
- Ind AS 37 requires disclosure of contingent assets in the financial statements when the inflow of economic benefits is probable.

Ind AS vis-a-vis no existing GAAP

Ind corresponding to which no existing AS notified:

- Ind AS 27, IAS27, *Separate Financial Statements*
- Ind AS 29/ IAS 29, *Financial Reporting in Hyperinflationary Economies*
- Ind AS 32/ IAS 32, *Financial Instruments: Presentation*
- Ind AS 41/ IAS 41, *Agriculture*
- Ind AS 101/ IFRS 1, *First-time adoption of Ind AS/IFRS*
- Ind AS 102/ IFRS 2, *Share-based Payments*
- Ind AS 104/ IFRS 4, *Insurance Contracts*
- Ind AS 106/ IFRS 6, *Exploration for and Evaluation of Minerals Resources*
- Ind AS 107/ IFRS 7, *Financial Instruments: Disclosures*
- Ind AS 112/ IFRS 12, *Disclosure of Interests in Other Entities*
- Ind AS 113/ IFRS 13, *Fair Value Measurement*
- Ind AS 114/ IFRS 14, *Regulatory Deferral Accounts*

THANK YOU!

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