# OVERVIEW OF TRANSITION TO IND-AS

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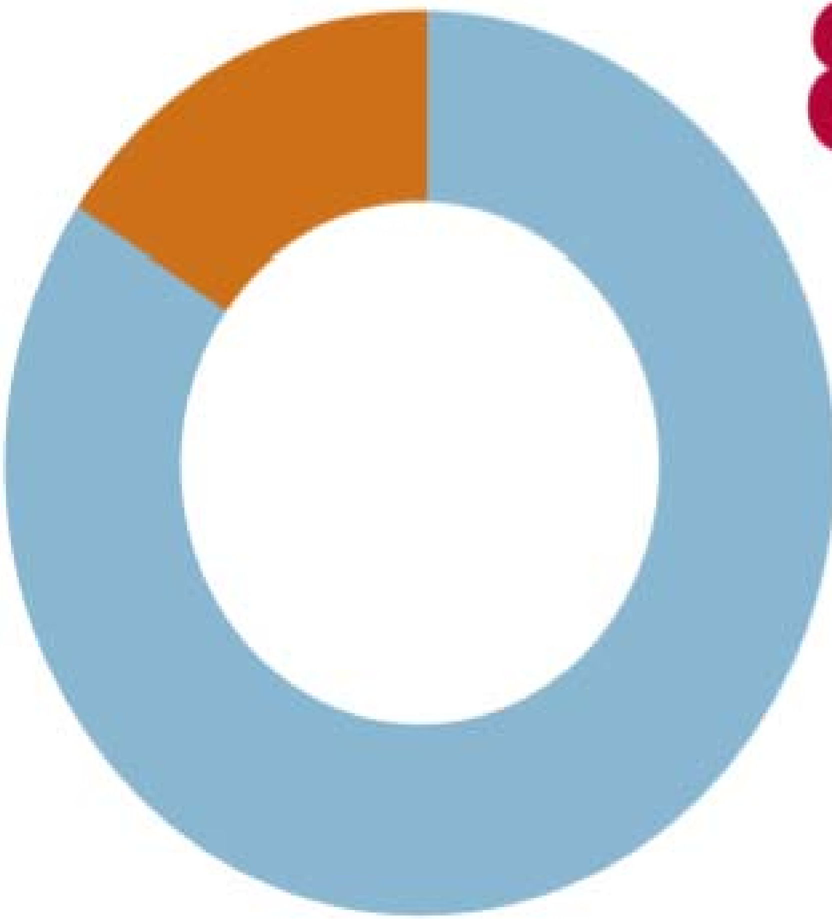
# Need for one Common language of Accounting

## 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.

# 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 have been 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.

# 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 cases, 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 in Ind AS from IFRS (Contd…)

*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 in Ind AS from IFRS (Contd...)

*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 was 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 in Ind AS from IFRS (Contd...)

## *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*. (Percentage Completion)

# 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

# MCA Roadmap on conversion to Ind AS

| 2015-16 | | 2016-17 | |
|---|---|---|---|
| April | March | April | March |

- Opening Balance Sheet 1 April 2015 ( DOT)
- Comparative for 31 March 2016
- Financial statements for year ended 31 March 2017

| 2016-17 | | 2017-18 | |
|---|---|---|---|
| April | March | April | March |

- Opening Balance Sheet 1 April 2016 (DOT)
- Comparative for 31 March 2017
- Financial statements for year ended 31 March 2018

# 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

# Few impact Areas

- Other Comprehensive Income
- Statement of Changes in Equity
- Financial Instruments
- Consolidation.
- Business Combinations
- Income Taxes
- Property , Plant and Equipment
- Intangibles
- Leases
- Employee Benefits

# First time adoption of Ind AS - Ind AS 101

- Specific transitional requirements and exemptions available
- Opening Ind AS Balance sheet on DOT
- Recognise / Derecognise – Assets/ Liabilities as per Ind AS
- Same Accounting policies for Opening & comparative also.
- Exemptions to retrospective applications.

  Eg: estimates, NCI…
- Exemption from business combination and few other Ind AS.

  Eg. –Deemed Cost, Long term foreign currency monetary items.

# 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 designated through OCI (FVTOCI)
  - 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 | | | | | | | | | | | | | | |

# Financial Instruments – Ind AS 32 and 109

**Overview – Ind-AS 32 and 109**

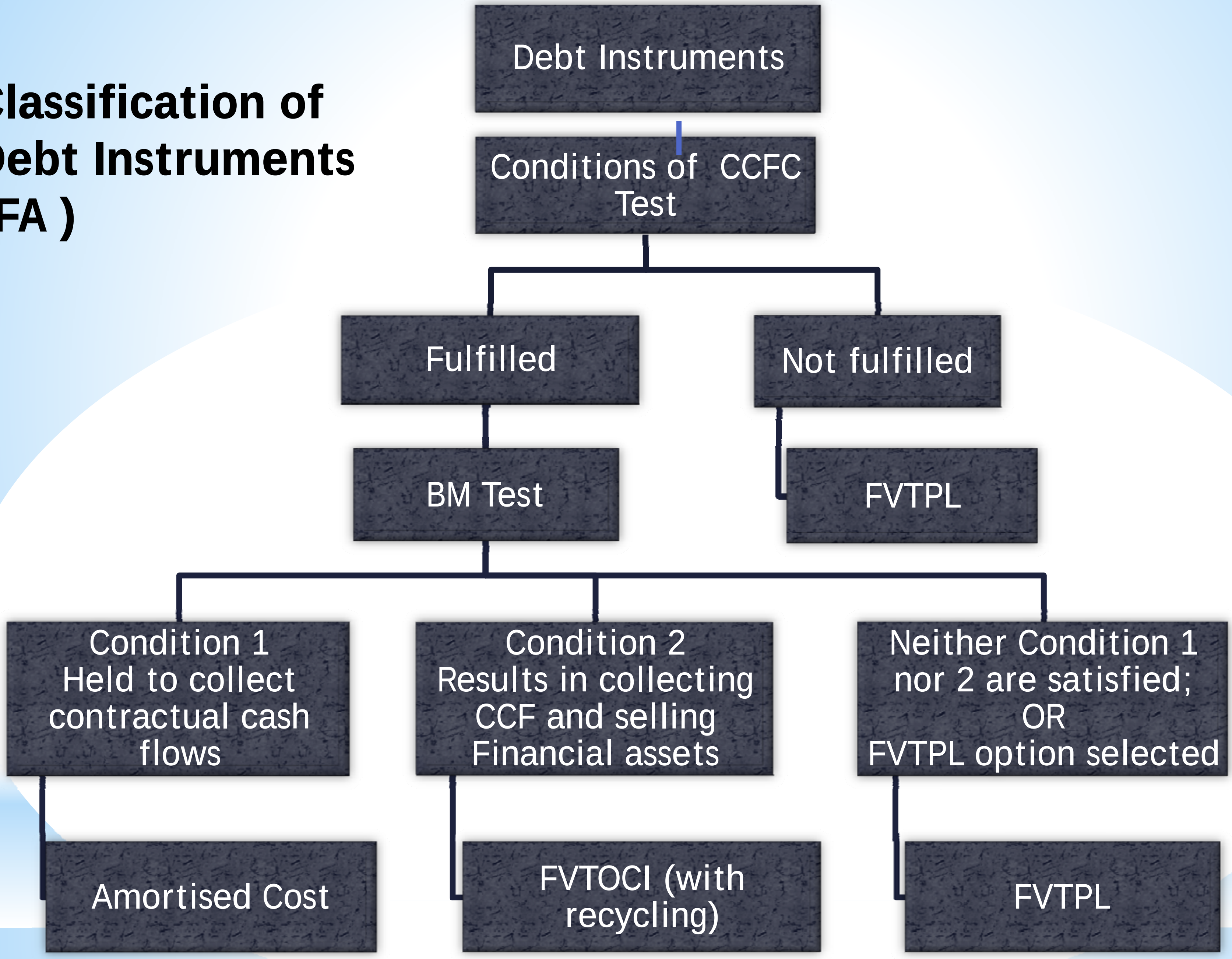
- Ind-AS 32 provides guidance on classification of financial instrument from issuer perspective
- Ind-AS 109 provides guidance on recognition and measurement of financial assets and financial liabilities
- Ind-AS 109, prescribes that an entity should recognise a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

# Financial Instruments – Ind AS 32 and 109

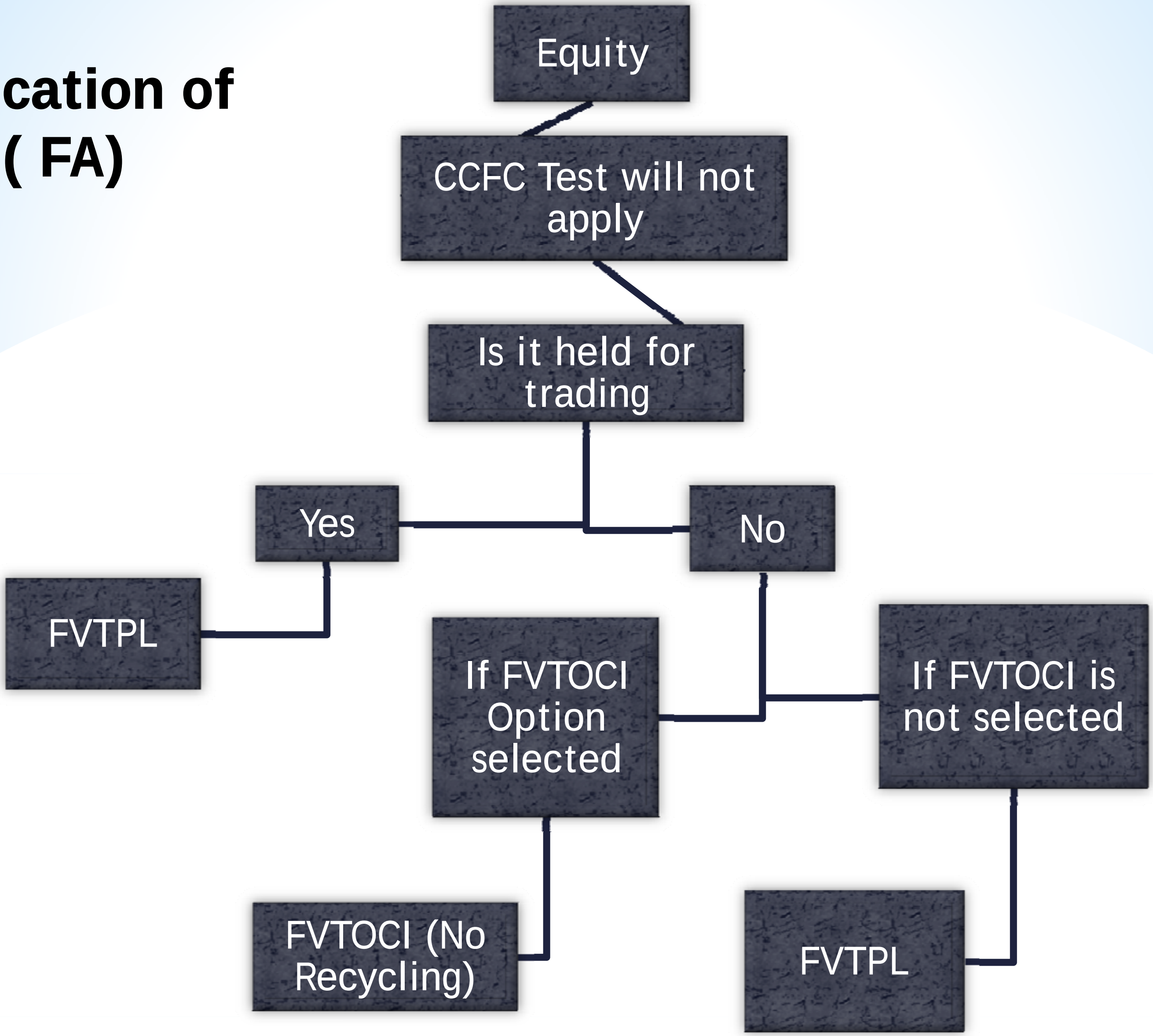
**Key Implications under Ind-AS on financial reporting**

- **Initial measurement**: All financial instruments (financial assets or financial liabilities) are initially measured at fair value
- **Subsequent measurement**: After initial recognition an entity shall subsequently measure-:
- Financial assets at:
  - Amortised Cost; or
  - Fair value through other comprehensive income ( FVTOCI); or
  - Fair value through profit or loss ( FVTPL).
- Financial liability at:
  - Amortised Cost; or
  - Fair value through profit or loss.( FVTPL)

# Classification of Debt Instruments (FA )



# Classification of Equity ( FA)



# Lifetime Expected Credit Loss Model- example

| Age | Default Rate (A) | Gross Carrying Amount (B) | LECL Allowance (A*B) |
|---|---|---|---|
| Current | 0.3% | 300,00,000 | 90,000 |
| 1-30 days | 1.6% | 150,00,000 | 2,40,000 |
| 31-60 days | 3.6% | 80,00,000 | 2,88,000 |
| 61-90 days | 6.6% | 50,00,000 | 3,30,000 |
| 90+ days | 10.6% | 20,00,000 | 2,12,000 |
| | | 600,00,000 | 11,60,000 |

# Financial Instruments – Ind AS 32 and 109

Few impacted areas :

- Optionally Convertible Preference Shares
- Optionally/Fully Convertible Debentures
- Transaction Costs on Borrowings
- Interest free loan to Employees.
- Long term Security Deposits Received
- Long term Security Deposits Paid
- Non Current Investments
- Long term Loan to/from Subsidiaries.
- Financial Guarantees.

# 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

# CFS--Ind AS 110

**Overview – Ind-AS 110:**

An investor controls an investee if and only if the investor has all of the following:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the investor's returns.

# 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.

# Joint Arrangement -Ind AS 111

**Overview – Ind-AS 111:**

- Ind AS 111 provides detailed guidance on accounting for joint arrangements.
- It prescribes guidelines for determining existence of joint control and classification of joint arrangement as a joint operation or a joint venture.
- Joint Operator shall recognise its share of interest in joint operation by accounting its share of assets, liabilities, revenues and expenses.( Proportionate)
- Joint Venturer shall recognise its share of interest in Joint Venture using Equity method.
- Unstructured entities are JO, whereas structured can be JO or JV.

# 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 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.

# Business combination-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.

# Business Combination- Ind AS 103

**Overview – Ind-AS 103**

- Ind-AS 103 prescribes guidance for recognition and measurement of -:
  a. assets acquired, liabilities assumed and any non-controlling interest in business combination
  b. goodwill acquired in the business combination or a gain from a bargain purchase.

- Net assets (including contingent liabilities) acquired under business combination to be recorded at fair value. In contrast to this the existing IGAAP does not require recognition of contingent liability, moreover net assets may be recorded at carrying value or fair value.

# Business Combination- Ind AS 103

- Bargain purchases to be taken to capital reserve, directly or through OCI.
- Common control transactions are also covered.
- Guidance for contingent consideration.
- Measurement period ( not greater than 1 year)

# 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.

# Income Taxes -Ind AS 12

- AS 22 Accounting for Taxes on Income is based on income statement liability method, which focuses on timing differences. Ind AS 12 Income Taxes is based on balance sheet liability method, which focuses on temporary differences.
- Taxes is recorded in the income statement or the OCI based on where the underlying transaction is recorded.
- Under Ind AS, deferred taxes are recognized on temporary differences that arise from elimination of profits and losses resulting from intra-group transactions. Deferred tax is not recognized on such eliminations under Indian GAAP. The deferred taxes in CFS are simple aggregation of deferred tax recognized by various group entities.
- No concept of virtual certainty for unabsorbed depreciation and business losses
- All adjustment entries in relation to transition to Ind AS needs to be passed net of tax

# AS 10 vis-à-vis IAS 16

- New AS10, brought in line with IAS 16.

# Property, Plant and Equipment (PPE)-Ind AS 16

**Applicable Ind AS 101 exception**

may choose either of the following exceptions -

**I) Deemed cost-Fair Value/Revaluation**

- An entity may elect to measure an item of PPE and intangible assets at the date of transition to Ind AS at its fair value and use that fair value as its deemed cost at that date.

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**Previous GAAP revaluation** of an item of property, plant and equipment at, or before, the date of transition to Ind AS can be used as deemed cost provided that revalued amounts are broadly comparable to:

- fair value; or
- cost or depreciated cost under Ind AS, adjusted to reflect, for example, changes in a general price index.
- This option can be elected asset by asset.

# Property, Plant and Equipment (PPE)-Ind AS 16

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* **Deemed cost-Previous GAAP carrying amount**

- An entity may elect to continue with the previous GAAP carrying value for all of its PP&E as recognized in the previous GAAP financial statements at the transition date
- The entity should make necessary adjustments for decommissioning liabilities to be included in the carrying value of PPE even if decision has been taken to grandfather Indian GAAP numbers.

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# 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**

# Leases -Ind AS 17

- Ind AS 17 provides that where the escalation of lease rentals is in line with the expected general inflation, so as to compensate the lessor for expected inflationary cost, the increases in the rentals shall not be straight-lined

# 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.

# Effects of changes in Foreign Exchange Rates 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 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.

# Employee Benefits- 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.

# Revenue – Ind AS 18

- Revenue is to be recognised at Fair value as against transaction cost
- Revenue in case of rendering of services is recognised using percentage completion method only.

# Share Based Payment -Ind AS 102

- Under Ind-AS, employee share-based payments should be accounted for using the fair value method. In contrast, existing IGAAP permits an option of using either the intrinsic value method or the fair value method.

# 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.

Return

# 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

# 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.

# 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 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 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 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 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 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**

# THANK YOU!

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