

Accounting Standards (AS)

Lesson 3

KEY CONCEPTS

- Accounting Standards ■ Ind AS ■ IFRS

Learning Objectives

To understand:

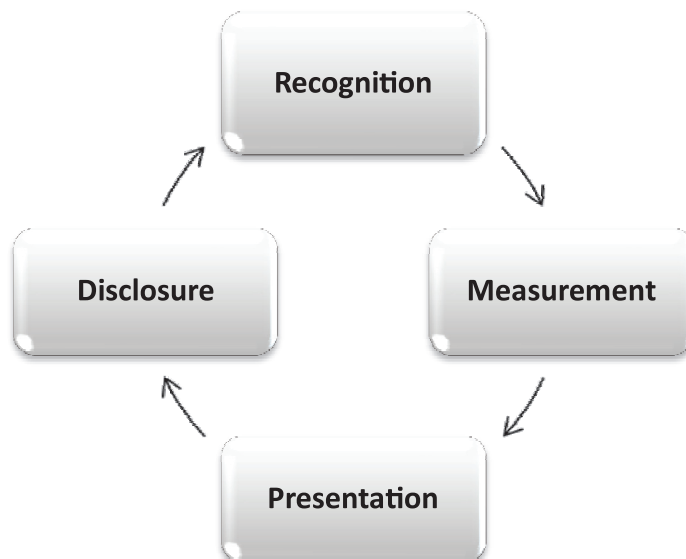
- Meaning and applicability of Accounting Standards
- Overview of Accounting Standards in India
- Convergence of Indian Accounting Standards with International Financial Reporting Standards as global Standards
- IFRS vs. IGAAP
- Comparison of Indian GAAP and Ind AS

Lesson Outline

- Introduction – Accounting Standards
- Need for Accounting Standards
- List of Accounting Standards issued by ICAI
- Applicability of Accounting Standards
- Overview of Accounting Standards
- Need for Convergence with Global Standards
- IFRS as Global Standards
- Convergence of Accounting Standards with IFRS in India
- Lists of IFRS
- Applicability of Ind AS
- Overview of Ind AS
- *IFRS vs. IGAAP*
- Comparison of Indian GAAP and Ind AS
- Lesson Round-Up
- Glossary
- Test Yourself
- List of Further Readings

INTRODUCTION - ACCOUNTING STANDARDS

Accounting Standards are written policy documents issued by an expert accounting body or by the government, or other regulatory bodies covering the aspects of recognition, measurement, presentation, and disclosure of accounting transactions in financial statements.



This point may be explained as under:

- (i) **Recognition of transactions and other events:** Recognition is the process of incorporating an item in the Balance Sheet and statement of Profit and Loss. It involves the depiction of an item in words and by a monetary amount, and the inclusion of that amount in the totals of the Balance Sheet and Statement of Profit and Loss. The Accounting standards tell us which items to recognize in the Balance sheet and which ones in the Statement of Profit and Loss.
- (ii) **Measurement of the transactions and other events:** Accounting standards also provide guidance as to what monetary amount should be allocated to the transaction and events, i.e., these help in the measurement or quantification of the items of transactions and events. For example, Accounting Standard (AS) 10 'Property, Plant and Equipment' provides that for the initial recognition of an item of PPE, the costs of the items to be considered are (a) Purchase price less trade discount and rebates; (b) Non-refundable purchase taxes; (c) Import duties; (d) Directly attributable cost to bring the asset into the location and condition for operation as intended by the management.
- (iii) **Presentation of transactions and other events:** Accounting Standards also deal with the manner of presentation of transactions and other events in the Balance Sheet and Statement of Profit and Loss. For Example, paragraphs 8 to 17 of Accounting Standard 3 'Cash Flow Statements' deal with the manner of presentation of operating activities, investing, and financing activities in the cash flow statement.
- (iv) **Disclosure of transactions and other events:** Accounting standards also deal with the manner of disclosure of transactions and other events in the financial statements. For example, paragraph 37 of the AS 10 provides that in the financial statements, gross and net carrying amounts of the items of PPE at the beginning and end of an accounting period showing additions, disposals, acquisitions, and other movements should be disclosed separately.

It may be noted that almost all the Accounting Standards deal with recognition, measurement, presentation, and disclosure of transactions and other events in the Financial Statements.

NEED FOR ACCOUNTING STANDARDS

The accounting standards seek to describe the accounting principles, valuation techniques, and the methods of applying these accounting principles in the preparation and presentation of the financial statements so that they represent a true and fair view of the financial position and financial performance of the enterprise. The ostensible purpose of the standards-setting bodies is to promote the dissemination of timely and useful financial information to the users. The need for Accounting Standards may be enumerated as under:

- (i) **Improvement of credibility and reliability of financial statements:** The accounting standards create an environment of confidence among the users of accounting information by providing a uniform structure of guidelines, which provide credibility and reliability to the accounting information. In this way, the financial statements present a true and fair view of the financial position and financial performance of an entity.
- (ii) **Comparability of financial Statements made easy:** The value of the accounting information is enhanced if the same can be compared in the same line of business activity. But, the comparability is possible only if the same accounting standards are used in the preparation of the financial statements of the different enterprises in the same industry. It is a positive step to protect the interests of the users of the accounting information.
- (iii) **Benefits to the accountants and auditors:** The accounting standards provide a basis for the uniform accounting principles. Due to this reason, there is a lower possibility of fraud being committed by the accountant. There is more transparency in the accounting information. Since the accounting profession follows the accounting standards without any exception, they are helpful not only to the accounting entity but also to the accountants and the auditors. Any type of misinformation can lead to strict action against the accountants and the auditors.
- (iv) **Additional disclosures:** There are certain areas where important information is not required to be disclosed by the law. The accounting standards require the disclosure of such matters as the method of depreciation and the change in the method of depreciation, which help the users of the financial statements to make important financial decisions.
- (v) **Evaluation of the managerial ability:** Accounting standards are useful in measuring the efficiency of the management regarding profitability, liquidity, solvency, and other general areas of progress of the enterprise. In the absence of Accounting Standards, it would be difficult to evaluate managerial efficiency because there is no basis to compare the financial statements of one enterprise with those of another. Each enterprise would evolve its own rules and standards to suit its own purpose, and users would, therefore, not be able to get a true and fair view of the functioning of the enterprise.
- (vi) **Helpful to the Government:** The Government officials would find the financial information useful for economic planning, market analysis, and tax collection if the financial statements are based on the established accounting standards.

LIST OF ACCOUNTING STANDARDS ISSUED BY ICAI

The Institute of Chartered Accountants of India has, so far, issued 32 Accounting Standards. However, the Accounting Standard 8 “Accounting for Research and Development” was withdrawn subsequent to the issuance of Accounting Standard 26 “Intangible Assets” and the Accounting Standard 6 “Depreciation Accounting” was withdrawn subsequent to the issuance of revised Accounting Standard 10 “Property, Plant and Equipment” including the matters related to depreciation accounting for the old AS 10 “Accounting for Fixed Assets”. The Accounting Standards 30, 31, and 32 related to “Financial Instruments” have been withdrawn by the ICAI in the year 2016. Thus, effectively, there are only 27 Accounting Standards at present.

AS 1	Disclosure of Accounting Policies
AS 2	Valuation of Inventories (Revised)
AS 3	Cash Flow Statements
AS 4	Contingencies and Events Occurring After Balance Sheet Date (Revised)
AS 5	Net profit or Loss for the period, Prior Period Items, and Changes in Accounting Policies
AS 7	Construction Contracts
AS 9	Revenue Recognition
AS 10	Property, Plant and Equipment (Revised)
AS 11	The Effects of Changes in Foreign Exchange Rates
AS 12	Accounting for Government Grants
AS 13	Accounting for Investments (Revised)
AS 14	Accounting for Amalgamations (Revised)
AS 15	Employee Benefits
AS 16	Borrowing Costs
AS 17	Segment Reporting
AS 18	Related Party Disclosures
AS 19	Leases
AS 20	Earnings per Share
AS 21	Consolidated Financial Statements (Revised)
AS 22	Accounting for Taxes on Income
AS 23	Accounting for Investments in Associates in Consolidated Financial Statements
AS 24	Discontinuing Operations
AS 25	Interim Financial Reporting
AS 26	Intangible Assets
AS 27	Financial Reporting of Interests in Joint Ventures
AS 28	Impairment of Assets
AS 29	Provisions, Contingent Liabilities and Contingent Assets (Revised)

APPLICABILITY OF ACCOUNTING STANDARDS

As per paragraph 3.3. of the 'Preface to the Statements of Accounting Standards' in the 'Compendium of Accounting Standards (Accounting Standards as on July 1, 2019)' issued by the Institute of Chartered Accountants of India (ICAI), accounting standards are intended to apply to enterprises (whether organized in corporate, co-operative or other forms) engaged in commercial, industrial or business activities irrespective of whether it is profit oriented or it is established for charitable or religious purposes. However, the Accounting Standards will not apply to the enterprises that carry on only those activities that are not of a commercial, industrial, or business nature (e.g., an activity of collecting donations and giving them to flood-affected people). Exclusion of an enterprise from the applicability of Accounting Standards would be permissible only if no part of the activity of such enterprise is commercial, industrial, or business in nature. Even if a very small proportion of the activities of an enterprise is considered to be commercial, industrial, or business in nature, the Accounting Standards would apply to all its activities, including those which are not commercial, industrial, or business in nature.

Thus, it may be stated that the Accounting Standards apply to:

- (a) Sole proprietorship concerns/individuals
- (b) Partnership firms
- (c) Societies
- (d) Trusts
- (e) Hindu Undivided families
- (f) Association of Persons (AOP)
- (g) Body of individuals (BOI)
- (h) Co-operative societies
- (i) Companies and LLPs

Applicability of Accounting Standard to which types of financial statements or reports?

As per paragraph 3.3 of the 'Preface to the Statements of Accounting Standards' in the 'Compendium of Accounting Standards (Accounting Standards as on July 1, 2019)' issued by the Institute of Chartered Accountants of India (ICAI), Accounting Standards apply to the general-purpose financial Statements and other financial reporting which are subject to attest functions of the members of the ICAI. As per paragraph 3.4 of the said prefaces, the term 'General purpose Financial Statements' includes 'Balance Sheet', 'Statement of Profit and Loss', 'A Cash Flow Statement' (where applicable), and Statements and explanatory notes which form part thereof issued for the use of various stakeholders, government and their agencies and the public at large.

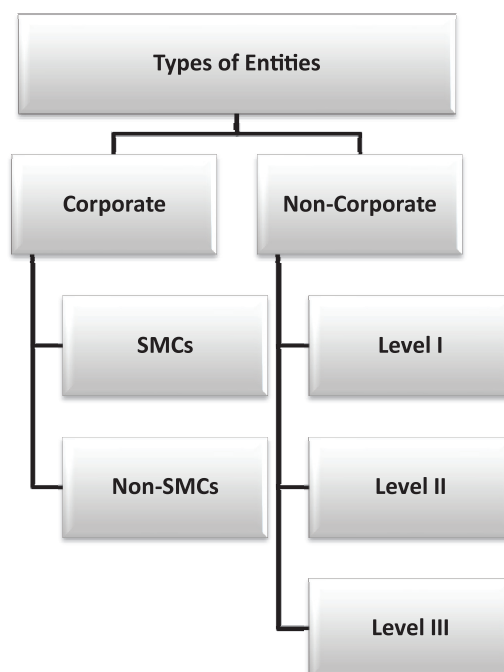
ACCOUNTING STANDARD AND AUDITORS

It is the duty of the auditors that while discharging their function, they ensure that the Accounting Standards issued and made mandatory by the Central Government are complied with. Section 143(3)(e) of the Companies Act, 2013 requires the auditor to report whether, in his opinion, the financial statements comply with the Accounting Standards referred to in section 133 of the Companies Act, 2013.

ACCOUNTING STANDARD AND THE BOARD'S REPORT

Section 134(5)(a) of the Companies Act, 2013 states that the Directors' Responsibility Statement should include that in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanations relating to material departure.

For the purpose of the applicability of the Accounting Standard, entities are grouped as follows:



Corporate Entities		
Type	Conditions	Applicability of Accounting Standard
Small and Medium Companies (SMCs)	<p>SMCs are companies that satisfy the following conditions:</p> <ul style="list-style-type: none"> (a) Equity and debt securities of the company are not listed or are not in the process of listing on any stock exchange, whether in India or outside India (b) The company is not a bank or financial institution or insurance company (c) Company's turnover (excluding other income) does not exceed Rs. 250 crores in the immediately preceding accounting year (d) The company does not have borrowing (including public deposits) exceeding Rs. 50 crores at any time during the immediately preceding accounting year and (e) Company is not a holding company or subsidiary of a non-SMC. 	<p>Partial Exemption: Certain relaxations are provided with respect to the following Accounting Standards:</p> <ul style="list-style-type: none"> AS 17 – Segment Reporting AS 15 – Employee Benefits AS 19 – Leases AS 20 – Earnings Per Share (EPS) AS 29 – Provisions, contingent liabilities and contingent assets <p>Full Exemption</p> <p>AS 3 – Cash Flow Statements shall not apply to SMCs if they are a One Person Company (OPC), a dormant company, or Small Company</p>
Non-SMCs	Any Other Corporate Entities not falling under SMCs	All the accounting standards are applicable to Non-SMCs.

Non-Corporate Entities		
Levels	Conditions	Applicability of AS
Level I Entities	<p>Non-company entities that fall in any one or more of the following categories, at the end of the relevant accounting period, are classified as Level I entities:</p> <ol style="list-style-type: none"> Entities whose securities are listed or are in the process of listing on any stock exchange, whether in India or outside India. Banks (including co-operative banks), financial institutions, or entities carrying on insurance business. All entities engaged in commercial, industrial, or business activities, whose turnover (excluding other income) exceeds Rs. 250 crore in the immediately preceding accounting year. All entities engaged in commercial, industrial, or business activities having borrowings (including public deposits) in excess of Rs. 50 at any time during the immediately preceding accounting year. Holding and subsidiary entities of any one of the above. 	<p>Level I entities are required to comply in full with all the Accounting Standards. However, AS 21, 23, 25, 27 will apply based on regulatory requirements.</p>
Level II Entities	<p>Non-company entities that are not Level I entities but fall in any one or more of the following categories are classified as Level II entities:</p> <ol style="list-style-type: none"> All entities engaged in commercial, industrial or business activities, whose turnover (excluding other income) exceeds Rs. 50 crores but does not exceed Rs. 250 crores in the immediately preceding accounting year. All entities engaged in commercial, industrial or business activities having borrowings (including public deposits) in excess of Rs. 10 crores but not in excess of Rs. 50 crores at any time during the immediately preceding accounting year. Holding and subsidiary entities of any one of the above. 	<p>Level II entities are required to comply with all the Accounting Standards except the following:</p> <ul style="list-style-type: none"> AS 21, 23, 25, 27 will apply based on regulatory requirements. AS not Applicable: AS 3, 17, 20. AS applicable with disclosure and other exemptions: AS 15, 19, 28, 29.
Level III Entities	<p>Non-company entities which are not covered under Level I and Level II but fall in any one or more of the following categories are classified as Level III entities:</p> <ol style="list-style-type: none"> All entities engaged in commercial, industrial or business activities, whose turnover (excluding other income) exceeds Rs. 10 crores but does not exceed Rs. 50 crores in the immediately preceding accounting year. 	<p>Level III entities are required to comply with all the Accounting Standards except the following:</p> <ul style="list-style-type: none"> AS 21, 23, 25, 27 will apply based on regulatory requirements. AS not Applicable: AS 3, 17, 18, 20, 24

Non-Corporate Entities		
Levels	Conditions	Applicability of AS
	ii. All entities engaged in commercial, industrial, or business activities having borrowings (including public deposits) in excess of Rs. 2 crores but do not exceed Rs. 10 crores at any time during the immediately preceding accounting year. iii. Holding and subsidiary entities of any one of the above.	<ul style="list-style-type: none"> AS applicable with disclosure and other exemptions: AS 10, 11, 15, 19, 28, 29
Level IV Entities	Non-company entities that are not covered under Level I, Level II and Level III are considered Level IV entities.	Level IV entities are required to comply with all the Accounting Standards except the following: <ul style="list-style-type: none"> AS 14, 21, 23, 25, 27 will apply based on regulatory requirements. AS not Applicable: AS 3, 17, 18, 20, 24, 28 AS applicable with disclosure and other exemptions: AS 10, 11, 13, 15, 19, 22, 26, 29

Conflict between Act and Accounting Standards

In case there is any conflict between provisions of any applicable Act and Accounting Standard (AS), the provisions of the Act shall prevail to that extent.

OVERVIEW OF ACCOUNTING STANDARDS

AS	Deals with	Details
AS 1	Disclosure of Accounting Policies	Accounting policies are the specific accounting principles and the methods of applying those principles adopted by an enterprise in the preparation and presentation of financial statements. All significant accounting policies should be disclosed. Such disclosure forms part of financial statements. All disclosures should be made in one place. Specific disclosure for the adoption of fundamental accounting assumptions is not required. Disclosure of accounting policies cannot remedy a wrong or inappropriate treatment of the item in the accounts.
AS 2	Valuation of Inventories	A primary issue in accounting for inventories is the determination of the value at which inventories are carried in the financial statements until the related revenues are recognized. This Standard deals with the determination of such value, including the ascertainment of cost of inventories and any write-down thereof to net realizable value.

		<p>Inventories should be valued at the lower of cost and net realizable value. The cost of inventories should comprise-</p> <ul style="list-style-type: none"> (a) Costs of purchase (b) Other costs incurred in bringing the inventories to their present location and condition.
AS 3	Cash Flow Statements	<p>The Standard deals with the provision of information about the historical changes in cash and cash equivalents of an enterprise by means of a cash flow statement, which classifies cash flows during the period from operating, investing, and financing activities. An enterprise should prepare a cash flow statement and should present it for each period for which financial statements are presented. Cash Flows are inflows and outflows of cash and cash equivalents.</p> <p>Cash Flow Statement represents the cash flows during the specified period by operating, investing, and financing activities.</p>
AS 4	Contingencies and Events Occurring After the Balance Sheet Date	<p>This Standard deals with the treatment in financial statements of:</p> <ul style="list-style-type: none"> (a) contingencies, and (b) Events occurring after the balance sheet date. <p>A contingency is a condition or situation, the ultimate outcome of which, gain or loss, will be known or determined only on the occurrence, or non-occurrence, of one or more uncertain future events.</p> <p>Events occurring after the balance sheet date are those significant events, both favourable and unfavourable, that occur between the balance sheet date and the date on which the financial statements are approved by the Board of Directors in the case of a company, and by the corresponding approving authority in the case of any other entity.</p>
AS 5	Net Profit or Loss for the Period, Prior Period Items, and Changes in Accounting Policies	<p>The objective of this Standard is to prescribe the classification and disclosure of certain items in the statement of profit and loss so that all enterprises prepare and present such a statement on a uniform basis. This enhances the comparability of the financial statements of an enterprise over time and with the financial statements of other enterprises. Accordingly, this Standard requires the classification and disclosure of extraordinary and prior period items, and the disclosure of certain items within profit or loss from ordinary activities. It also specifies the accounting treatment for changes in accounting estimates and the disclosures to be made in the financial statements regarding changes in accounting policies.</p> <p>This Standard should be applied by an enterprise in presenting profit or loss from ordinary activities, extraordinary items, and prior period items in the statement of profit and loss, in accounting for changes in accounting estimates, and in disclosure of changes in accounting policies.</p>

AS 7	Construction Contracts	<p>The objective of this Standard is to prescribe the accounting treatment of revenue and costs associated with construction contracts. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. Therefore, the primary issue in accounting for construction contracts is the allocation of contract revenue and contract costs to the accounting periods in which construction work is performed. This Standard uses the recognition criteria established in the Framework for the Preparation and Presentation of Financial Statements to determine when contract revenue and contract costs should be recognised as revenue and expenses in the statement of profit and loss. It also provides practical guidance on the application of these criteria.</p> <p>This Standard should be applied in accounting for construction contracts in the financial statements of contractors.</p> <p>A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology, and function, or their ultimate purpose or use.</p>
AS 9	Revenue Recognition	<p>This Standard deals with the bases for recognition of revenue in the statement of profit and loss of an enterprise. The Standard is concerned with the recognition of revenue arising in the course of the ordinary activities of the enterprise from:</p> <ul style="list-style-type: none"> (a) the sale of goods, (b) the rendering of services, and (c) the use by others of enterprise resources yielding interest, royalties, and dividends. <p>Revenue is the gross inflow of cash, receivables, or other consideration arising in the course of the ordinary activities of an enterprise from the sale of goods, from the rendering of services, and from the use by others of enterprise resources yielding interest, royalties, and dividends. Revenue is measured by the charges made to customers or clients for goods supplied and services rendered to them and by the charges and rewards arising from the use of resources by them. In an agency relationship, the revenue is the amount of commission and not the gross inflow of cash, receivables, or other consideration.</p>
AS 10	Property, Plant and Equipment	<p>Property, plant, and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others or for administrative services. The objective of this AS is to prescribe the accounting treatment for property, plant, and equipment. The principal issues in accounting for property, plant, and equipment are the recognition of the assets, the determination of their carrying amounts, and</p>

		depreciation charges and recognition of impairment losses in relation to them. Under this AS, property, plant, and equipment are initially recognized at cost, subsequently measured by using either the cost model or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over their useful life.
AS 11	The Effects of Changes in Foreign Exchange Rates	<p>An enterprise may carry on activities involving foreign exchange in two ways. It may have transactions in foreign currencies, or it may have foreign operations. In order to include foreign currency transactions and foreign operations in the financial statements of an enterprise, transactions must be expressed in the enterprise's reporting currency, and the financial statements of foreign operations must be translated into the enterprise's reporting currency.</p> <p>This Standard should be applied:</p> <ul style="list-style-type: none"> (a) in accounting for transactions in foreign currencies; and (b) in translating the financial statements of foreign operations
AS 12	Accounting for Government Grants	<p>This Standard deals with accounting for Government Grants. Government grants are sometimes called by other names, such as subsidies, cash incentives, duty drawbacks, etc.</p> <p>Government grants are assistance by the government in cash or kind to an enterprise for past or future compliance with certain conditions. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the enterprise.</p> <p>The receipt of government grants by an enterprise is significant for the preparation of the financial statements for two reasons. Firstly, if a government grant has been received, an appropriate method of accounting therefor is necessary. Secondly, it is desirable to give an indication of the extent to which the enterprise has benefited from such a grant during the reporting period. This facilitates comparison of an enterprise's financial statements with those of prior periods and with those of other enterprises.</p>
AS 13	Accounting for Investments	<p>This Standard deals with accounting for investments in the financial statements of enterprises and related disclosure requirements.</p> <p>Investments are assets held by an enterprise for earning income by way of dividends, interest, and rentals, for capital appreciation, or for other benefits to the investing enterprise. Assets held as stock-in-trade are not 'investments'.</p> <p>Enterprises hold investments for diverse reasons. For some enterprises, investment activity is a significant element of operations, and assessment of the performance of the enterprise may largely, or solely, depend on the reported results of this activity.</p>

		<p>An enterprise should disclose current investments and long-term investments distinctly in its financial statements. Further classification of current and long-term investments should be as specified in the statute governing the enterprise. In the absence of a statutory requirement, such further classification should disclose, where applicable, investments in:</p> <ul style="list-style-type: none"> (a) Government or Trust securities (b) Shares, debentures or bonds (c) Investment properties (d) Others-specifying nature.
AS 14	Accounting for Amalgamations	<p>This standard deals with accounting for amalgamations and the treatment of any resultant goodwill or reserves. This standard is directed principally to companies although some of its requirements also apply to financial statements of other enterprises.</p> <p>According to this Standard, amalgamation means an amalgamation pursuant to the provisions of the Companies Act, 2013 or any other statute which may be applicable to companies.</p> <p>An amalgamation may be either – (a) an amalgamation in the nature of merger, or (b) an amalgamation in the nature of purchase.</p>
AS 15	Employee Benefits	<p>The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. The Standard requires an enterprise to recognise:</p> <ul style="list-style-type: none"> ● a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and ● an expense when the enterprise consumes the economic benefit arising from service provided by an employee in exchange for employee benefits. <p>Employee benefits are all forms of consideration given by an enterprise in exchange for service rendered by employees.</p>
AS 16	Borrowing Costs	<p>The objective of this Standard is to prescribe the accounting treatment for borrowing costs.</p> <p>Borrowing costs are interest and other costs incurred by an enterprise in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalised as part of the cost of that asset. The amount of borrowing costs eligible for capitalisation should be determined in accordance with this Standard. Other borrowing costs should be recognised as an expense in the period in which they are incurred.</p> <p>The financial statements should disclose: (a) the accounting policy adopted for borrowing costs; and (b) the amount of borrowing costs capitalised during the period.</p>

AS 17	Segment Reporting	<p>The objective of this Standard is to establish principles for reporting financial information, about the different types of products and services an enterprise produces and the different geographical areas in which it operates. Such information helps users of financial statements:</p> <ul style="list-style-type: none"> ● better understand the performance of the enterprise; ● better assess the risks and returns of the enterprise; and ● make more informed judgements about the enterprise as a whole. <p>If a single financial report contains both consolidated financial statements and the separate financial statements of the parent, segment information need be presented only on the basis of the consolidated financial statements.</p> <p>In the context of reporting of segment information in consolidated financial statements, the references in this Standard to any financial statement items should be construed to be the relevant item as appearing in the consolidated financial statements.</p>
AS 18	Related Party Disclosures	<p>The objective of this Standard is to establish requirements for disclosure of:</p> <ul style="list-style-type: none"> ● related party relationships; and ● transactions between a reporting enterprise and its related parties. <p>This Standard should be applied in reporting related party relationships and transactions between a reporting enterprise and its related parties. The requirements of this Standard apply to the financial statements of each reporting enterprise as also to consolidated financial statements presented by a holding company.</p>
AS 19	Leases	<p>The objective of this Standard is to prescribe, for lessees and lessors, the appropriate accounting policies and disclosures in relation to finance leases and operating leases. This Standard should be applied in accounting for all leases other than:</p> <ul style="list-style-type: none"> ● lease agreements to explore for or use natural resources, such as oil, gas, timber, metals and other mineral rights; ● licensing agreements for items such as motion picture films, video recordings, plays, manuscripts, patents and copyrights; and ● lease agreements to use lands.

AS 20	Earnings per Share	<p>The objective of this Standard is to prescribe principles for the determination and presentation of earnings per share which will improve comparison of performance among different enterprises for the same period and among different accounting periods for the same enterprise. The focus of this Standard is on the denominator of the earnings per share calculation. Even though earnings per share data have limitations because of different accounting policies used for determining 'earnings', a consistently determined denominator enhances the quality of financial reporting.</p> <p>This Standard should be applied by all companies. However, a Small and Medium-Sized Company, as defined in the Notification, may not disclose diluted earnings per share (both including and excluding extraordinary items).</p> <p>In consolidated financial statements, the information required by this Statement should be presented based on consolidated information.</p>
AS 21	Consolidated Financial Statements	<p>The objective of this Standard is to lay down principles and procedures for the preparation and presentation of consolidated financial statements. Consolidated financial statements are presented by a parent (also known as a holding enterprise) to provide financial information about the economic activities of its group. These statements are intended to present financial information about a parent and its subsidiary (ies) as a single economic entity to show the economic resources controlled by the group, the obligations of the group, and the results the group achieves with its resources.</p> <p>This Standard should be applied in the preparation and presentation of consolidated financial statements for a group of enterprises under the control of a parent.</p> <p>This Standard should also be applied in accounting for investments in subsidiaries in the separate financial statements of a parent.</p>
AS 22	Accounting for Taxes on Income	<p>The objective of this Standard is to prescribe accounting treatment for taxes on income. Taxes on income is one of the significant items in the statement of profit and loss of an enterprise. In accordance with the matching concept, taxes on income are accrued in the same period as the revenue and expenses to which they relate. Matching of such taxes against revenue for a period poses special problems arising from the fact that in a number of cases, taxable income may be significantly different from the accounting income. This divergence between taxable income and accounting income arises due to two main reasons. Firstly, there are differences between items of revenue and expenses as appearing in the statement of profit and loss and the items which are considered as revenue, expenses or deductions for tax purposes. Secondly, there are differences between the amount in respect of a particular item of revenue or expense as recognised in the statement of profit and loss.</p>

		<p>This Standard should be applied in accounting for taxes on income. This includes the determination of the amount of the expense or saving related to taxes on income in respect of an accounting period and the disclosure of such an amount in the financial statements.</p>
AS 23	Accounting for Investments in Associates in Consolidated Financial Statements	<p>The objective of this Standard is to set out principles and procedures for recognising, in the consolidated financial statements, the effects of the investments in associates on the financial position and operating results of a group.</p> <p>This Standard should be applied in accounting for investments in associates in the preparation and presentation of consolidated financial statements by an investor.</p>
AS 24	Discontinuing Operations	<p>The objective of this Standard is to establish principles for reporting information about discontinuing operations, thereby enhancing the ability of users of financial statements to make projections of an enterprise's cash flows, earnings-generating capacity, and financial position by segregating information about discontinuing operations from information about continuing operations.</p> <p>This Standard applies to all discontinuing operations of an enterprise.</p> <p>The requirements related to the cash flow statement contained in this Standard are applicable where an enterprise prepares and presents a cash flow statement.</p>
AS 25	Interim Financial Reporting	<p>The objective of this Standard is to prescribe the minimum content of an interim financial report and to prescribe the principles for recognition and measurement in complete or condensed financial statements for an interim period. Timely and reliable interim financial reporting improves the ability of investors, creditors, and others to understand an enterprise's capacity to generate earnings and cash flows, its financial condition, and liquidity.</p> <p>This Standard does not mandate which enterprises should be required to present interim financial reports, how frequently, or how soon after the end of an interim period. If an enterprise is required or elects to prepare and present an interim financial report, it should comply with this Standard.</p>
AS 26	Intangible Assets	<p>The objective of this Standard is to prescribe the accounting treatment for intangible assets that are not dealt with specifically in another Accounting Standard. This Standard requires an enterprise to recognise an intangible asset if, and only if, certain criteria are met. The Standard also specifies how to measure the carrying amount of intangible assets and requires certain disclosures about intangible assets.</p> <p>This Standard should be applied by all enterprises in accounting for intangible assets, except:</p> <p>(a) intangible assets that are covered by another Accounting Standard;</p>

		<p>(b) financial assets;</p> <p>(c) mineral rights and expenditure on the exploration for, or development and extraction of, minerals, oil, natural gas, and similar non-regenerative resources; and</p> <p>(d) intangible assets arising in insurance enterprises from contracts with policyholders.</p> <p>An intangible asset should be recognised if, and only if:</p> <p>(a) It is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and</p> <p>(b) The cost of the asset can be measured reliably.</p> <p>An enterprise should assess the probability of future economic benefits using reasonable and supportable assumptions that represent the best estimate of the set of economic conditions that will exist over the useful life of the asset.</p>
AS 27	Financial Reporting of Interests in Joint Ventures	<p>The objective of this Standard is to set out principles and procedures for accounting for interests in joint ventures and reporting of joint venture assets, liabilities, income, and expenses in the financial statements of venturers and investors.</p> <p>This Standard should be applied in accounting for interests in joint ventures and the reporting of joint venture assets, liabilities, income, and expenses in the financial statements of venturers and investors, regardless of the structures or forms under which the joint venture activities take place.</p>
AS 28	Impairment of Assets	<p>The objective of this Standard is to prescribe the procedures that an enterprise applies to ensure that its assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through the use or sale of the asset. If this is the case, the asset is described as impaired, and this Standard requires the enterprise to recognise an impairment loss. This Standard also specifies when an enterprise should reverse an impairment loss, and it prescribes certain disclosures for impaired assets.</p> <p>This Standard should be applied in accounting for the impairment of all assets, other than:</p> <p>(a) inventories (see AS 2, Valuation of Inventories);</p> <p>(b) assets arising from construction contracts (see AS 7, Construction Contracts);</p> <p>(c) financial assets, including investments that are included in the scope of AS 13, Accounting for Investments; and deferred tax assets (see AS 22, Accounting for Taxes on Income).</p>

AS 29	Provisions, Contingent Liabilities and Contingent Assets	<p>The objective of this Standard is to ensure that appropriate recognition criteria and measurement bases are applied to provisions and contingent liabilities and that sufficient information is disclosed in the notes to the financial statements to enable users to understand their nature, timing, and amount. The objective of this Standard is also to lay down appropriate accounting for contingent assets.</p> <p>This Standard should be applied in accounting for provisions and contingent liabilities and in dealing with contingent assets, except:</p> <ul style="list-style-type: none"> (a) those resulting from financial instruments¹ that are carried at fair value; (b) those resulting from executory contracts, except where the contract is onerous; (c) those arising in insurance enterprises from contracts with policyholders; and (d) those covered by another Accounting Standard.
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At present, there are two sets of Accounting Standards under the Companies Act as under:

1. Accounting Standards (ASs) as notified by the Companies (Accounting Standards) Rules, 2006. These are from AS-1 to AS-5, AS-7 and AS-9 to AS-29, as amended by notification dated 30th March, 2016.
2. Indian Accounting Standards (Ind AS) as notified by the Companies (Indian Accounting Standards) Rules, 2015. These are from Ind AS-1 to Ind AS-41 and Ind AS-101 to Ind AS-116 as amended by Companies (Ind AS) Amendment Rules, 2016 dated 30th March, 2016.

Indian Accounting Standards (Ind AS) are another set of accounting standards notified by the Ministry of Corporate Affairs, Government of India, which are converged with International Financial Reporting Standards (IFRS). These accounting standards are formulated by the Accounting Standards Board of the Institute of Chartered Accountants of India (ICAI). The Ind ASs are named and numbered in the same way as the corresponding IFRS. The Ministry of Corporate Affairs (MCA) has notified 41 Ind ASs as Companies (Indian Accounting Standards) Rules, 2015, as amended by Companies (Indian Accounting Standards) Amendments Rules, 2016.

NEED FOR CONVERGENCE WITH GLOBAL STANDARDS

The last decade has witnessed a sea change in the global economic scenario. The emergence of transnational corporations in search of money, not only for fuelling growth, but to sustain ongoing activities has necessitated raising capital from all parts of the world, cutting across frontiers.

Each country has its own set of rules and regulations for accounting and financial reporting. Therefore, when an enterprise decides to raise capital from the markets other than the country in which it is located, the rules and regulations of that other country apply, and this, in turn, will require that the enterprise is in a position to understand the differences between the rules governing financial reporting in the foreign country as compared to its own country of origin. Therefore, translation and re-instatements are of utmost importance in a world that is rapidly globalizing in all ways. In themselves also, the Accounting Standards and principles need to be robust so that the larger society develops a degree of confidence in the financial statements, which are put forward by organizations.

International analysts and investors would like to compare financial statements based on similar Accounting Standards, and this has led to the growing support for an internationally accepted set of Accounting Standards

for cross-border filings. The harmonization of financial reporting around the world will help to raise confidence among investors generally in the information they are using to make their decisions and assess their risks.

Also, a strong need was felt by legislation to bring about uniformity, rationalization, comparability, transparency, and adaptability in financial statements. Having a multiplicity of Accounting Standards around the world is against the public interest. If accounting for the same events and information produces different reported numbers, depending on the system of standards that are being used, it is self-evident that accounting will be increasingly discredited in the eyes of those using the numbers. It creates confusion, encourages error, and facilitates fraud. The cure for these ills is to have a single set of global standards, of the highest quality, set in the interest of the public. Global Standards facilitate the cross-border flow of money, global listing in different bourses, and comparability of financial statements.

The convergence of financial reporting and Accounting Standards is a valuable process that contributes to the free flow of global investment and achieves substantial benefits for all capital market stakeholders. It improves the ability of investors to compare investments on a global basis and thus lowers their risk of errors of judgment. It facilitates accounting and reporting for companies with global operations and eliminates some costly requirements reinstatement of financial statements. It has the potential to create a new standard of accountability and greater transparency, which are values of great significance to all market participants, including regulators. It reduces operational challenges for accounting firms and focuses their value and expertise around an increasingly unified set of standards. It creates an unprecedented opportunity for standard setters and other stakeholders to improve the reporting model. For the companies with joint listings in both domestic and foreign countries, the convergence is very significant.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AS GLOBAL STANDARDS

With a view to achieving these objectives, the London-based group, namely the International Accounting Standards Committee (IASC), responsible for developing International Accounting Standards, was established in June 1973. It is presently known as the International Accounting Standards Board (IASB). The IASC comprises the professional accountancy bodies of over 75 countries (including the Institute of Chartered Accountants of India). Primarily, the IASC was established, in the public interest, to formulate and publish International Accounting Standards to be followed in the presentation of audited financial statements. International Accounting Standards were issued to promote acceptance and observance of International Accounting Standards worldwide. The members of IASC have undertaken a responsibility to support the standards promulgated by IASC and to propagate those standards in their respective countries.

Between 1973 and 2001, the International Accounting Standards Committee (IASC) released International Accounting Standards. Between 1997 and 1999, the IASC restructured its organization, which resulted in the formation of the International Accounting Standards Board (IASB). These changes came into effect on 1st April 2001. Subsequently, IASB issued statements about current and future standards: IASB publishes its Standards in a series of pronouncements called International Financial Reporting Standards (IFRS). However, IASB has not rejected the standards issued by the IASC. Those pronouncements continue to be designated as "International Accounting Standards" (IAS). The IASB approved IASB Resolution on IASC Standards at their meeting in April 2001, in which it confirmed the status of all IASC Standards and SIC Interpretations in would come into effect on 1st April 2001.

The term IFRS comprises IFRS issued by IASB, IAS issued by the International Accounting Standards Committee (IASC), and Interpretations issued by the Standard Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB. Every major nation is moving towards adopting IFRS to some extent. A large number of authorities require public companies to use IFRS for stock exchange listing purposes, and in addition, banks, insurance companies, and stock exchanges may use them for their statutorily required reports. The increased use of IFRS is not limited to public-company listing requirements or statutory reporting. Many lenders and regulatory and government bodies are looking to IFRS to fulfil local financial reporting obligations related to financing or licensing.

Total 16 International Financial Reporting Standards (IFRS) issued after 2001 by IASB.

Total 24 International Accounting Standards (IAS) issued before 2001 by IASB which are still valid.

Total 12 Interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) after 2001.

Total 4 Interpretations issued by Standing Interpretations Committee (SIC) before 2001.

The following are some of the advantages of IFRS:

- It would facilitate increased comparability of financial information among companies operating in different countries.
- The financial reporting process would become more transparent.
- The standardization of accounting methodology provides creditors and investors with the ability to analyze businesses around the world using the same financial methods.
- It would also permit international capital to flow more freely.
- It would give investors a better understanding of the financial statements and assess the investment opportunities in other countries.
- It would also benefit the accounting professionals as they will be able to sell their services in different parts of the world.

All these benefits of IFRS have prompted many countries to pursue convergence of national Accounting Standards with IFRS. India has also decided to facilitate the convergence of the Indian Accounting Standards with IFRS, and in this direction, all existing Accounting Standards are being revised and converged with corresponding IAS/ IFRS. Convergence of the entire world towards IFRS would benefit the corporate sector, investors, and regulators, and facilitate economic growth as a whole.

CONVERGENCE OF ACCOUNTING STANDARDS WITH IFRS IN INDIA

WHY IFRS?

The IFRSs are important because of their following features:

- a. Single set of Accounting Standards would enable internationally to standardize and assure better quality on a global screen.
- b. It would also permit international capital to flow more freely, enabling companies to develop consistent global practices on accounting problems.
- c. It would be beneficial to the regulators too, as the complexity associated with needing to understand various reporting regimes would be reduced.

- d. For investors, it gives a better understanding to the financial statements and assess the investment opportunities other than their Home Country.
- e. It also benefits the accounting professionals in a way that they will be able to sell their services in the different parts of world.

LIST OF IFRS

- IFRS 1-First-time Adoption of International Financial Reporting Standards
- IFRS 2-Share Based Payments
- IFRS 3-Business Combinations
- IFRS 4-Insurance Contracts (old)
- IFRS 5-Non-current Assets Held for Sale and Discontinued Operations
- IFRS 6-Exploration for and Evaluation of Mineral Resources
- IFRS 7-Financial Instruments: Disclosures
- IFRS 8-Operating Segments
- IFRS 9-Financial Instruments
- IFRS 10-Consolidated Financial Statements
- IFRS 11-Joint Arrangements
- IFRS 12-Disclosure of Interests in Other Entities
- IFRS 13-Fair Value Measurement
- IFRS 14-Regulatory Deferral Accounts
- IFRS 15-Revenue from Contracts with Customers
- IFRS 16-Leases
- IFRS 17-Insurance contracts
- IFRS 18-Presentation and Disclosure in Financial Statements (Applicable from 1st January 2027)
- IFRS 19-Subsidiaries without Public Accountability: Disclosure (Applicable from 1st January 2027)
- IAS-1-Presentation of Financial Statements
- IAS-2- Inventories
- IAS-7- Statement of Cash Flows
- IAS-8- Accounting Policies, Changes in Accounting Estimates and Errors
- IAS-10- Events after balance sheet date
- IAS-12- Income Taxes
- IAS-16-Property, Plant and Equipment
- IAS-19- Employee Benefits
- IAS-20-Accounting for Govt. Grant and Disclosure of Govt. Assistance
- IAS-21- The Effect of Changes in Foreign Exchange Rates
- IAS-23-BorrowingCosts

- IAS-24- Related Party Disclosures
- IAS-26- Accounting and reporting by retirement benefit plans
- IAS-27- Separate Financial Statements
- IAS-28- Investment in Associates and Joint Ventures
- IAS-29- Financial Reporting in Hyperinflationary Conditions
- IAS-32- Financial Instruments- Presentation
- IAS-33- Earnings Per Share
- IAS-34- Interim Financial Reporting
- IAS-36- Impairment of Assets
- IAS-37- Provisions, Contingent Liabilities and Contingent Assets
- IAS-38- Intangible Assets
- IAS-40-Investment Property
- IAS-41-Agriculture

APPLICABILITY OF INDIAN ACCOUNTING STANDARDS [IND AS]

The Ministry of Corporate Affairs (MCA), in 2015, had notified the Companies Indian Accounting Standards (IND AS) Rules 2015, which stipulated the adoption and applicability of Ind AS in a phased manner beginning from the Accounting period 2016-17. The MCA has issued Amendment Rules in the years 2016, 2017, 2018, and 2019 to amend the 2015 rules.

- (a) For companies other than Banking companies, Non-banking Financial Companies (NBFCs) and Insurance companies:
- (i) *For the Accounting period beginning on or after 1st April, 2016:* The following companies were Adoption, Convergence and Interpretation of IFRS and Accounting Standards in India required to prepare their financial statements by adopting Indian Accounting Standards (Ind ASs):
- (a) Companies whose equity or debt securities are listed or are in the process of listing on any stock exchange either in India or out of India and having a net worth of Rs. 500 crore or more;
 - (b) Unlisted companies having a net worth of Rs. 500 crore or more; and
 - (c) Holding companies, subsidiary companies, joint venture or associate companies of the companies mentioned at (a) or (b) above.

Comparatives for the above periods shall be for the period ending on 31st March, 2016 or thereafter.

- (ii) *For the Accounting period ending on or after 1st April, 2017 :* The following companies were required to prepare their financial statements by adopting Indian Accounting Standards (Ind ASs):
- (a) Listed companies having a net worth of less than Rs. 500 crores;
 - (b) Unlisted companies having a net worth of Rs. 250 crore or more but less than Rs. 500 crores; and
 - (c) Holding, subsidiary, joint venture, and associate companies of the companies mentioned at or (b) above.

Comparatives for the above periods shall be for the period ending on 31st March, 2017 or thereafter.

Once a company starts applying Indian Accounting Standards (Ind ASs) for the preparation of the financial

statements based on the mandatory criteria specified above, it will have to prepare the financial statements. In compliance with the Indian Accounting Standards (Ind ASs) for all the subsequent years even if the criterion later on does not apply to it. A company may voluntarily apply the Indian Accounting Standards (Ind ASs) for the preparation of the financial statements for the accounting period starting on or after 1st April, 2015. However, such a company cannot subsequently revert to the preparation of financial statements by adopting the Accounting Standards specified under the Companies (Accounting Standards) Rules, 2006.

It may be noted that the net worth of the company will be considered based on the audited financial statements of the company concerned as at 31st March, 2014, or based on the first audited financial statements of the company concerned as at any date after 31st March, 2014.

Once the Indian Accounting standards (Ind ASs) are required to be applied in the preparation of the financial statements by a company, the same will apply to both the stand-alone financial statements and consolidated financial statements.

Companies whose securities are listed or are in the process of being listed on SME Exchanges will continue to apply the existing Accounting Standards specified under the Companies (Accounting Standards) Rules, 2006.

Companies that are not required to mandatorily follow Indian Accounting Standards (Ind ASs) are required to follow the existing Accounting Standards specified under the Companies (Accounting Standards) Rules, 2006, unless they voluntarily choose to apply Indian Accounting Standards (Ind ASs).

For Non-banking Financial Companies (NBFCs):

- (i) For the Accounting period beginning on or after 1st April, 2018: The following NBFCs will be required to adopt Ind ASs:
 - (a) NBFCs having a net worth of Rs. 500 crore or more; and
 - (b) Holding, subsidiary, joint venture, and associate companies of the above companies.

The comparatives will be for the period ending on 31st March, 2018 or thereafter.

- (ii) For the Accounting period beginning on or after 1st April, 2019: The following NBFCs will be required to follow Ind ASs:
 - (a) Listed NBFCs having a net worth of less than Rs. 500 crores;
 - (b) Unlisted NBFCs with net worth of Rs. 250 crore or more but with net worth of less than Rs. 500 crores; and
 - (c) Holding, subsidiary, joint venture and associate companies of the above companies.

The comparatives will be for the period ending on 31st March, 2019 or thereafter.

Note: The net worth for the above purpose will be computed as per the audited financial statements for the year ended 31st March, 2016 or the first audited financial statements thereafter.

For the scheduled commercial banks (excluding regional rural banks) and insurance companies

The following will be required to apply Indian Accounting Standards (Ind ASs) for preparing their financial statements for the period ending on or after 1st April, 2018:

- (a) Scheduled Commercial banks (excluding regional rural banks);
- (b) All India term lending refinancing institutions (i.e., Exim Bank, NHB, NABARD, SIDBI);
- (c) Insurers/insurance companies; and
- (d) Holding, subsidiary, joint venture and associate companies of the above companies.

The comparatives will be given for the period ending on 31st March, 2018, or thereafter.

OVERVIEW OF IND AS

<i>Ind AS</i>	<i>Deals with</i>	<i>Details</i>
Ind AS 101	First-time Adoption of Indian Accounting Standards	<p>The objective of this Indian Accounting Standard (Ind AS) is to ensure that an entity's first Ind-AS financial statements, and its interim financial reports for part of the period covered by those financial statements, contain high-quality information that:</p> <ol style="list-style-type: none"> is transparent for users and comparable over all periods presented; provides a suitable starting point for accounting in accordance with Ind ASs; and can be generated at a cost that does not exceed the benefits. <p>An entity shall apply this Ind-AS in:</p> <ol style="list-style-type: none"> its first Ind-AS financial statements, and each interim financial report, if any, that it presents in accordance with Ind AS 34 Interim Financial Reporting for part of the period covered by its first Ind-AS financial statements. <p>An entity's first Ind AS financial statements are the first annual financial statements in which the entity adopts Ind ASs according to the Ind ASs notified under the Companies Act, 2013 and makes an explicit and unreserved statement in those financial statements of compliance with Ind ASs.</p>
Ind AS 102	Share-based Payment	<p>The objective of this Standard is to specify the financial reporting by an entity when it undertakes a share-based payment transaction. In particular, it requires an entity to reflect in its profit or loss and financial position the effects of share-based payment transactions, including expenses associated with transactions in which share options are granted to employees.</p> <p>An entity shall apply this Standard in accounting for all share-based payment transactions, whether or not the entity can identify specifically some or all of the goods or services received, including:</p> <ul style="list-style-type: none"> ● equity-settled share-based payment transactions, ● cash-settled share-based payment transactions, and ● Transactions in which the entity receives or acquires goods or services and the terms of the arrangement provide either the entity or the supplier of those goods or services with a choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments. <p>A share-based payment arrangement is an agreement between the entity (or another group entity or any shareholder of any group entity) and another party (including an employee) that entitles the other party to receive:</p> <ol style="list-style-type: none"> cash or other assets of the entity for amounts that are based on the price (or value) of equity instruments (including share or share options) of the entity or another group entity, or

Ind AS	Deals with	Details
		<p>b) equity instruments(including shares or share options) of the entity or another group entity. Provided that specified vesting conditions, if any, are met.</p> <p>A share-based payment transaction is a transaction in which the entity:</p> <p>a) receives goods or services from the supplier of those goods or services(including an employee) in a share-based payment arrangement, or</p> <p>b) Incurs an obligation to settle the transaction with the supplier in a share-based payment arrangement when another group entity receives those goods or services.</p>
Ind AS 103	Business Combinations	<p>The objective of this Indian Accounting Standard is to improve the relevance, reliability, and comparability of the information that a reporting entity provides in its financial statements about a business combination and its effects. To accomplish that, this Indian Accounting Standard establishes principles and requirements for how the acquirer:</p> <p>(a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree;</p> <p>(b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and</p> <p>(c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination.</p> <p>This Indian Accounting Standard applies to a transaction or other event that meets the definition of a business combination. This Indian Accounting Standard does not apply to:</p> <p>(a) The formation of a joint venture.</p> <p>(b) The acquisition of an asset or a group of assets that does not constitute a business. In such cases, the acquirer shall identify and recognize the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in Ind AS 38 Intangible Assets) and liabilities assumed. The cost of the group shall be allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.</p> <p>(c) Appendix C deals with accounting for a combination of entities or businesses under common control.</p> <p>A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. Transactions, sometimes referred to as 'true mergers' or 'mergers of equals' are also referred to as business combinations as that term is used in this Ind AS.</p>

<i>Ind AS</i>	<i>Deals with</i>	<i>Details</i>
Ind AS 104	Insurance Contracts	<p>The objective of this Indian Accounting Standard is to specify the financial reporting for insurance contracts by any entity that issues such contracts (described in this Indian Accounting Standard as an insurer). In particular, this Indian Accounting Standard requires:</p> <ul style="list-style-type: none"> a) Limited improvements to accounting by insurers for insurance contracts. b) Disclosure that identifies and explains the amounts in an insurer's financial statements arising from insurance contracts and helps users of those financial statements understand the amount, timing, and uncertainty of future cash flows from insurance contracts. <p>An entity shall apply this Indian Accounting Standard to:</p> <ul style="list-style-type: none"> a) Insurance contracts (including reinsurance contracts) that it issues, and reinsurance contracts that it holds. b) Financial instruments that it issues with a discretionary participation feature. Ind AS 107 Financial Instruments: Disclosures requires disclosure about financial instruments, including financial instruments that contain such features. <p>MCA vide notification dated August 12, 2024, omitted the IndAS 104, IndAS 117 supersedes IndAS 104. For details, please refer to IndAS 117.</p>
Ind AS 105	Non-Current Assets Held for Sale and Discontinued Operations	<p>The objective of this Indian Accounting Standard is to specify the accounting for assets held for sale, and the presentation and disclosure of discontinued operations. In particular, the Indian Accounting Standard requires:</p> <ul style="list-style-type: none"> (a) assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease; and (b) assets that meet the criteria to be classified as held for sale to be presented separately in the balance sheet, and the results of discontinued operations to be presented separately in the statement of profit and loss. <p>A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and:</p> <ul style="list-style-type: none"> (a) represents a separate major line of business or geographical area of operations, or (b) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or (c) is a subsidiary acquired exclusively with a sale view.

<i>Ind AS</i>	<i>Deals with</i>	<i>Details</i>
Ind AS 106	Exploration for and Evaluation of Mineral Resources	<p>The objective of this Indian Accounting Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. In particular, the Indian Accounting Standard requires:</p> <ul style="list-style-type: none"> (a) limited improvements to existing accounting practices for exploration and evaluation expenditures. (b) entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Indian Accounting Standard and measure any impairment in accordance with Ind AS 36 Impairment of Assets. (c) disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing, and certainty of future cash flows from any exploration and evaluation assets recognized. <p>Exploration for and evaluation of mineral resources is the search for mineral resources, including minerals, oil, natural gas, and similar non-regenerative resources, after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resources..</p>
Ind AS 107	Financial Instruments: Disclosures	<p>The objective of this Indian Accounting Standard is to require entities to provide disclosures in their financial statements that enable users to evaluate:</p> <ul style="list-style-type: none"> (a) The significance of financial instruments for the entity's financial position and performance; and (b) The nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks. <p>The principles in this Indian Accounting Standard complement the principles for recognizing, measuring, and presenting financial assets and financial liabilities in Ind AS 39 Financial Instruments: Recognition and Measurement and Ind AS 32 Financial Instruments: Presentation.</p>
Ind AS 108	Operating Segments	<p>An entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.</p> <p>This Accounting Standard shall apply to companies to which the Indian Accounting Standards (Ind AS) notified under the Companies Act apply.</p> <p>If an entity that is not required to apply this Indian Accounting Standard chooses to disclose information about segments that does not comply with this Indian Accounting Standard, it shall not describe the information as segment information.</p>

Ind AS	Deals with	Details
		<p>If a financial report contains both the consolidated financial statements of a parent that is within the scope of this Indian Accounting Standard as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements.</p> <p>An operating segment is a component of an entity:</p> <ul style="list-style-type: none"> (a) that engages in business activities for which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (b) whose operating results are regularly reviewed by the chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available.
Ind AS 109	Financial Instruments	The objective of this Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing, and uncertainty of an entity's future cash flows.
Ind AS 110	Consolidated Financial Statements	<p>The objective of this Indian Accounting Standard (Ind AS) is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.</p> <p>Consolidated financial statements are the financial statements of a group in which the assets, liabilities, equity, expenses, income and cash flows of the parents and their subsidiaries are presented as those of a single economic entity.</p>
Ind AS 111	Joint Arrangements	<p>The objective of this Indian Accounting Standard (Ind AS) is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e., joint arrangements).</p> <p>To meet the objective, this Ind AS defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.</p> <p>This Ind AS shall be applied by all entities that are a party to a joint arrangement.</p> <p>A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement has the following characteristics:</p> <ul style="list-style-type: none"> (a) The parties are bound by a contractual arrangement. (b) The contractual arrangement gives two or more of those parties joint control of the arrangement. A joint arrangement is either a joint operation or a joint venture.

<i>Ind AS</i>	<i>Deals with</i>	<i>Details</i>
Ind AS 112	Disclosure of Interests in Other Entities	<p>The objective of this Indian Accounting Standard (Ind AS) is to require an entity to disclose information that enables users of its financial statements to evaluate:</p> <ul style="list-style-type: none"> (a) The nature of, and risks associated with, its interests in other entities; and (b) The effects of those interests on its financial position, financial performance, and cash flows. <p>Interest in another entity refers to contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. An interest in another entity can be evidenced by, but is not limited to, the holding of equity or debt instruments as well as other forms of involvement such as provision of funding, liquidity support, credit enhancement, and guarantees. It includes other means by which the entity has control or joint control of, or significant influence over, another entity. An entity does not necessarily have an interest in another entity solely because of a typical customer-supplier relationship..</p>
Ind AS 113	Fair Value Measurement	<p>This Ind AS:</p> <ul style="list-style-type: none"> (a) defines fair value; (b) sets out in a single Ind AS a framework for measuring fair value; and (c) requires disclosures about fair value measurements. <p>Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same - to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).</p> <p>Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date.</p>
Ind AS 114	Regulatory Deferral Accounts	<p>The objective of this Standard is to specify the financial reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation.</p>

<i>Ind AS</i>	<i>Deals with</i>	<i>Details</i>
		<p>An entity is permitted to apply the requirements of this Standard in its first Ind AS financial statements if and only if it: (a) conducts rate-regulated activities; and (b) recognised amounts that qualify as regulatory deferral account balances in its financial statements in accordance with its previous GAAP.</p> <p>A regulatory deferral account balance is a regulatory asset or a regulatory liability as defined in the Guidance Note on Accounting for Rate-regulated activities. Rate-regulated activities are the entity's activities that are subject to rate regulation.</p>
Ind AS 115	Revenue from Contracts with Customers	<p>The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>A contract is an agreement between two or more parties that creates enforceable rights and obligations. Revenue is the income arising in the course of an entity's ordinary activities. Income is increase in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than the contributions from equity participants..</p>
Ind AS 116	Leases	<p>The objective of this Ind AS is to set out the principles for recognition, measurement, presentation, of disclosure of leases so that the lessees and lessors provide the relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance, and cash flows of an entity.</p> <p>In addition to normal leases, the Standard also covers lease liability in sale and lease-back transactions.</p> <p>To apply this standard, an entity shall consider the terms and conditions of contracts and all relevant facts and circumstances. An entity shall apply this Standard consistently to contracts with similar characteristics and in similar circumstances.</p> <p>A lease is 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.</p>
Ind AS 117	Insurance Contracts	<p>Ind AS 117 establishes principles for the recognition, measurement, presentation, and disclosure of Insurance Contracts within the scope of the standard. The objective of Ind AS 117 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance, and cash flows.</p>

<i>Ind AS</i>	<i>Deals with</i>	<i>Details</i>
		<p>The Ministry of Corporate Affairs (MCA) has issued Ind AS 117, Insurance Contracts, on 12 August 2024.</p> <p>Ind AS 117 applies to all companies, i.e, it applies to ‘insurance contracts’, regardless of the issuer, and therefore all companies are covered and not just insurance companies registered with the Insurance Regulatory and Development Authority of India (IRDAI).</p> <p>Indian Accounting Standards (Ind AS) currently do not apply to entities registered with IRDAI as insurance companies. These companies apply accounting standards notified under the Companies Act,2013, read with relevant guidelines issued by the IRDAI.</p> <p>The MCA, vide its notification dated 28 September 2024, has clarified that an insurer or insurance company may provide its financial statement as per Ind AS 104 for consolidated financial statements of its parent or investor, or venture till the IRDAI has notified Ind AS 117.</p> <p>An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified future event (the insured event) adversely affects the policyholder.</p>
Ind AS 118	Presentation and Disclosure in Financial Statements (Under formulation)	<p>The Institute of Chartered Accountants of India (ICAI) has issued an exposure draft of Ind AS 118, Presentation and Disclosure in Financial Statements, on 6 January 2025. The same is proposed to supersede Ind AS 1, together with the consequential amendments to other standards, for reporting periods beginning on or after April 1, 2027. The proposed changes improve clarity and comparability of financial reporting by reorganizing income and expenses into consistent categories, ensuring companies classify items more meaningfully. They introduce principles for grouping and separating data for better transparency and allow flexibility in presenting operating expenses by nature, function, or both. Standardized subtotals like operating profit must be disclosed, while companies may also present custom performance measures, provided they are clearly explained. Cash flow statements will begin with operating profit, aligning with the revised income presentation. Changes to earnings per share rules ensure only standard or approved performance measures can be used, enhancing reliability and preventing misleading disclosures.</p>
Ind AS 1	Presentation of Financial Statements	<p>This Standard prescribes the basis for presentation of general purpose financial statements to ensure comparability both with the entity’s financial statements of previous periods and with the financial statements of other entities. It sets out overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their contents.</p> <p>An entity shall apply this Standard in preparing and presenting general purpose financial Statements in accordance with Ind AS.</p> <p>General-purpose financial statements are those financial statements that are intended to meet the needs of users who are not in a position to require an entity to prepare reports tailored to their particular information needs.</p>

Ind AS	Deals with	Details
Ind AS 2	Inventories	<p>The objective of this Standard is to prescribe the accounting treatment for inventories. A primary issue in accounting for inventories is the amount of cost to be recognized as an asset and carried forward until the related revenues are recognized. This Standard deals with the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. It also deals with the cost formulas that are used to assign costs to inventories.</p> <p>Inventories are assets:</p> <ul style="list-style-type: none"> (a) held for sale in the ordinary course of business; (b) in the process of production for such sale; or (c) in the form of materials or supplies to be consumed in the production process or in the rendering of services.
Ind AS 7	Statement of Cash Flows	<p>Information about the cash flows of an entity is useful in providing users of financial statements with a basis to assess the ability of the entity to generate cash and cash equivalents and the needs of the entity to utilize those cash flows. The economic decisions that are taken by users require an evaluation of the ability of an entity to generate cash and cash equivalents and the timing and certainty of their generation. The objective of this Standard is to require the provision of information about the historical changes in cash and cash equivalents of an entity by means of a statement of cash flows, which classifies cash flows during the period from operating, investing, and financing activities.</p> <p>An entity shall prepare a statement of cash flows in accordance with the requirements of this Standard and shall present it as an integral part of its financial statements for each period for which financial statements are presented.</p> <p>A statement showing cash flows is called a Statement of Cash Flows. Cash flows are the inflows and outflows of cash and cash equivalents. Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.</p>
Ind AS 8	Accounting Policies, Changes in Accounting Estimates, and Errors	<p>The objective of this Standard is to prescribe the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates, and corrections of errors. The Standard is intended to enhance the relevance and reliability of an entity's financial statements and the comparability of those financial statements over time and with the financial statements of other entities. Disclosure requirements for accounting policies, except those for changes in accounting policies, are set out in Ind AS 1 Presentation of Financial Statements.</p> <p>This Standard shall be applied in selecting and applying accounting policies, and accounting for changes in accounting policies, changes in accounting estimates, and corrections of prior period errors.</p>

<i>Ind AS</i>	<i>Deals with</i>	<i>Details</i>
		Accounting policies are the specific principles, bases, conventions, rules, and practices applied by an entity in preparing and presenting financial statements. A change in an accounting estimate is the adjustment in the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset that results from the assessment of the present status of, and expected future benefits and obligations with the asset or liability. Changes in accounting estimates result from new estimates or new developments, and accordingly are not corrections of errors.
Ind AS 10	Events after the Reporting Period	<p>The objective of this Standard is to prescribe:</p> <ul style="list-style-type: none"> (a) When an entity should adjust its financial statements for events after the reporting period; and (b) The disclosures that an entity should give about the date when the financial statements were approved for issue and about events after the reporting period. <p>The Standard also requires that an entity should not prepare its financial statements on a going concern basis if events after the reporting period indicate that the going concern assumption is not appropriate.</p> <p>This Standard shall be applied in the accounting for, and disclosure of, events after the reporting period. Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are approved by the Board of directors in the case of a company and by the corresponding approving authority in the case of any other entity for issue.</p>
Ind AS 12	Income Taxes	<p>The objective of this Standard is to prescribe the accounting treatment for income tax. The principal issue in accounting for income tax is how to account for the current and future tax consequences of:</p> <ul style="list-style-type: none"> (a) the future recovery (settlement) of the carrying amount of assets (liabilities) that are recognized in an entity's balance sheet; and (b) transactions and other events of the current period that are recognized in an entity's financial statements. <p>It is inherent in the recognition of an asset or liability that the reporting entity expects to recover or settle the carrying amount of that asset or liability. If it is probable that recovery or settlement of that carrying amount will make future tax payments larger (smaller) than they would be if such recovery or settlement were to have no tax consequences. This Standard requires an entity to recognize a deferred tax liability (deferred tax asset), with certain limited exceptions.</p>

<i>Ind AS</i>	<i>Deals with</i>	<i>Details</i>
Ind AS 16	Property, Plant and Equipment	<p>The objective of this Standard is to prescribe the accounting treatment for property, plant and equipment so that users of the financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. The principal issues in accounting for property, plant, and equipment are the recognition of the assets, the determination of their carrying amounts, and the depreciation charges and impairment losses to be recognized in relation to them.</p> <p>This Standard shall be applied in accounting for property, plant, and equipment except when another Standard requires or permits a different accounting treatment.</p> <p>Property, plant, and equipment are tangible items that:</p> <ul style="list-style-type: none"> (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and (b) they expected to be used during more than one period.
Ind AS 19	Employee Benefits	<p>The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. The Standard requires an entity to recognize:</p> <ul style="list-style-type: none"> (a) a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and (b) they expense when the entity consumes the economic benefit arising from the service provided by an employee in exchange for employee benefits. <p>Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.</p>
Ind AS 20	Accounting for Government Grants and Disclosure of Government Assistance	<p>This Standard shall be applied in accounting for, and in the disclosure of, government grants and in the disclosure of other forms of government assistance.</p> <p>This Standard does not deal with:</p> <ul style="list-style-type: none"> (a) The special problems arising in accounting for government grants in financial statements reflecting the effects of changing prices or in supplementary information of a similar nature. (b) Government assistance that is provided for an entity in the form of benefits that are available in determining taxable profit or tax loss, or are determined or limited based on income tax liability. Examples of such benefits are income tax holidays, investment tax credits, and accelerated depreciation. (c) Government participation in the ownership of the entity. (d) Government grants covered by Ind AS-41, Agriculture.

<i>Ind AS</i>	<i>Deals with</i>	<i>Details</i>
		<p>(e) Government assistance is an action by the government designed to provide an economic benefit specific to an entity or range of entities qualifying under certain criteria. Government assistance does not include benefits provided only indirectly through actions affecting general trading conditions, such as the provision of infrastructure in development areas or the imposition of trading constraints on competitors. Government grants are assistance by the government in the form of transfer of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants exclude those forms of government assistance that cannot reasonably have a value placed upon them and transactions with the government that cannot be distinguished from the trading transactions of the entity.</p>
Ind AS 21	The Effects of Changes in Foreign Exchange Rates	<p>An entity may carry on foreign activities in two ways. It may have transactions in foreign currencies, or it may have foreign operations. In addition, an entity may present its financial statements in a foreign currency. The objective of this Standard is to prescribe how to include foreign currency transactions and foreign operations in the financial statements of an entity and how to translate financial statements into a presentation currency.</p> <p>The principal issues are which exchange rate(s) to use and how to report the effects of changes in exchange rates in the financial statements.</p>
Ind AS 23	Borrowing Costs	<p>Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense.</p> <p>An entity shall apply this Standard in accounting for borrowing costs.</p> <p>The Standard does not deal with the actual or imputed cost of equity, including preferred capital not classified as a liability.</p> <p>An entity is not required to apply the Standard to borrowing costs directly attributable to the acquisition, construction, or production of:</p> <ul style="list-style-type: none"> (a) a qualifying asset measured at a fair value, for example, a biological asset; or (b) Inventories that are manufactured or otherwise produced in large quantities on a repetitive basis.
Ind AS 24	Related Party Disclosures	<p>The objective of this Standard is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.</p> <p>This Standard shall be applied in:</p> <ul style="list-style-type: none"> (a) identifying related party relationships and transactions;

Ind AS	Deals with	Details
		<p>(b) identifying outstanding balances, including commitments, between an entity and its related parties;</p> <p>(c) identifying the circumstances in which disclosure of the items in (a) and (b) is required; and</p> <p>(d) determining the disclosures to be made about those items.</p> <p>A related party is a person or entity that is related to the entity preparing its financial statements. A related party transaction is a transfer of resources, services, or obligations between a reporting entity and a related party, regardless of whether the price is charged.</p>
Ind AS 27	Separate Financial Statements	<p>The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures, and associates when an entity prepares separate financial statements.</p> <p>This Standard shall be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by law, to present separate financial statements.</p> <p>This Standard does not mandate which entities produce separate financial statements. It applies when an entity prepares separate financial statements that comply with Indian Accounting Standards.</p> <p>Separate financial statements are those presented by a parent (i.e., an investor with control of a subsidiary) or an investor with joint control of, or significant influence over, an investee, in which the investments are accounted for at cost or as per Ind AS 9 “Financial Instruments”.</p>
Ind AS 28	Investments in Associates and Joint Ventures	<p>The objective of this Standard is to prescribe the accounting for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.</p> <p>This Standard shall be applied by all entities that are investors with joint control of, or significant influence over, an investee.</p> <p>An associate is an entity over which the investor has significant influence. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.</p>
Ind AS 29	Financial Reporting in Hyperinflationary Economies	<p>This Standard shall be applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.</p> <p>In a hyperinflationary economy, reporting of operating results and financial position in the local currency without restatement is not useful. Money loses purchasing power at such a rate that comparison of amounts from transactions and other events that have occurred at different times, even within the same accounting period, is misleading.</p>

<i>Ind AS</i>	<i>Deals with</i>	<i>Details</i>
Ind AS 32	Financial Instruments: Presentation	<p>The objective of this Standard is to establish principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities, and equity instruments; the classification of related interest, dividends, losses, and gains; and the circumstances in which financial assets and financial liabilities should be offset.</p> <p>The principles in this Standard complement the principles for recognising and measuring financial assets and financial liabilities in Ind AS 39 Financial Instruments: Recognition and Measurement, and for disclosing information about them in Ind AS 107 Financial Instruments: Disclosures.</p> <p>A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or an equity instrument of another entity.</p>
Ind AS 33	Earnings per Share	<p>The objective of this Standard is to prescribe principles for the determination and presentation of earnings per share, to improve performance comparisons between different entities in the same reporting period and between different reporting periods for the same entity. Even though earnings per share data have limitations various due to the various accounting policies that may be used in determining 'earnings', a consistently determined denominator enhances financial reporting. The focus of this Standard is on the denominator of the earnings per share calculation.</p> <p>An entity shall calculate basic earnings per share amounts for profit or loss attributable to the ordinary equity holders of the parent entity and, if presented, profit or loss from continuing operations attributable to those equity holders. Basic earnings per share shall be calculated by dividing profit or loss attributable to the ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period.</p> <p>An entity shall calculate diluted earnings per share amounts for profit or loss attributable to the ordinary equity holders of the parent entity and, if presented, profit or loss from continuing operations attributable to those equity holders. For the purpose of calculating diluted earnings per share, an entity shall adjust profit or loss attributable to the ordinary equity holders of the parent entity and weighted average number of ordinary shares outstanding during the period, from the effects of all dilutive potential ordinary shares.</p>
Ind AS 34	Interim Financial Reporting	<p>The objective of this Standard is to prescribe the minimum content of an interim financial report and to prescribe the principles for recognition and measurement in complete or condensed financial statements for an interim period. Timely and reliable interim financial reporting improves the ability of investors, creditors, and others to understand an entity's capacity to generate earnings and cash flow and its financial condition and liquidity.</p> <p>An interim financial report is a financial report containing either a complete set of financial statements or a set of condensed financial statements for an interim period. An interim period is a financial reporting period shorter than a full financial year.</p>

<i>Ind AS</i>	<i>Deals with</i>	<i>Details</i>
Ind AS 36	Impairment of Assets	<p>The objective of this Standard is to prescribe the procedures that an entity applies to ensure that its assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and the Standard requires the entity to recognize an impairment loss. The Standard also specifies when an entity should reverse an impairment loss and prescribes disclosures.</p> <p>An impairment loss is the amount by which the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. Carrying amount is the amount at which an asset is recognized after deducting any accumulated depreciation (amortization) and any accumulated impairment losses thereon. A cash generating unit is the smallest identifiable group of assets that generates cash flows that are largely independent of the cash inflows from other assets or groups of assets.</p>
Ind AS 37	Provisions, Contingent Liabilities and Contingent Assets	<p>The objective of this Standard is to ensure that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities, and contingent assets and that sufficient information is disclosed in the notes to enable users to understand their nature, timing, and amount.</p> <p>A provision is a liability of uncertain timing or amount. A contingent liability is:</p> <ul style="list-style-type: none"> a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the entity; or b) a present obligation that arises from past events but is not recognized because: <ul style="list-style-type: none"> i. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or ii. The amount of obligation cannot be measured with sufficient reliability. <p>A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the entity.</p>
Ind AS 38	Intangible Assets	<p>The objective of this Standard is to prescribe the accounting treatment for intangible assets that are not dealt with specifically in another Standard. This Standard requires an entity to recognize an intangible asset if, and only if, specified criteria are met. The Standard also specifies how to measure the carrying amount of intangible assets and requires specified disclosures about intangible assets.</p> <p>An intangible asset is an identifiable non-monetary asset without physical substance. Monetary assets are money held and assets to be received in a fixed or determinable amount of money. An intangible asset to be identifiable should be distinguishable from goodwill. An asset is identifiable if it either:</p>

<i>Ind AS</i>	<i>Deals with</i>	<i>Details</i>
		<ul style="list-style-type: none"> a) is separable, i.e., is capable of being separated or divided from the entity and sold, transferred, licensed, rented, or exchanged either individually or together with a related contract, identifiable asset, or liability, regardless of whether the entity intends to do so; or b) arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations..
Ind AS 40	Investment Property	<p>The objective of this Standard is to prescribe the accounting treatment for investment property and related disclosure requirements.</p> <p>This Standard shall be applied in the recognition, measurement, and disclosure of investment property.</p> <p>Among other things, this Standard applies to the measurement in a lessee's financial statements of investment property interests held under a lease accounted for as a finance lease and to the measurement in a lessor's financial statements of investment property provided to a lessee under an operating lease. This Standard does not deal with matters covered in Ind AS 17 Leases, including:</p> <ul style="list-style-type: none"> a) classification of leases as finance leases or operating leases; b) recognition of lease income from investment property (see also Ind AS 18 Revenue); c) measurement in a lessee's financial statements of property interests held under a lease accounted for as an operating lease; d) Measurement in a lessor's financial statements of its net investment; e) accounting for sale and lease-back transactions; and f) disclosure about finance leases and operating leases. <p>Investment property is a property (i.e., land or a building or part of a building or both) held (by the owner or a lessee as a right of use asset) to earn rentals, or for capital appreciation, or both, rather than for:</p> <ul style="list-style-type: none"> a) use in the production or supply of goods or services or for administrative purposes; or b) sale in the ordinary course of business.
Ind AS 41	Agriculture	<p>The objective of this Standard is to prescribe the accounting treatment and disclosures related to agricultural activity. This Standard shall be applied to account for the following when they relate to agricultural activity:</p> <ul style="list-style-type: none"> a) biological assets; b) agricultural produce at the point of harvest; and c) Government grants covered by paragraphs 34 and 35.

<i>Ind AS</i>	<i>Deals with</i>	<i>Details</i>
		Agricultural activity is the management by an entity of the biological transformation and harvest of biological assets for sale or for conversion into agricultural produce or into additional biological assets. Agricultural produce is the harvested produce of the entity's biological asset. A biological asset is a living animal or plant. Biological transformation comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a biological asset.

IFRS VS IGAAP

Indian GAAP is a set of accounting standards that is specifically designed for the Indian context. GAAP stands for Generally Accepted Accounting Principles. Most Indian companies follow Indian GAAP while preparing their accounting records. When a company follows IFRS, it needs to provide a disclosure in the form of a note that it is complying with the IFRS. But for Indian GAAP, the disclosure of the statement isn't mandatory. When a company is said to follow the Indian GAAP, it's assumed that they're complying with the Indian GAAP to portray the true and fair view of their financial affairs.

<i>Basis</i>	<i>IFRS</i>	<i>IGAAP</i>
First-time adoption	Full retrospective application of IFRS to the P&L Account and Balance Sheet. Reconciliation of P&L Account and Balance Sheet with respect to last year's reported numbers under previous GAAP.	No need to prepare reconciliation on first time adoption.
Components of Financial Statements	Comprises of Balance Sheet, Profit and Loss A/c. Cash Flow Statement, changes in equity and accounting policy and notes to Accounts.	Comprises of Balance Sheet, Profit and Loss A/c. Cash Flow Statement (if applicable), and Notes to Accounts.
Balance Sheet	No particular format, a current/non-current presentation of assets and liabilities is used.	As per the Format Prescribed in the Schedule III for Companies, adherence to Banking Regulation for Banks, etc.
Income Statement	No particular format is prescribed (IAS-1).	As per the Format Prescribed in Schedule III (AS-1).
Cash Flow Statements	Mandatory for all entities (IAS-7).	Level 3 entities are exempted (AS- 3).
Dividends	Liability is to be recognized in the period when the dividend is declared. (IAS- 10).	Recognized as an appropriation against the profit, and recorded as a liability at the BS date even if declared after the reporting period but before the approval of the Financial statements (AS-4).

Basis	IFRS	IGAAP
Cost of major repairs and overhaul expenditure on fixed assets	Recognized in carrying amount of the assets (IAS-16).	Expensed off. Only expenses that increase the FEB are to be capitalized. (AS-10).
Re-evaluation	Re-evaluation (if done) to be updated periodically so that the carrying amount does not differ from fair value at the end period. Re-evaluation to be done for the entire class of assets (IAS-16).	No specific requirement for re-evaluation. Re-evaluation can be done on a systematic basis, like for one location, leaving aside the assets of other locations. (AS-10).
Change in the method of depreciation	Considered as a change in accounting estimate. To be applied prospectively. (IAS-16 and IAS 8).	Considered as a change in accounting policy, retrospective computation and excess or deficit are adjusted in the same period. Required to be disclosed (AS- 6).
Earnings Per Share	Disclosure to be made in only consolidated financials of the parent Co. (IAS-33).	Disclosure of EPS in both consolidated and separate financials (AS-20).
Component Accounting	Required each major part of PPE with a cost that is significant in relation to total cost, should be depreciated separately (IAS-16).	No such requirement (AS-10).
Intangible Assets	Intangible assets can have indefinite useful life, and hence, such assets are tested for impairment and not amortized.	There is no concept of indefinite useful life. Assets have a definite life (usually 10 years).
Reporting Currency	Requires the measurement of profit using the functional currency. Entities may, however, present financial statements in a different currency (IAS-21).	Schedule III to the Companies Act, 2013 specifies Indian Rupees as the reporting currency (AS-11).
Key Management Personnel (KMP)	Includes Executive as well as non-Executive directors (IAS-24).	Excludes non-executive directors (AS-18).
Compensation to KMP	Disclosure to be made for total compensation, such as short-term employee benefits and post-employment benefits.	AS-18 does not require the breakup of compensation cost.
Fringe Benefits Tax	Included as part of related expense (fringe benefit), which gives rise to the incidence of the tax.	Disclosed as a separate item after profit before tax on the face of the income statement.

Basis	IFRS	IGAAP
Uniform Accounting Policies	Prepared using uniform accounting policies across all entities in a group. (IAS-27)	Policies may differ due to impracticability. (AS-21)
Disclosure of extraordinary items	Prohibits such disclosure (IAS-1). No such term in IFRS.	Disclosure to be made in notes (AS-5).

COMPARISON OF INDIAN GAAP AND IND AS

The significant difference between the Indian GAAP (current Indian Accounting Standards) and converged Indian Accounting Standards (Ind AS) is discussed in detail in the following pages.

Comparison of Ind AS 1 with Existing Indian GAAP 1

Sr. No.	Basis of Comparison	Ind AS 1 Presentation of Financial Statements	AS 1 Disclosure of Accounting Policies
1.	Presentation of Extraordinary Item	Prohibits presentation of any item as an extraordinary item in the statement of profit and loss or in the notes	Allows for extraordinary items to be disclosed separately.
2.	Disclosure of Critical Assumption	Requires disclosure of critical assumptions about the future and other sources of measurement uncertainty that can affect carrying amounts of assets and liabilities within the next financial year.	Does not require any such disclosure.
3.	Classification of Expenses	Requires the classification of expenses to be presented based on the nature of expenses.	Does not require any such classification.
4.	Reclassification	Reclassification of items, nature, amount and reason for reclassification are disclosed in notes to the financial statement.	No such nature, amount or reason for reclassification is required to be disclosed.
5.	Statement of changes in equity	Requires a statement of changes in equity, including reconciliation between the opening and closing balance for each component of equity.	Statement of changes in equity is not required.

Comparison of Ind AS 2 with Existing Indian GAAP 2

Sr. No.	Basis of Comparison	Ind AS 2 Inventories	AS 2 Inventories
1.	Reversal of Written-down value to Net Realizable value	Provides for reversal of the write-down of inventories to net realizable value limited to the amount of original write-down, and requires recognition and disclosure thereof in the financial statements.	Does not provide any specific guidance on the same.

2.	Exclusion	Excludes from its scope inventories held by commodity broker traders (who measure their inventories at a fair value minus costs to sell), producers of agricultural and forest products, agricultural produce after harvest, and minerals and mineral products.	Excludes from its scope only the measurement of such inventories. Further, Ind AS 2 defines fair value and explanation in respect of the distinction between net realizable value and fair value.
3.	Explanation	An explanation to inventories of service providers	Does not contain such an explanation
4.	Formula	Requires only the use of consistent cost formulas for all inventories having a similar nature and use to the entity	Specifically requires that the formula used in determining the cost of an item of inventory should reflect the fairest possible approximation to the cost incurred in bringing the items of inventory to their present location and condition.

Comparison of Ind AS 7 with Existing Indian GAAP 3

S. No.	Basis of Comparison	Ind AS 7 "Statement of Cash Flows"	AS 3 "Cash Flow Statements"
1.	Bank overdraft repayable on demand	Specifically provides that the bank borrowings are generally classified as financing activities. However, bank overdraft repayable on demand is treated as part of cash and cash equivalents.	AS 3 is silent on this aspect.
2.	Treatment of cash payments in specific cases	Provides for the treatment of cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale in the ordinary course of business as cash flows from operating activities. Further, treatment of cash receipts from rent and subsequent sale of such assets as cash flow from operating activities is also provided.	AS 3 does not contain such requirements.
3.	New examples of cash flows arising from financing activities	Ind AS 7 includes the following new examples of cash flows arising from financing activities: <ul style="list-style-type: none"> (a) Cash payments to owners to acquire or redeem the entity's shares; (b) cash proceeds from mortgages; 	AS 3 does not contain such examples.

S. No.	Basis of Comparison	Ind AS 7 “Statement of Cash Flows”	AS 3 “Cash Flow Statements”
		(c) Cash payments by the lessee for the reduction of the outstanding liability relating to a finance lease.	
4.	Adjustments of the profit or loss for the effects of undistributed profits of the associates and non-controlling interests	Ind AS 7 specifically requires the adjustment of the profit or loss for the effects of ‘undistributed profits of associates and non-controlling interests’ while determining the net cash flows from operating activities using the indirect method.	AS 3 does not contain such requirements.
5.	Cash flows associated with extraordinary activities	Ind AS 7 does not contain this requirement.	AS 3 requires cash flows associated with extraordinary activities to be separately classified as arising from, operating, investing, and financing activities.
6.	Classification as investing activities	Ind AS 7 requires that only the expenditures that result in a recognized asset in the balance sheet are eligible for classification as investing activities.	AS 3 does not contain such requirements.
7.	Disclosure of the amount of cash and cash equivalents in specific situations	Ind AS 7 requires an entity (except an investment entity) to disclose the amounts of cash and cash equivalents and other assets and liabilities in the subsidiaries or other businesses over which control is obtained or lost. It also requires reporting the aggregate amount of cash paid or received as consideration for obtaining or losing control of such subsidiaries or other businesses in the Statement of Cash Flows, net of cash and cash equivalents acquired or disposed of as part of such transactions, events, or changes in circumstances.	AS 3 does not contain such requirements.
8.	Cash flows arising from changes in ownership interest in subsidiaries	Ind AS 7 requires classifying cash flows arising from changes in ownership interest in subsidiaries that do not result in a loss of control as cash flows from financing activities.	AS 3 does not contain such requirements.

S. No.	Basis of Comparison	Ind AS 7 “Statement of Cash Flows”	AS 3 “Cash Flow Statements”
9.	Investments in subsidiaries, associates, and joint ventures (investees)	Ind AS 7 mentions the use of the equity or cost method while accounting for an investment in an associate, joint venture, or subsidiary. It also specifically deals with the reporting of interest in an associate or a joint venture using the equity method.	AS 3 does not contain such requirements.
10.	Use of different terminology and translation of the cash flows of a foreign subsidiary	Ind AS uses the term ‘functional currency’ instead of ‘reporting currency’ (as in AS 3). It also deals with the translation of cash flows of a foreign subsidiary.	AS 3 uses the term ‘reporting currency’. AS 3 does not deal with the translation of cash flows of a foreign subsidiary.
11.	Disclosures	Ind AS 7 requires more disclosures as compared to AS 3.	As 3 requires fewer disclosures as compared to Ind AS 7.

Comparison of Ind AS 8 with existing Indian GAAP 5

S. No.	Basis of Comparison	Ind AS 8 “Accounting Policies Changes in Accounting Estimates and Errors”	AS 5 “Net Profit or Loss for the period, prior period and Changes in Accounting Policies”
1.	Rectification of Prior period errors	Ind AS 8 requires rectification of prior period errors with retrospective effect subject to limited exceptions.	AS 5 requires the rectification of prior period items with prospective effect.
2.	Prior period items	Ind AS 8 defines the term errors as arising from a failure to use or misuse reliable information that was available when the financial statements of the prior periods were approved for issuance and could reasonably be expected to be obtained and taken into account in the preparation and presentation of those financial statements..	Existing AS 5 defines prior period items as incomes or expenses that arise in the current period as a result of errors or omissions in the preparation of financial statements of one or more prior periods.

Comparison of Ind AS 12 with existing Indian GAAP 22

S. No.	Basis of Comparison	Ind AS 12 "Income Taxes"	AS 22 "Accounting for Taxes on Income"
1.	Approach	Ind AS 12, in contracts, is based the on balance sheet approach and recognizes tax consequences of differences between the carrying amounts of assets and liabilities and their tax base.	Existing AS 22, based on the income statement approach, recognizes tax consequences of differences between taxable income and accounting income.
2.	Recognizes	Ind AS 12 recognizes deferred tax assets for all deductible temporary differences to the extent that, probably, taxable profit will be available against which the deductible temporary difference can be utilized.	Existing AS 22 recognizes and carries forward deferred tax assets only to the extent where there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be utilized.
3.	Recognition of Deferred Tax Assets in case of unused tax losses and unabsorbed depreciation.	Under Ind AS 12, deferred tax assets in case of unused tax losses and unabsorbed depreciation are recognized only to the extent that the entity has sufficient taxable temporary differences, or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the entity.	Under existing AS 22, deferred tax assets in case of unused tax losses and unabsorbed depreciation are recognized to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Comparison of Ind AS 16 with existing Indian GAAP 10

S. No.	Basis of comparison	Ind AS 16 Property, Plant, and Equipment	AS 10 Property, Plant, and Equipment
1.	Property, plant and equipment retired from active use and held for sale	Ind AS 16 does not deal with the assets held for sale because the treatment of such assets is covered under Ind AS 105 "Non-current assets held for sale and Discontinued operations".	AS 10 deals with the accounting for items of fixed assets retired from active use and held for sale.
2.	Stripping costs in the production phase of a surface mine	Ind AS 16 provides guidance on measuring the stripping cost in the production phase of a surface mine.	AS 10 does not contain this guidance.

Comparison of Ind AS 116 with existing Indian GAAP 19

Basis of comparison	Ind AS 116 Leases	AS 19 Leases
Coverage	Ind AS 116 deals with specific provisions related to leases of land and buildings.	AS 19 does not deal with all types of leases.
Residual value	Ind AS 116 does not define residual value.	AS 19 defines residual value.
Inception of lease and commencement of lease	Ind AS 116 defines and distinguishes between the inception of a lease and the commencement of a lease.	AS 19 neither defines nor distinguishes between the two.
Recognition of finance lease	As per Ind AS 116, the lessee should recognize finance leases as assets and liabilities at the commencement of the lease.	As per AS 19, the lessee should recognize the finance lease at the inception of the lease.
Upward revision of unguaranteed residual value	Ind AS 116 permits the upward revision of unguaranteed residual value during the lease term.	AS 19 prohibits such upward revision.
Initial direct costs	Ind AS 116 provides that the initial direct costs incurred by the lessor in case of an operating lease should be included in the carrying amount of the leased asset and amortized as an expense over the lease term.	AS 19 provides that such costs should be charged off by the lessor or amortized over the lease term.
Sale and leaseback transactions in the case of a finance lease	Ind AS 116 also requires that the excess of sale proceeds over the carrying amount of the asset should be deferred and amortized but it does not specify the method of amortization.	AS 19 provides that the excess of sale proceeds over the carrying amount of the asset should be deferred and amortized over the lease term in proportion to the depreciation of the leased asset.
Single lease accounting model for lessee	Ind AS 116 now has a single lease accounting model for the lessee by eliminating the difference between operating lease and finance lease, i.e., the lessee has to recognize the lease liability with a corresponding 'right of use' asset.	As 19 prescribes for the lessee lease accounting depending on the type of lease i.e. operating lease and finance lease.

Comparison between Ind AS 115 with existing Indian GAAP AS 7 and AS 9

<i>Basis of comparison</i>	<i>Ind AS 115 Revenue from Contracts with Customer</i>	<i>AS 7 and AS 9 Construction Contracts and Revenue Recognition</i>
Framework of revenue recognition	Ind AS 115 gives a framework for revenue recognition within the standard. It specifies the core principle for revenue recognition, which requires the revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.	AS 7 and AS 9 do not provide any such principle to fall upon in case of doubt.
Comprehensive guidance on the recognition and measurement of multiple elements of contracts with a customer	Ind AS 115 provides comprehensive guidance on how to recognize and measure multiple elements of contracts with a customer.	AS 7 and AS 9 do not provide any such guidance on this aspect.
Coverage	Ind AS deals with all types of performance obligation contracts with customers. However, it does not deal with interest and dividends dealt with in the standard on financial instruments.	AS 7 deals only with the revenue from construction contracts, which measures the revenue at the consideration received/ receivable. AS 9 deals with only the revenue from the sale of goods, rendering of services, and income from royalties, dividends, and interests.
Measurement of Revenue	Ind AS 115 measures the revenue at the transaction price, i.e., the consideration to which the entity expects to be entitled in exchange for the transfer of the promised goods or services, excluding the amounts collected on behalf of third parties.	AS 9 provides for the measurement of revenue at the amount of charges made to the customers or clients for the goods transferred or services supplied, or the rewards arising from the use of resources by others. AS 7 measures the revenue at the consideration received or receivable.

<i>Basis of comparison</i>	<i>Ind AS 115 Revenue from Contracts with Customer</i>	<i>AS 7 and AS 9 Construction Contracts and Revenue Recognition</i>
Recognition of revenue	Ind AS 115 provides that the revenue is recognized when the control is transferred to the customer.	AS 9 provides that revenue is recognized upon the transfer of significant risk and rewards of ownership to the clients. AS 7 provides that the revenue is recognized when the outcome of a construction contract can be reliably estimated.
Capitalization of costs	Ind AS 115 guidance on the recognition of costs to obtain and fulfill a contract as an asset.	AS 7 and AS 9 do not deal with the capitalization of such costs.
Guidance on service concession arrangements	Ind AS 115 gives guidance on service concession arrangements and disclosures thereof.	ASs do not provide such guidance.
Disclosure requirements	Ind AS 115 contains more disclosure requirements as compared to AS 7 and AS 9.	AS 7 and AS 9 contain very less disclosure requirements as compared to Ind AS 115.

Comparison of Ind AS 19 with existing Indian GAAP 15

<i>Basis of comparison</i>	<i>Ind AS 19 Employee Benefits</i>	<i>AS 15 Employee Benefits</i>
Constructive Obligation	Ind AS 19 covers employee benefits arising from constructive obligations.	Existing AS 15 is silent on the same.
Employee Includes	Ind AS 19, the term employee includes directors.	AS 15, the term employee includes whole-time directors.
Scope Cover	Ind AS 19, in its scope, covers situations of contractual agreement between a multi-employer plan and its participants that determines how the surplus in the plan will be distributed to the participants (or the deficit funded).	Existing AS 15 is silent on the same.
	Ind AS 19 defines the same as the total of (i) any cumulative unrecognized past service cost and (ii) the present value of economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan.	Existing AS 15 defines the limit for asset ceiling as the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Comparison of Ind AS 20 with existing Indian GAAP 12

<i>Basis of comparison</i>	<i>Ind AS 20 Accounting for Government Grants and Disclosure of Government Assistance</i>	<i>AS 12 Government Grants</i>
Government grants of this nature of the promoters'	Ind AS 20 does not recognize government grants of such nature and accordingly recognizes them as income over the periods.	Existing AS 12 requires government grants of the nature of promoter's contribution to be credited directly to capital reserve and treated as a part of shareholders' funds.
Non-Monetary Grants	Ind AS 20 values non-monetary grants at their fair value.	AS 12, which records it at the nominal value.
Presentation	Ind AS 20 requires such grants to be presented as deferred income only.	Under existing AS 12, grants related to assets (including non-monetary grants) can be presented as deferred income or by deducting the grant from the gross value of the asset concerned in arriving at its book value.

Comparison of Ind AS 21 with existing Indian GAAP 11

<i>Basis of comparison</i>	<i>Ind AS 21 Effects Of Change In Forex Rates</i>	<i>AS 11 Effects Of Change In Foreign Exchange Rates</i>
Forward exchange contracts and other similar financial instruments	IndAS21excludesforwardexchangecontracts and other similar financial instruments (as they get treated in accordance with Ind AS 39 Financial Instruments: Recognition and Measurement).	Existing AS 11 covers in its scope, forward exchange contracts and other similar financial instruments.
Approach	Ind AS 21 is based on the functional currency approach.	AS 11 is based on the reporting currency approach.
Presentation currency	Ind AS 21 allows for presentation currency to be different from local currency.	Existing AS 11 does not allow it.
The Recognition of exchange differences arising on translation of certain long-term monetary items from foreign currency to functional currency	Ind AS 21 allows the recognition of exchange differences arising on translation of certain long-term monetary items from foreign currency to functional currency directly in equity and transferring the same to profit or loss over the term of such items in an appropriate manner.	Existing AS 11 permits such an option for items not related to the acquisition of fixed assets up to 31st March 2011, where such items are related to the acquisition of fixed assets, the foreign exchange differences can be recognized as part of the cost of the asset.

Comparison of Ind AS 23 with existing Indian GAAP 16

<i>Basis of comparison</i>	<i>Ind AS 23 Borrowing Costs</i>	<i>AS 16 Borrowing Costs</i>
Borrowing cost exclusion	Ind AS 23 gives an option to an entity to exclude from this standard borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset measured at fair value. Further, it also excludes the application of this standard to borrowing costs directly attributable to the acquisition, construction, or production of inventories that are manufactured, otherwise produced, in large quantities on a repetitive basis.	The same does not exist in AS 16

Comparison of Ind AS 24 with existing Indian GAAP 18

<i>Basis of comparison</i>	<i>Ind AS 24 Related Party Disclosure</i>	<i>AS 18 Related Party Disclosure</i>
Scope of Definition of Relatives and disclosure	Under Ind AS 24, the scope and definition of relatives (or close members of the family), government enterprises, key management personnel (KMP), and joint ventures have been expanded. Further, Ind AS 24 requires additional disclosures in case of government-related enterprises and compensation of KMP under different categories.	-

Comparison of Ind AS 27 with existing Indian GAAP 21

<i>Basis of comparison</i>	<i>Ind AS 27 Consolidated and Separate Financial Statements</i>	<i>AS 21 Consolidated Financial Statement</i>
Mandatory	Under Ind AS 27 preparations of consolidated financial statements is mandatory for a parent company.	This does not mandate the same.
Guidance	Ind AS 27 contains guidance regarding accounting for investments in subsidiaries, jointly controlled entities and associates in preparing the separate financial statements.	Under existing AS 21 there is no guidance regarding accounting for investments in subsidiaries, jointly controlled entities and associates in preparing the separate financial statements.

<i>Basis of comparison</i>	<i>Ind AS 27 Consolidated and Separate Financial Statements</i>	<i>AS 21 Consolidated Financial Statement</i>
Exemption	Ind AS 27 does not provide any such exemption from consolidation.	AS 21 provides for the exclusion of a subsidiary from consolidation under circumstances where control is intended to be temporary or when a subsidiary operates under severe, long-term restrictions.
Effect of potential voting rights	Ind AS 27 takes into account the existence and effect of potential voting rights that are currently exercisable or convertible while assessing the control of the entity over the subsidiary.	AS 21 does not take into account potential equity shares of the investee held by the investor for considering share ownership.

Comparison of Ind AS 28 with existing Indian GAAP 23

<i>Basis of comparison</i>	<i>Ind AS 28 Investment in Associates and Joint Ventures</i>	<i>AS 23 Accounting for investment in Associates</i>
Scope	Ind AS 28 excludes them from its scope as the same is included in Ind AS 39 (Financial Instruments : Recognition and Measurement)	Existing AS 23 includes in its scope investments in associates held by venture capital organizations, mutual funds, unit trusts, and similar entities, including investment-linked insurance funds.
Potential voting rights	Ind AS 28 considers the existence and effect of potential voting rights that are currently exercisable or convertible for assessing significant influence.	Existing AS 23 does not consider potential equity shares of the investee held by the investor for determining significant influence.
Equity Method	Ind AS 28 requires the application of the equity method in financial statements, even if the entity does not have subsidiaries.	Existing AS 23 requires the application of the equity method only in the case of subsidiary consolidation.
Length of difference in the reporting dates of the investor and the parent	Ind AS 28, the length of difference in the reporting dates of the investor and the parent should not be more than three months unless it is impractical.	Existing AS 23 specifies no maximum difference between the reporting date of the associate and that of the parent.

While both existing AS 23 and Ind AS 28 require uniform accounting policies for the preparation of investors' financial statements for a like transactions and events in similar circumstances, existing AS 23 provides an exemption from the same if it is not possible to make adjustments to the accounting policies of the associates. However, the fact needs to be disclosed along with a brief description of the differences between the accounting policies.

Comparison of Ind AS 33 with existing Indian GAAP 20

<i>Basis of comparison</i>	<i>Ind AS 33 Earnings Per Share</i>	<i>AS 20 Earnings Per Share</i>
Options held by the entity	Ind AS 33 specifically deals with options held by the entity on its shares.	Existing AS 20 does not deal with the same.
Presentation of basic and diluted EPS from continuing and discontinued operations	Ind AS 33 requires presentation of basic and diluted EPS from continuing and discontinued operations separately.	Existing AS 20 does not require the same.
Presentation of EPS with and without extraordinary items	Ind AS 33 does not require the presentation of EPS with and without extraordinary items, as Ind AS 1 (Presentation of Financial Statements) prohibits the disclosure of items as extraordinary.	Existing AS 20 requires the presentation of EPS with and without extraordinary items.

Comparison of Ind AS 34 with existing Indian GAAP 25

<i>Basis of comparison</i>	<i>Ind AS 34 Interim Financial Reporting</i>	<i>AS 25 Interim Financial Reporting</i>
Comply	Ind AS 34 requires such compliance only if the interim financial report is required to be prepared and presented in accordance with accounting standards.	Under existing AS 25, if an entity is required or elects to prepare and present an interim financial report, it should comply with that Standard.
Condensed statement of changes in equity	Ind AS 34, in addition, requires a condensed statement of changes in equity for the period, in addition to the above requirements.	Existing AS 25 requires, at a minimum condensed balance sheet, a condensed statement of profit and loss, a condensed cash flow statement, and selected explanatory notes in the contents of an interim financial report.
Preparation of both consolidated and separate financial statements, complete or condensed.	Ind AS 34 neither requires nor prohibits the inclusion of the parents' separate statements in the entity's interim report prepared on a consolidated basis.	AS 25 requires the preparation of both consolidated and separate financial statements, complete or condensed.

Furnishing information on contingent liabilities and contingent assets	Ind AS 34 specifies that information, if significant, on both contingent liabilities and contingent assets is required to be furnished.	Existing AS 25 requires the furnishing of information on contingent liabilities only.
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Comparison of Ind AS 36 with existing Indian GAAP 28

Basis of comparison	Ind AS 36 Impairment of Assets	AS 28 Impairment of Assets
Frequency for Testing of Intangibles	Ind AS 36 requires goodwill and other intangible assets to be tested for impairment at least annually.	Existing AS 28 does not require goodwill to be tested for impairment annually unless there is an indication of impairment.
Reversal of impairment losses	Ind AS 36 prohibits the reversal of impairment losses in a subsequent period.	Existing AS 28 allows for reversal of impairment losses on account of goodwill in a subsequent period if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and subsequent external events that would occur and reverse the effect of that event.
Bottom-up or top-down approach	Under Ind AS 36, there is no bottom-up or top-down approach for allocation of goodwill. Rather, goodwill is allocated to CGUs that are expected to benefit from the synergies of the business combination from which it arose.	Existing AS 28 specifies a bottom-up or top-down approach for the allocation of goodwill under which goodwill is tested for impairment by allocating its carrying amount to each CGU (cash generating unit) or the smallest CGU on a reasonable and consistent basis.

Comparison of Ind AS 37 with existing Indian GAAP 29

Basis of comparison	Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets	AS 29 Provisions, Contingent Liabilities and Contingent Assets
Provisions for constructive obligations	Ind AS 37 requires the creation of provisions in respect of constructive obligations.	Under existing AS 29, provisions are not recognized as constructive obligations. However, provisions may be created on account of obligations arising out of normal business practices, custom, and a desire to maintain good business relations or to act manner.

<i>Basis of comparison</i>	<i>Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets</i>	<i>AS 29 Provisions, Contingent Liabilities and Contingent Assets</i>
Discounting of Provision	Ind AS 37 requires discounting of the amount of provisions in cash; the effect of the time value of money is material.	The same is prohibited under AS 29.
Disclosure of Contingent Assets	Ind AS 37 requires disclosure of contingent assets when the inflow of economic benefits is probable.	AS 29 does not require disclosure of contingent assets in the financial statements.

Comparison of Ind AS 38 with existing Indian GAAP 26

<i>Basis of comparison</i>	<i>Ind AS 38 Intangible Assets</i>	<i>AS 26 Intangible Assets</i>
Cost or Revaluation Model	Ind AS 38 permits the revaluation model in addition to the cost model.	Existing standard AS 26 allows for only the cost model as a part of accounting policy.
Useful life may be finite or indefinite	Ind AS 38 recognizes that useful life may be finite or indefinite, subject to fulfillment of certain conditions.	Under the existing standard AS 26, the useful life of an intangible asset is not always indefinite. It includes a rebuttable presumption that the useful life will not exceed ten years from the date the asset is available for use.
Recognition of Intangible Assets acquired in exchange for a non-monetary asset.	Ind AS 38 requires such intangible assets to be recognized at the fair value of the asset given up unless (a) The exchange transaction lacks commercial substance, or (b) the fair value of neither the asset received nor the asset given is reliably measurable.	Under the existing standard AS 26, if an intangible asset is acquired in exchange for a non-monetary asset, its cost should be recognized with reference to the fair market value of the consideration given.
Deferment of payment	Ind AS 38 requires that in case of deferment of payment beyond normal credit terms in case of an intangible asset, the difference between this amount and the total payments is to be recognized as interest expense over the period of credit unless it is capitalized as per Ind AS 23.	Existing AS 26 is silent on this aspect.

Comparison of Ind AS 103 with existing Indian GAAP 14

<i>Basis of comparison</i>	<i>Ind AS 103 Business Combination</i>	<i>AS 14 Accounting for Amalgamation</i>
Scope	Ind AS 103 is much wider in scope as it deals with business combinations.	Existing AS 14 defines only amalgamations.
Method	Ind AS 103 allows for only the acquisition method for each business combination.	Existing AS 14 allows the pooling of interest method as well as the purchase method for amalgamation.
Recognize at Book Value or Fair Value	Ind AS 103 requires the acquired identifiable assets, liabilities, and non-controlling interest to be recognized at a fair value under the acquisition method.	Existing AS 14 requires that acquired assets and liabilities be recognized at their existing book value or at the fair value under the purchase method.
Measure of Non-Controlling Interest	Ind AS 103 requires that for each business combination, the acquirer shall measure any non-controlling interest in the acquired at either <ul style="list-style-type: none"> a) a fair value, or b) the present ownership instruments' proportionate share in the recognized amount of the acquiree's identifiable net assets. 	Existing AS 14 defines that the minority interest is the amount of equity attributable to minorities at the date on which investment in a subsidiary is made, and it is shown outside as shareholders' equity.
Testing for impairment of Goodwill	Ind AS 103 requires goodwill to be tested for impairment on an annual basis in accordance with Ind AS 36.	Existing AS 14 requires amortization of goodwill arising on amalgamation of a purchase.
Guidance on accounting for reverse acquisitions.	Ind AS 103 specifically provides guidance on accounting for reverse acquisitions.	Existing AS 14 is silent on the same.
Treatment of an excess amount	Ind AS 103 requires bargain purchase gain arising on a business combination to be recognized as other comprehensive income on the acquisition date and accumulation of the same in equity as capital reserve.	Existing AS 14 treats the excess amount as a capital reserve.

Comparison of Ind AS 105 with existing Indian GAAP 24

<i>Basis of comparison</i>	<i>Ind AS 105 Non-Current Assets Held for Sale and Discontinued Operations</i>	<i>AS 24 Discontinued Operations</i>
Dealt with non-current assets held for sale	Ind AS 105 specifically deals with accounting for non-current assets held for sale.	Under existing AS 24, same is not dealt with. Rather, it falls under the ambit of existing AS 10 (Accounting for Fixed Assets).
Measure of non-current assets held for sale	Under Ind AS 105, non-current assets held for sale are measured at lower than the carrying amount, and fair value minus costs to sell.	Existing AS 24 follows the principles set out in existing AS 10, which requires fixed assets retired from active use and held for sale to be stated at the lower of their net book value and net realizable value.
Classification of discontinuing operation	Under Ind AS 105, an operation is classified as discontinued when either it has been disposed of, or is classified as held for sale.	Under AS 24, the classification of a discontinuing operation happens at the occurrence of one of the following: <ul style="list-style-type: none"> (a) The enterprise has entered into a binding sale agreement for substantially all of the assets attributable to the discontinuing operation; or (b) The enterprise's Board of Directors or similar governing body has both <ul style="list-style-type: none"> (i) approved a detailed, formal plan for the discontinuance, and (ii) announced the plan.

Comparison of Ind AS 108 with existing Indian GAAP 17

<i>Basis of comparison</i>	<i>Ind AS 108 Operating Segment</i>	<i>AS 17 Segment Reporting</i>
Identification of Segment	Ind AS 108, on the contrary, identifies segments based on internal reports regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.	Existing AS 17 requires an enterprise to identify segments based on business products and geographical areas, with the internal financial reporting system serving only as the starting point for identifying those items that can be directly attributed, or reasonably allocated, to segments.

Basis of comparison	Ind AS 108 Operating Segment	AS 17 Segment Reporting
Measure of Segment	Ind AS 108 requires the measurement basis for the cash segment to be that used by the chief operating decision-maker for the purposes of making decisions about allocating resources to the segment and assessing its performance.	Under existing AS 17 segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements.
Aggregation criteria	Ind AS 108 specifically requires aggregation criteria for the aggregation of two or more segments.	AS 17 does not deal with the same.
Disclosure	Ind AS 108 requires disclosures of revenues from external customers for each product and service, or each group of similar products and services. With respect to geographical areas, disclosure is required for revenues from external customers (i) attributed to the entity's country of domicile and (ii) attributed to all foreign countries in total from which the entity derives revenue.	Existing AS 17 requires disclosures based on the classification of the segments as primary or secondary segments.

LESSON ROUND-UP

- Accounting Standards (ASs) are written policy documents issued by an expert accounting body or by the government or other regulatory body covering the aspects of recognition, measurement, presentation, and disclosure of accounting transactions in the financial statements.
- The objective of general-purpose financial reporting is to provide financial information that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity.
- Two important characteristics of financial information relate to relevance and reliability.
- Convergence of national Accounting Standards with International Financial Reporting Standards (IFRS) has gained worldwide momentum in recent years to ensure uniformity and transparency in reporting standards.
- India has started applying its Indian Accounting Standards (Ind AS) converged with IFRS in a phased manner beginning from April 1, 2016.
- Ind AS are basically standards that have been harmonized with IFRS to make reporting by Indian companies more globally assessable.

GLOSSARY

Accounting standards: Accounting standards may be defined as the written policy documents issued by an expert Accounting Body, or Government, or other regulatory bodies covering the aspects of recognition, measurement, presentation, and disclosure of the transactions and other events in the financial statements.

Indian Accounting Standards (Ind AS): Indian Accounting Standards (Ind AS) are another set of accounting standards notified by the Ministry of Corporate Affairs, Government of India, which are converged with International Financial Reporting Standards (IFRS).

International Financial Reporting Standards (IFRSs): International Financial Reporting Standards (IFRSs) are considered a “principles-based” set of standards. In fact, they establish broad rules rather than dictating specific treatments.

IGAAP: Indian GAAP is a set of accounting standards that are specifically designed for the Indian context. GAAP stands for Generally Accepted Accounting Principles.

TEST YOURSELF

1. What is the need for Standards?
2. What is the need for convergence with IFRS?
3. What are the differences between IGAAP & Ind AS?
4. Discuss the roadmap for the implementation of Indian Accounting Standards (Ind AS) to achieve convergence with IFRS
5. Discuss the importance of relevance and reliability characteristics of financial information and the need for uniformity and transparency in reporting standards.

LIST OF FURTHER READINGS

- **Advanced Accounts**
Author: M.C. Shukla, T.S. Grewal & S.C. Gupta
Publisher: S. Chand & Company Ltd.
- **Corporate Accounting**
Author: Dr. S. N. Maheshwari & Dr. Suneel K Maheshwari
Publisher: Vikas Publishing House
- **Fundamentals of Corporate Accounting**
Author: Bhushan Kumar Goyal
Publisher: Taxmann
- **Treatise of Ind AS**
Author: CA. (Dr.) Alok K. Garg
Publisher: Bloomsbury