

Overview of Indian Accounting Standards (Ind ASs)

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What we will be learning today..

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- **Overview of Indian Accounting Standards (IND ASs)**
- **Roadmap for IND AS implementation**
- **Differences between IND AS and IFRS/IAS**
- **Carve-outs and Carve-ins in IND AS**

Overview of Indian Accounting Standards (Ind ASs)



Indian Accounting Standards (Ind ASs)

- **In July 2002, the European Parliament had passed a regulation requiring the adoption of IFRS by all EU listed Companies from 2005. Most Countries across the globe have adopted/converged with IFRS.**
- **Commitment to G20-India is Converging to IFRS in a phased manner**
- **IND AS is a set of converged IFRS**
- **Ind AS is a historic and landmark change**
- **Ind ASs are prescribed under section 133 of the Companies Act, 2013**

Indian Accounting Standards (Ind ASs)

- **15 of the G20** jurisdictions have adopted IFRS Standard for all or most publicly traded companies and permit IFRS Standard for all or most non-publicly traded companies
- **Remaining 5 of G20** jurisdictions

**One (Japan)
Permits IFRS on
Voluntarily basis
for domestic
companies**

**Three (China,
India, Indonesia)
have adopted
converged
National
Standards-
Substantially in
line with IFRS**

**One (The United
States) permits
foreign securities
issuers to use
IFRS**

*Increase in global trade,
globalization of capital
markets*

*Need for integrating
financial reporting standards
with other economies to
attract foreign investments*

Why IND ASs?

*Uniformity of Accounting
standards and comparability
of financial statements*

*Comparability of financial
statements across the world*

IAS are International Accounting Standards issued by

International Accounting Standards Committee (IASC) based in London

IFRS 1- IFRS 17
Total 16

IFRS are International Financial Reporting Standards issued by

International Accounting Standards Board (IASB) based in London

IAS 1-IAS 41
Total 23

IASB restructured to become IASB in 2001
Standards issued till 2000 were known as IASs and 2001 onwards as IFRSs

Indian Accounting Standards (Ind AS)

MCA has notified **39 Ind AS** as per Companies Act, 2013

S. No.	Ind AS	Title	IAS/IFRS
1	Ind AS 1	Presentation of Financial Statements	IAS 1
2	Ind AS 2	Inventories	IAS 2
3	Ind AS 7	Cash Flow Statements	IAS 7
4	Ind AS 8	Accounting Policies, Changes in Accounting Estimates & Errors	IAS 8
5	Ind AS 10	Events after the Reporting period	IAS 10
6	Ind AS 11	Construction Contracts***	IAS 11
7	Ind AS 12	Income Taxes	IAS 12
8	Ind AS 16	Property, Plant and Equipment	IAS 16
9	Ind AS 17	Leases**	IAS 17

Indian Accounting Standards (Ind AS)

S. No.	Ind AS	Title	IAS/IFRS
10	Ind AS 18	Revenue ***	IAS 18
11	Ind AS 19	Employee Benefits	IAS 19
12	Ind AS 20	Accounting for government grants and disclosure of government assistance	IAS 20
13	Ind AS 21	The Effects of changes in the Foreign Exchange Rates	IAS 21
14	Ind AS 23	Borrowing Costs	IAS 23
15	Ind AS 24	Related Party Disclosures	IAS 24
16	Ind AS 27	Separate Financial Statements	IAS 27
17	Ind AS 28	Investments in Associates and Joint Ventures	IAS 28

Indian Accounting Standards (Ind AS)

S. No.	Ind AS	Title	IAS/IFRS
18	Ind AS 29	Financial Reporting in Hyper Inflationary Economies	IAS 29
19	Ind AS 32	Financial Instruments: Presentation	IAS 32
20	Ind AS 33	Earning Per Share	IAS 33
21	Ind AS 34	Interim Financial Reporting	IAS 34
22	Ind AS 36	Impairment of Assets	IAS 36
23	Ind AS 37	Provisions, Contingent Liabilities and Contingent Assets	IAS 37
24	Ind AS 38	Intangible Assets	IAS 38
25	Ind AS 40	Investment Property	IAS 40
26	Ind AS 41	Agriculture	IAS 41
27	Ind AS 101	First time adoption of Indian Accounting Standards (Ind AS)	IFRS 1

Indian Accounting Standards (Ind AS)

S. No.	Ind AS	Title	IAS/IFRS
28	Ind AS 102	Share Based Payments	IFRS 2
29	Ind AS 103	Business Combinations	IFRS 3
30	Ind AS 104	Insurance Contracts	IFRS 4*
31	Ind AS 105	Non current assets held for Sale and discontinued operations	IFRS 5
32	Ind AS 106	Exploration for and evaluation of mineral resources	IFRS 6
33	Ind AS 107	Financial Instrument: disclosure	IFRS 7
34	Ind AS 108	Operating Segments	IFRS 8
35	Ind AS 109	Financial Instruments	IFRS 9
36	Ind AS 110	Consolidated Financial Instruments	IFRS 10

Indian Accounting Standards (Ind AS)

S. No.	Ind AS	Title	IAS/IFRS
37	Ind AS 111	Joint Arrangements	IFRS 11
38	Ind AS 112	Disclosure of interest in other entities	IFRS 12
39	Ind AS 113	Fair Value Measurements	IFRS 13
40	Ind AS 114	Regulatory Deferral Accounts	IFRS 14
41	Ind AS 115	Revenue from Contracts with Customers (effective w.e.f. April 1, 2018)	IFRS 15
42	Ind AS 116	Leases	IFRS 16
43	Ind AS 117	Insurance Contracts*	IFRS 17
* Ind AS 117 is yet to be notified in India			
** Superseded by IFRS 16			
*** Withdrawn w.e.f April 1, 2018 on introduction of Ind AS 115			



Roadmap for IND AS Implementation

Corporate: MCA Press release dated January 2, 2015

Voluntary adoption	Mandatory adoption	
April 1, 2015	Phase-I April 1, 2016	Phase-II April 1, 2017
	Companies with Net worth of Rs. 500 Cr or more	Companies whose equity/debt are listed/in the process of being listed On any stock exchange in India/Outside India And Net worth is less than Rs. 500 Cr
		Unlisted Companies with Net worth of Rs. 250 Cr or more but less than Rs. 500 Cr
	Holding, Subsidiary, Joint Venture, Associate of above Companies	Holding, Subsidiary, Joint Venture, Associate of above Companies
Comparative period		
March 31, 2015 or thereafter	March 31, 2016 or thereafter	March 31, 2017 or thereafter
Transition date		
April 1, 2014	April 1, 2015	April 1, 2016

Points to be noted..

- **Companies listed/in the process of being listed in SME Stock exchange are not required to apply Ind AS**
- **Once Ind AS is adopted-Option is irrevocable**
- **Other Companies will continue following Accounting Standards**
- **Banking, Insurance and NBFCs are excluded from this roadmap**

NBFC: MCA Press release dated January 18, 2016

Phase-I	Phase-II
April 1, 2018	April 1, 2019
NBFCs with Net worth of Rs. 500 Cr or more	NBFCs whose equity/debt are listed/in the process of being listed On any stock exchange in India/Outside India And Net worth is less than Rs. 500 Cr
	Unlisted NBFCs with Net worth of Rs. 250 Cr or more but less than Rs. 500 Cr
Holding, Subsidiary, Joint Venture, Associate of above Companies	Holding, Subsidiary, Joint Venture, Associate of above Companies
Comparative period	
March 31, 2018 or thereafter	March 31, 2019 or thereafter
Transition date	
April 1, 2017	April 1, 2018

Points to be noted..

- **Meeting threshold for the first time at the end of an accounting period-
Apply Ind AS from immediately next accounting year**
- **Urban Cooperative Banks and Regional Rural Banks are excluded**
- **Voluntary adoption is not permitted**
- **Applicable to NBFCs as defined in Clause (f) of Section 45-I of the RBI
Act-Inclusive list**
- **Other NBFCs will continue following Accounting Standards**

Banks: MCA Press release dated January 16, 2016 + RBI notification dated April 5, 2018+ RBI notification dated March 22, 2019

- **Earlier mandatory from April 1, 2018 onwards**
- **RBI deferred the implementation from April 1, 2018 to April 1, 2019 and **again deferred till further notice.****
- **Reason for deferment-necessary legislative amendments**
- **Urban Cooperative Banks (UCB) and Regional Rural Banks (RRB) are excluded**
- **UCBs and RRBs will continue following Accounting Standards**
- **All term lending refinancing institutions are covered, Ex-EXIM Bank, NABARD, NHB, SIDBI**
- **Voluntary adoption is not permitted**

Insurance: MCA Press release dated January 16, 2016 + IRDA circular dated June 28, 2017+IRDA Circular dated January 21, 2020

- **Earlier mandatory from April 1, 2018 onwards**
- **IRDA deferred the implementation from April 1, 2018 to April 1, 2020 and then deferred till further notice**
- **Reason for deferment-Mismatch in assets and liabilities valuation, time required to review IFRS 17 and further amendments In IFRS 17.**

IND AS Vs IFRS/LAS



Ind AS Vs IFRS

IND AS = A set of **converged IFRS**

No adoption approach-Some changes (Carve-ins and Carve-outs) were made to IFRSs in line with economic conditions prevailing in India

Those changes are known as Carve-ins and Carve-outs

IFRS
Add: Carve-ins
Less: Carve-outs

IND AS

Carve-out-1

Ind-AS 1, Presentation of Financial statements:

Breach of a material provision of long-term loan arrangement

IFRS	Ind-AS
IAS-1: Loan was classified as non-current and any condition is breached on reporting date-should be classified as current even if breach is rectified after balance sheet date.	Ind AS-1: Breach of material provision on or before the end of reporting period- Liability becomes payable on demand on reporting date Not to be classified as current if the lender agreed, after the reporting period and before the approval of FS, not to demand payment as a consequence of breach.

Carve-out-2

Ind-AS 10, Events after the Reporting period:

Non adjusting events

IFRS	Ind-AS
IAS-10: Rectification of breach after the Reporting period is a Non adjusting event	Ind AS-10: Adjusting event- if the lender, before the approval of the FS for issue, agrees to waive the breach of a material provision of a long-term long arrangement.

Carve-out-3

Ind-AS 28, Investment in Associates and Joint ventures:

Different accounting policies of Associates

IFRS	Ind-AS
IAS-28: For applying equity method in the preparation of Investor's financial statements, uniform accounting policies should be used.	Ind AS-28: the phrase " unless impracticable to do so " has been added in the relevant requirements.

Carve-out-4

Ind-AS 32, Financial Instruments-Presentation:

Liability or equity in case of FCCB

IFRS	Ind-AS
<p>IAS-32: Equity conversion option in case of FCCB is considered as a derivative liability embedded in the bond.</p> <p>Gain/loss on account of change in FV of derivative to be recognized in SOPL.</p>	<p>Ind AS-32: Exception is included to the definition of “Financial liability”</p> <p>Convertible option in a FCCB to acquire fixed number of equity is classified as equity instrument if the exercise price is fixed in any currency.</p>

Carve-out-5

Ind-AS 101, First time adoption of Indian Accounting Standards

Definition of Previous GAAP under Ind AS-101

IFRS	Ind-AS
IFRS-1: Defines Previous GAAP as the basis of accounting used immediately before adopting IFRS.	Ind AS-101: The changes made it mandatory for Indian entities to consider the FS prepared in accordance with existing notified AS as was applicable to them as Previous GAAP when it transitions to Ind ASs.

Carve-out-6

Ind-AS 101, First time adoption of Indian Accounting Standards

Allowing the use of carrying cost of Property, Plant and Equipment (PPE) on the date of transition of Ind AS-101

IFRS	Ind-AS
IFRS-1: Either by applying IAS-16 retrospectively or at Fair value .	Ind AS-101: Additional option to use carrying value of all items of PPE on the date of transition in accordance with previous GAAP as an acceptable starting point.

Carve-out-7

Ind-AS 101, First time adoption of Indian Accounting Standards

Long term Foreign currency Monetary item

IFRS	Ind-AS
IFRS-1: No Provision	Ind AS-101: Para D13AA of Appendix D- A first time adopter may continue the policy adopted for accounting for exchange difference arising from translation of long term foreign currency monetary items recognized in FS for the period ending immediately before the beginning of the first Ind-AS Financial reporting period as per Previous GAAP .

Carve-out-8

Ind-AS 101, First time adoption of Indian Accounting Standards

Financial assets or Intangible assets accounted for in accordance with Appendix C, Service Concession Arrangements to Ind AS-115, Revenue from Contracts with customers

IFRS	Ind-AS
IFRS-1: May apply the transitional provisions in IFRIC 12 to account for financial assets or intangible assets.	Ind AS-101: Exception to retrospective application of Ind As-8 and Provision for impracticability for operator to apply this appendix retrospectively and consequential changes in Ind AS 38.

Carve-out-9

Ind-AS 103, Business Combination

Bargain Purchase

IFRS	Ind-AS
IFRS-3: Bargain purchase to be recognized in profit and loss account as income .	Ind AS-103: Recognition of Bargain purchase in OCI and accumulated in equity as Capital reserves except underlying reason for recognition directly in equity as capital reserves.

Carve-in

Ind-AS 103, Business Combination

Business combination of entities under common control

IFRS	Ind-AS
IFRS-3: Business combination of entities under common control is scoped out .	Ind AS-103: Appendix C of Ind AS-103 gives guidance in this regard.



ANY QUESTIONS?

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