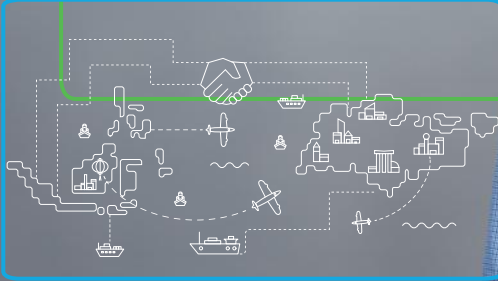


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THE NEW AXIS OF FINANCIAL REPORTING – IND AS AND ICDS

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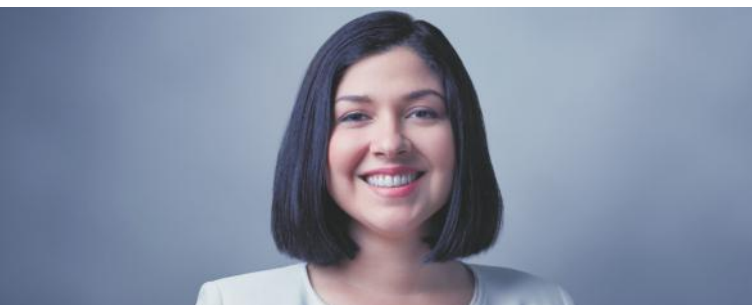
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THE NEW AXIS OF FINANCIAL REPORTING – IND AS AND ICDS

About this publication

The publication 'The New Axis of Financial Reporting – Ind AS and ICDS' is prepared by RSM Astute Consulting Pvt. Ltd. (the Indian member of RSM) to provide readers a broad understanding of applicability of Ind AS and Income Computation and Disclosure Standards (ICDS) and some key differences with IFRS and Indian Standards. The publication is general in nature and does not cover all the requirements of Ind AS / (ICDS). The publication does not focus on other regulatory requirements that an Indian Entity needs to comply with. The preparation of financial statements complying with Ind AS is the responsibility of the management of the relevant entity and accordingly this publication does not replace the need for professional judgment which may be necessary for application of relevant standards and other disclosure requirements.

Although the publication has been compiled by RSM Astute Consulting Pvt. Ltd., the views expressed are those of RSM Astute – IFRS Champions.

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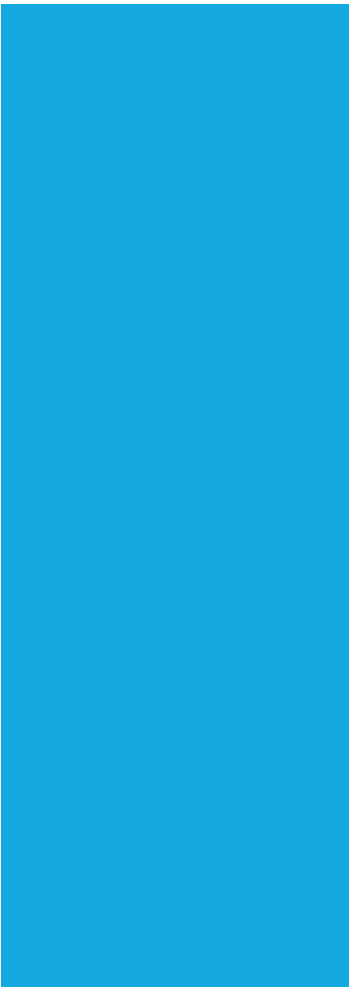
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Abbreviations

Terms	Definition
AFS	Available for sale
AS	Accounting Standards notified vide Companies (Accounting Standards) Rules, 2006
BS	Balance Sheet
CFS	Consolidated Financial Statements
CGU	Cash Generating Unit
EPS	Earning Per Share
FASB	Financial Accounting Standards Board
FIFO	First-In First-Out
GAAP	Generally Accepted Accounting Principles
GCA	Going Concern Assumption
IAS	The International Accounting Standards
IASB	The International Accounting Standards Board
ICAI	The Institute of Chartered Accountants of India
ICDS	Income Computation and Disclosure Standards
IFRIC	The International Financial Reporting Interpretations Committee
IFRS	The International Financial Reporting Standards
IND AS	Indian Accounting Standards notified vide Companies (Accounting Standards) Rules, 2015
MCA	Ministry of Corporate Affairs
NRV	Net Realisable Value
OCI	Other Comprehensive Income
P&L	Profit and Loss
PPE	Property, Plant and Equipment
SFS	Separate Financial Statements
SIC	Standing Interpretations Committee
SMC	Small and Medium-Sized Companies
SME	Small and Medium-Sized Entities
WAV	Weighted Average Cost



- The financial reporting for Indian companies is set to change completely from financial year 2016–17 with India moving towards IFRS – the most commonly used global financial reporting standards. From the financial year 2016–17, companies whose equity or debt securities are listed or are in the process of listing on any stock exchange in India or outside India and having net worth of Rs. 500 crores or more (about US\$ 75 million) as well as unlisted companies having net worth of Rs. 500 crores or more (about US\$ 75 million) would be required to adopt Ind AS i.e. the Indian Accounting Standards which have been converged with the IFRS with certain minimal exceptions. This requirement will also be applicable to the holding, subsidiary, joint venture or associate companies of companies covered above. From the financial year 2017–18, companies whose equity or debt securities are listed or are in the process of listing on any stock exchange in India or outside India irrespective of net worth and all other companies having net worth of Rs. 250 crores or more (about US\$ 38 million) would be required to adopt Ind AS. This is perhaps the most significant change in respect of financial reporting in the history of corporate India and will have far reaching implications in terms of assets, liabilities, income and expenses, disclosures and will also impact tax on book profits.
- The term International Financial Reporting Standards (IFRSs) includes IFRSs, IASs and interpretations originated by the IFRIC or its predecessor, the former Standing Interpretations Committee (SIC). IFRS are increasingly being recognised as Global Reporting Standards for financial statements. 'National GAAP' is becoming rare. As global capital markets become increasingly integrated, many countries are moving to IFRS. More than 130 countries such as European Union, Australia, New Zealand and Russia currently permit the use of IFRS in their countries.
- IFRSs are accounting standards for reporting financial results and are applicable to general purpose financial statements and other financial reporting of all profit-oriented entities. Profit-oriented entities includes those engaged in commercial, industrial, financial and similar activities, whether organized in corporate or in other forms also includes mutual insurance companies, other mutual co-operative entities, etc. developed and approved by IASB (International Accounting Standard Board).

- IASB is also working with FASB on joint project to align IFRS and US GAAP along with other projects to improve IFRS requirements. As a result, IFRS have undergone significant changes in recent past and more changes would be implemented in future.
- The legal recognition to the Accounting Standards in India was accorded for the companies in the Companies Act, 1956, by introduction of Section 211(3C) whereby it is required that the companies shall follow the Accounting Standards notified by the Central Government. The Accounting Standards were notified by Ministry of Corporate Affairs (MCA) vide the Companies (Accounting Standards) Rules, 2006 under the Companies Act, 1956. This Rule contained the standards to be applied by companies for preparation of general purpose financial statements for accounting periods commencing on or after 7 December 2006.
- In February 2011, MCA had hosted 35 Ind AS (Indian Accounting Standards, which are converged with IFRS) on its website. However, date for implementation of these Ind AS by Indian companies was not notified.
- In February 2015, MCA notified the Companies (Indian Accounting Standards) Rules 2015. These rules require select class of companies and their auditors to comply with the Ind AS in specified manner. Other companies not required to comply with Ind AS are required to comply with Accounting Standards as specified in Annexure to the Companies (Accounting Standards) Rules, 2006.
- Sub-section (1) of Section 145 of the Income-tax Act, 1961 ('the Act') provides that the income chargeable under the head 'Profits and gain of business or profession' or 'Income from other sources' shall [subject to the provisions of sub-section (2)] be computed in accordance with either cash or mercantile system of accounting regularly employed by the assessee. Sub-section (2) of Section 145 provides that the Central Government may notify Income Computation and Disclosure Standards (ICDS) for any class of assessee or for any class of income. 10 ICDS were notified and are effective from 1 April 2015 and accordingly applicable from the assessment year 2016-17 onwards.

What is Ind AS?

- Ind AS stands for Indian Accounting Standards as notified by MCA vide Companies (Indian Accounting Standards) Rules, 2015. These are standards converged with International Financial Reporting Standards (IFRS).
- Since India has not adopted IFRS as issued by IASB, Ind AS were formulated. In principle, Ind AS are very much same as IFRS, but with some exceptions (carveouts).
- Ind AS are not approved by IASB, but are approved / notified by MCA for implementation by select class of Indian companies.
- It can also be noted that the 39 Ind AS as notified by MCA in February 2015 are not same as 35 Ind AS published in February 2011.
- The notified Ind AS would be mandatorily applied by select class of companies from financial year 2016–17, with comparatives for previous year ending 31 March 2016 or thereafter.
- IFRS stands for '**International Financial Reporting Standards**' and includes International Accounting Standards (IAS) until they are replaced by any IFRS and interpretations originated by the IFRIC or its predecessor, the former Standing Interpretations Committee (SIC).



Ind AS are applicable to companies meeting specified criteria as under:

Particulars	Phase I (FY 2016–17)	Phase II (FY 2017–18)
Covered companies	a) Companies whose equity or debt securities are listed or are in the process of listing on any stock exchange in India or outside India and having net worth of Rs. 500 crores or more	a) Companies whose equity or debt securities are listed or are in the process of listing on any stock exchange in India or outside India and having net worth less than Rs. 500 crores
	b) Companies not covered in (a) above and having net worth of Rs. 500 crores or more	b) Companies not covered in (a) above and having net worth of Rs. 250 crores or more but less than Rs. 500 crores
	c) Holding, subsidiary, joint venture or associate companies of companies covered above	c) Holding, subsidiary, joint venture or associate companies of companies covered above
Year in which Ind AS to be applied	Accounting period beginning on or after 1 April 2016	Accounting period beginning on or after 1 April 2017
Comparative figures for preceding accounting period	Required for period ending on 31 March 2016 or thereafter	Required for period ending on 31 March 2017 or thereafter

Notes:

1. Ind AS shall be applicable to both, standalone and consolidated financial statements of the company.
2. Any company may comply with the Ind AS for financial statements for accounting periods beginning on or after 1 April 2015, with the comparatives for the periods ending on 31 March 2015 or thereafter. Such company would prepare its financial statements as per Ind AS consistently.
3. Companies whose securities are listed or are in the process of being listed on SME exchange without initial public offering need not apply Ind AS.

4. 'Net Worth' means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
5. For the purpose of applicability of Ind AS the net worth shall be calculated in accordance with the standalone financial statements of the company as on 31 March 2014 or the first audited financial statements for accounting period which ends after that date.
6. Companies which are not in existence as on 31 March 2014 or an existing company falling under any of the thresholds specified in subsequent year, the net worth shall be calculated on the basis of first audited financial statements ending after 31 March 2014.
7. Overseas subsidiary, associates, joint venture and other similar entities of an Indian company may prepare its standalone financial statements in accordance with the requirements of the specific jurisdiction.
8. Once a company starts following Indian Accounting Standards (Ind AS) either voluntarily or mandatorily, it shall be required to follow the Indian Accounting Standards (Ind AS) for all the subsequent financial statements.
9. Once Indian Accounting Standards (Ind AS) are applied voluntarily, it shall be irrevocable and such companies shall not be required to prepare another set of financial statements in accordance with Accounting Standards specified in Annexure to Companies (Accounting Standards) Rules, 2006.
10. Ind AS are intended to be in conformity with the provisions of applicable laws. However, if due to subsequent amendments in the law, a particular Ind AS is found not to be in conformity with such law, the provisions of the said law shall prevail and the financial statements shall be prepared in conformity with such law.

11. Ind AS are intended to apply only to items which are material.

Exemptions: The insurance companies, banking companies and non-banking finance companies shall not be required to apply Ind AS for preparation of their financial statements either voluntarily or mandatorily. It is expected that a separate roadmap would be announced by MCA for implementation of Ind AS by these classes of companies in near future.



3.1 Ind AS Vs. IFRS and Indian GAAP (AS) – Listing

As at 30 September 2015, 39 Ind AS corresponding to related IFRS have been notified. There are 43 IFRS of which 3 standards though issued would be applicable from future dates. Similarly there are 28 AS that are applicable as on this date.

A comparative listing of accounting standards under Ind AS, IFRS and AS, as at 30 September 2015 is given hereunder:

Ind AS	IFRS	AS
Ind AS 1 – Presentation of Financial Statements	IAS 1 – Presentation of Financial Statements	AS 1 – Disclosure of Accounting Policies
Ind AS 2 – Inventories	IAS 2 – Inventories	AS 2 – Valuation of Inventories
Ind AS 7 – Statement of Cash Flows	IAS 7 – Statements of Cash Flows	AS 3 – Cash Flow Statements
Ind AS 8 – Accounting policies, Changes in Accounting estimates and errors	IAS 8 – Accounting Policies, Changes in Accounting estimates and errors	AS 5 – Net Profit or Loss for the period, Prior period items and Changes in Accounting policies
Ind AS 10 – Event after the reporting period	IAS 10 – Events After the Balance Sheet Date	AS 4 – Contingencies and event occurring after the balance sheet date
Ind AS 115 – Revenue from Contract with Customers	IAS 11 – Construction Contracts (will be superseded by IFRS 15 – Revenue from Contract with Customers)	AS 7 – Construction Contracts
Ind AS 12 – Income Taxes	IAS 12 – Income Taxes	AS 22 – Accounting for Taxes on Income
Ind AS 16 – Property, Plant and Equipment	IAS 16 – Property, Plant and Equipment	AS 10 – Accounting for Fixed Assets AS 6 – Depreciation Accounting
Ind AS 17 – Leases	IAS 17 – Leases	AS 19 – Leases
	IAS 18 – Revenue (will be superseded by	AS 9 – Revenue Recognition

Ind AS	IFRS	AS
	IFRS 15 – Revenue from Contract with Customers)	
Ind AS 19 – Employee Benefits	IAS 19 – Employee Benefits	AS 15 – Employee Benefits
Ind AS 20 – Accounting for Government Grants and Disclosure of Government Assistance	IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance	AS 12 – Accounting for Government Grants
Ind AS 21 – The Effects of Changes in Foreign Exchange Rates	IAS 21 – The Effect of Changes in Foreign Exchange Rates	AS 11 – The Effects of Changes in Foreign Exchange Rates
Ind AS 23 – Borrowing Costs	IAS 23 – Borrowing Costs	AS 16 – Borrowing Costs
Ind AS 24 – Related Party Disclosures	IAS 24 – Related Party Disclosures	AS 18 – Related Party Disclosures
	IAS 26 – Accounting and Reporting by Retirement Benefit Plans	
Ind AS 27 – Separate Financial Statements	IAS 27 – Separate Financial Statements	
Ind AS 28 – Investments in Associates and Joint Ventures	IAS 28 – Investments in Associates and Joint Ventures	AS 23 – Accounting for Investments in Associates in Consolidated Financial Statements AS 27 – Financial reporting of Interests in Joint Ventures
Ind AS 29 – Financial Reporting in Hyperinflationary Economies	IAS 29 – Financial Reporting in Hyperinflationary Economies	
Ind AS 32 – Financial Instruments – Presentation	IAS 32 – Financial Instruments – Presentation	
Ind AS 33 – Earnings per share	IAS 33 – Earnings per share	AS 20 – Earnings per share

Ind AS	IFRS	AS
Ind AS 34 – Interim Financial Reporting	IAS 34 – Interim Financial Reporting	AS 25 – Interim Financial Reporting
Ind AS 36 – Impairment of Assets	IAS 36 – Impairment of Assets	AS 28 – Impairment of Assets
Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets	IAS 37 – Provisions, Contingent Liabilities and Contingent Assets	AS 29 – Provisions, Contingent Liabilities and Contingent Assets
Ind AS 38 – Intangible Assets	IAS 38 – Intangible Assets	AS 26 – Intangible Assets
	IAS 39 – Financial instruments – Recognition and Measurement	AS 13 – Accounting for Investments
Ind AS 40 – Investment Property	IAS 40 – Investment Property	AS 13 – Accounting for Investments
Ind AS 41 – Agriculture	IAS 41 – Agriculture	
Ind AS 101 – First Time Adoption of Indian Accounting Standards	IFRS 1 – First Time Adoption of International Financial Reporting Standards	
Ind AS 102 – Share based payment	IFRS 2 – Share based payment	
Ind AS 103 – Business Combinations	IFRS 3 – Business combinations	AS 14 – Accounting for Amalgamations
Ind AS 104 – Insurance Contracts	IFRS 4 – Insurance Contracts	
Ind AS 105 – Non Current Assets Held for Sale and Discontinued Operations	IFRS 5 – Non Current Assets Held for Sale and Discontinued Operations	AS 24 – Discontinued Operations
Ind AS 106 – Exploration for and evaluation of Mineral Resources	IFRS 6 – Exploration for and evaluation of Mineral Resources	
Ind AS 107 – Financial Instruments – Disclosures	IFRS 7 – Financial Instruments – Disclosures	
Ind AS 108 – Operating Segments	IFRS 8 – Operating Segments	AS 17 – Segment Reporting

Ind AS	IFRS	AS
Ind AS 109 – Financial Instruments	IFRS 9 – Financial Instruments (effective from 1 Jan 2018)	
Ind AS 110 – Consolidated Financial Statements	IFRS 10 – Consolidated Financial statements	AS 21 – Consolidated Financial Statements
Ind AS 111 – Joint Arrangements	IFRS 11 – Joint Arrangements	AS 27 – Financial reporting of Interests in Joint Ventures
Ind AS 112 – Disclosure of Interest in other entities	IFRS 12 – Disclosure of Interests in other entities	
Ind AS 113 – Fair value measurement	IFRS 13 – Fair value measurement	
Ind AS 114 – Regulatory Deferral Accounts	IFRS 14 – Regulatory Deferral Accounts (effective from 1 Jan 2016)	
Ind AS 115 – Revenue from Contracts with Customers	IFRS 15 – Revenue from Contracts with Customers (effective from 1 Jan 2018)	AS 7 – Construction Contracts AS 9 – Revenue Recognition
No corresponding Standards	Standards that would be superseded	Standards that would be mandatory from a future date

3.2 Ind AS Vs. IFRS – Carve-outs

India has not adopted IFRS as issued by IASB, instead IFRS converged standards (Ind AS) were formulated and notified. Though in principle, Ind AS's are similar to IFRS, certain differences still exist which are popularly called carve-outs. In order to facilitate easy comparison and understanding, at the end of each Ind AS an Appendix is given summarizing the differences, if any, between Ind AS and corresponding IFRS

A brief summary of significant carve-outs (differences between IFRS and Ind AS) is as follows:

Particulars	Ind AS	IFRS
Ind AS-1 Terminology used	Balance sheet	Statement of financial position (SOPF)
	Statement of profit and loss	Statement of profit or loss (SOPL) and other comprehensive income (SOCI)
	Approval of financial statements for issue	Authorization of financial statements for issue
	True and fair view	Fair presentation
Presentation of Financial Statements	Ind AS requires all entities to use terminology for the title of the financial statements as given in the standard	IAS 1 gives the option to individual entities to follow different terminology for the title of the financial statements
	Ind AS 1 allows only single statement approach for presenting statement of profit and loss and other comprehensive income, i.e. components of profit or loss and components of other comprehensive income shall be presented as a part of the statement of profit and loss.	IAS 1 provides an option either to follow the single statement approach or to follow the two statement approach i.e. entity may either present a single statement of profit or loss and other comprehensive income presented in two section or present separate statement of profit or loss which shall immediately precede the statement presenting comprehensive income, which shall begin with profit or loss.
	Only nature-wise classification of expense is allowed.	Expenses classification based on either nature or function is allowed.
	Long term loans need not be classified as current liabilities on account of breach of a material provision, for which the lender has agreed to waive before the approval of financial statements for issue.	Under IFRS, entities need to classify such long term loan as current, even if the lender agreed, after the reporting period and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach.
Statement of Cash Flow	Ind AS 7 does not provide an option to classify the interest paid and interest / dividends	IAS 7 gives an option to classify the interest paid and interest / dividends received as item of

Particulars	Ind AS	IFRS
	received as item of operating cash flows and requires these item to be classified as item of financing activity and investing activity respectively.	operating cash flows.
	Ind AS 7 requires dividend paid to be classified as an item of financing activity only.	IAS 7 gives an option to classify the dividend paid as an item of operating activity.
Events after the Reporting Period	When an entity breaches a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date and if the lender, before the approval of the financial statements for issue, agrees to waive the breach, it shall be considered as an adjusting event.	When an entity breaches the provision of a long term loan arrangement on or before the end of the reporting period with the effect that liability becomes payable on demand, an agreement by the lender after the reporting period and before the authorisation of the financial statements for issue, not to demand payment is not considered as an adjusting event.
Leases	Ind AS 17 escalation of operating lease rentals that are in line with the expected general inflation, the increases in the rentals shall not be straight line.	IAS 17 requires recognition of operating lease expenses / income on straight line basis unless another systematic basis is more representative of the time pattern of the user's benefit.
Employee Benefits	Ind AS 19 requires the rate used to discount post-employment benefit obligations to be determined by reference to market yields on government bonds. However, subsidiaries, associates, joint ventures and branches domiciled outside India shall discount post-employment benefit obligations arising on account of post-employment benefit plans	IAS 19 rate used to discount post-employment benefit obligations are determined by reference to market yields on the high quality corporate bonds. Government bonds yield can be used only where there is no deep market of high quality corporate bonds.

Particulars	Ind AS	IFRS
	using the rate determined by reference to market yields on high quality corporate bonds.	
Government Grants	Ind AS 20 requires measurement of non-monetary government grants only at their fair value.	IAS 20 gives an option to measure non-monetary government grants either at their fair value or at nominal value.
	Ind AS 20 does not permit deduction of the grant in arriving at the carrying amount of the asset. Thus grants related to assets, needs to be accounted as deferred income only.	IAS 20 gives an option to present the grants related to assets, including non-monetary grants at fair value in the balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.
Effects of Changes in Foreign Exchange Rate	When there is a change in functional currency, Ind AS 21 requires disclosure of that fact and the reason for the change. Additionally Ind AS 21 requires disclosure of the date of change in functional currency.	When there is a change in functional currency, IAS 21 requires disclosure of that fact and the reason for the change only.
	Ind AS 21 has been amended to scope out the long-term foreign currency monetary items for which an entity has opted for the exemption given in Ind AS 101.	IAS 21 do not provide for such scope exclusion for long-term foreign currency monetary items.
Related Party Disclosures	Disclosure requirement of Ind AS 24, do not apply in circumstances where providing such disclosures would conflict with the reporting entity's duties of confidentiality as specifically required in terms of a statute or by any regulator or similar competent authority and a statute or a regulator or similar competent	IAS 24 does not provide for such scope exclusion.

Particulars	Ind AS	IFRS
	<p>authority governing an entity prohibits the entity to disclose certain information required by the standard.</p> <p>Definition of close members of the family of a person as per IFRS is amended to include brother, sister, father and mother.</p>	<p>Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity including:</p> <p>(a) that individual's domestic partner and children,</p> <p>(b) children of the individual's domestic partner; and</p> <p>(c) dependants of the individual or the individual's domestic partner.</p>
Separate Financial Statements	<p>The Companies Act mandates preparation of separate financial statements by each company. Accordingly Ind AS 27 has removed requirement of disclosing the reason for preparing separate financial statements if not required by law.</p> <p>Option to use the equity method to account for investment in subsidiary, joint venture and associates in separate financial statements is not given in Ind AS 27.</p>	<p>IAS 27 requires certain class of entity being a Parent or investor with joint control of or significant influence over, an investee to disclose the reason for preparing separate financial statements if not required by law</p> <p>IAS 27 allows the entities to use the equity method to account for investment in subsidiaries, joint ventures and associates in their Separate Financial Statements (SFS).</p>
Investments in Associates and Joint Ventures	<p>Ind AS 28 requires use of uniform accounting policies, unless, in case of an associate, it is impracticable.</p>	<p>IAS 28 requires an investor to make appropriate adjustments to the associate's financial statements to conform them to the investor's accounting policies for reporting like</p>

Particulars	Ind AS	IFRS
		<p>transactions and other events in similar circumstances.</p> <p>Excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is recognised in profit or loss.</p> <p>IAS 29 does not require such a disclosure.</p>
Financial Reporting in Hyperinflationary Economies	Ind AS 29 requires an additional disclosure regarding the duration of the hyperinflationary situation existing in the economy.	
Financial Instruments: Presentation	As an exception to the definition of 'financial liability', Ind AS 32 considers the equity conversion option embedded in a convertible bond denominated in foreign currency to acquire a fixed number of entity's own equity instruments as an equity instrument if the exercise price is fixed in any currency.	This exception to the definition of 'financial liability' is not provided in IAS 32.
Earnings per Share	Ind AS 33 is applicable to all companies that have ordinary shares and are required to apply Ind AS.	<p>IAS 33 is applicable to entity/ group with a parent:</p> <p>i) Whose ordinary shares or potentially ordinary shares are traded in public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or</p> <p>ii) That files or is in the process of filing, its financial statements with a securities commission or other regulatory</p>

Particulars	Ind AS	IFRS
		organisation for the purpose of issuing ordinary shares in a public market.
	Ind AS 33 requires EPS related information to be disclosed both in consolidated financial statements and separate financial statements.	IAS 33 provides that when an entity presents both consolidated financial statements and separate financial statements, it may give EPS related information in consolidated financial statements only.
	Ind AS 33 requires amount of income or expense debited or credited to securities premium account/ other reserves (which is otherwise required to be recognised in profit or loss in accordance with Ind AS) to be adjusted from profit or loss from continuing operations for the purpose of calculating basic EPS.	Such situation is not covered under IAS 33.
Intangible Assets	Ind AS 38 allows only fair value for recognising the intangible asset and grant in accordance with Ind AS 20.	With regard to the acquisition of an intangible asset by way of a government grant, IAS 38, Intangible Assets, provides the option to an entity to recognise both asset and grant initially at fair value or at a nominal amount plus any expenditure that is directly attributable to preparing the asset for its intended use.
	The amortization method specified in the standard does not apply to amortization of intangible assets arising from service concession arrangements in respect of toll roads recognised in the financial statements of entity before the beginning of the first Ind AS reporting period of the entity.	IAS 38 does not contain such exemption.

Particulars	Ind AS	IFRS
Investment Property	As per Ind AS 40 Investment properties are accounted only based on the cost model. Fair value model is not permitted.	IAS 40 permits both cost model and fair value model (except in some situations) for measurement of investment properties after initial recognition.
First-time adoption	As per Ind AS 101 an entity's first Ind AS financial statements are the first annual financial statements in which the entity adopts Ind ASs. The first-time adopter shall account for the resulting change in the retained earnings as at the transition date except in certain specific instances where it requires adjustment in Capital reserve to the extent such adjustment amount does not exceed the balance available in Capital reserve.	IFRS 1 provides various examples of first IFRS financial statements. It also provides examples of instances when an entity does not apply IFRS 1. The first-time adopter shall account for the resulting change in the retained earnings as at the transition date except in certain specific instances where it requires adjustment in the goodwill.
Business Combinations	Ind AS also provides certain optional exemption relating to the long-term foreign currency monetary items and service concession arrangements relating to toll roads.	IFRS does not provide any optional exemption relating to the long-term foreign currency monetary items and service concession arrangements relating to toll roads.
	In case of business combinations of entities under common control Ind AS 103 provides that such business combination transactions should be accounted for using the pooling of interest method.	IFRS 3 excludes from its scope business combinations of entities under common control.
	Ind AS 103 requires the bargain purchase to be recognised in other comprehensive income and accumulated in equity as capital reserve, unless there is no clear evidence for the underlying	IFRS 3 requires bargain purchase gain arising on business combination to be recognized in profit or loss.

Particulars	Ind AS	IFRS
	reason for classification of the business combination as a bargain purchase, in which case, it shall be recognised directly in equity as capital reserve.	
Revenue from contracts with customer	Under Ind AS 115, penalties should be accounted for as per the substance of the contract. Where the penalty is inherent in the determination of transaction price, it should form part of variable consideration, otherwise the same should not be considered for determining the consideration and the transaction price should be considered as fixed.	IFRS 15 amount of consideration, among other things, can vary because of penalties. As such penalties are required to be considered in determination of transaction price.
	Ind AS 115 requires an entity to present separately the amount of excise duty included in the revenue recognised in the statement of profit and loss.	IFRS 15 does not require such disclosure.
	Ind AS 115 requires to present reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price showing separately each of the adjustments made to the contract price specifying the nature and amount of each such adjustment separately.	IFRS 15 does not require such disclosure.

3.3 Ind AS Vs. AS – Key Differences

The accounting standards as specified in the Annexure to the Companies (Indian Accounting Standards) Rules, 2015 are called the Indian Accounting Standards (Ind AS). The Accounting standards as specified in Annexure to the Companies (Accounting Standards) Rules, 2006 are referred as AS in this section.

A summary of key differences between some of the Ind AS and AS is given hereunder:

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
General	Ind AS 1	Scope	● Ind AS generally deals with presentation of financial statements.	● AS 1 deals only with disclosure of accounting policies.
Compliance with GAAP	Ind AS 1	Presentation and Disclosure	● Entities should make an explicit and unreserved statement in the notes that the financial statements comply with Ind AS.	● There is a presumption that financial statements should be prepared in compliance with AS to give a true and fair view.
			● An entity cannot describe financial statements as complying with Ind AS unless they comply with all the requirements of each applicable standard and interpretation.	● Non-compliance with any of the applicable AS needs to be disclosed in the financial statements.
Components of Financial statements	Ind AS 1	Presentation and Disclosure	● Financial statements comprise of 1. Balance sheet as at the end	● The requirements for the financial statements are set out under the Act such as

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
			<p>of the period</p> <p>2. Statement of profit and loss for the period</p> <p>3. Statement of changes in equity for the period</p> <p>4. Statement of cash flow for the period</p> <p>5. Notes comprising a summary of significant accounting policies and other explanatory information</p> <p>6. Comparative information in respect of the preceding period</p> <p>7. Balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes restatement or reclassifies in its financial statements.</p>	<p>Schedule III of the Companies Act, 2013. Financial statements under the Companies Act, 2013 include:</p> <ul style="list-style-type: none"> – Balance sheet – Statement of Profit and Loss – Cash flow statement (not mandatory for One Person Company, Small Company and Dormant Company) – Accounting policies and Notes to financial statements.
Fair presentation	Ind AS 1	Presentation and Disclosure	<ul style="list-style-type: none"> ● In extremely rare circumstances in which management concludes 	<ul style="list-style-type: none"> ● Departures from AS is permitted if required by law.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
			<p>requirement in an Ind AS would be so misleading that it would conflict with the objective of financial statements set out in the Framework, the entity shall depart from that requirement if the relevant regulatory framework requires, or otherwise does not prohibit, such a departure.</p> <ul style="list-style-type: none"> ● Ind AS prescribes disclosures in case an entity departs from a requirement of Ind AS. 	
Capital	Ind AS 1	Disclosure	<ul style="list-style-type: none"> ● An entity shall disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. 	<ul style="list-style-type: none"> ● AS does not require such a disclosure.
Extra-ordinary items	Ind AS 1	Disclosure	<ul style="list-style-type: none"> ● An entity shall not present any items of income or expenses as extraordinary items in the separate of 	<ul style="list-style-type: none"> ● An entity should disclose in statement of profit and loss any income or expenses that arise from events or

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
			profit and loss or in the notes.	<p>transactions that are clearly distinct from the ordinary activities of the enterprise and, therefore, are not expected to recur frequently or regularly as extraordinary items.</p> <ul style="list-style-type: none">● The nature and the amount of each extraordinary item should be separately disclosed in the profit and loss account in a manner that its impact on current profit or loss can be perceived.
Comparatives	Ind AS 1	Disclosure	<ul style="list-style-type: none">● An entity shall disclose comparative information in respect of previous period for all amounts reported in current period's financial statements.● An entity shall also include comparative information for narrative and descriptive information when it is relevant to an understanding of the	<ul style="list-style-type: none">● An entity shall disclose one year of comparatives for all numerical information in the financial statements.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
estimates			critical judgements and estimates made by the management in applying accounting policies.	specifically requires such disclosure.
Consistency of presentation	Ind AS 1	Presentation and disclosure	<ul style="list-style-type: none"> An entity shall retain the presentation and classification of items in the financial statements from one period to another unless the change is required by Ind AS or due to change in nature of the entity's operation having regards to the criteria set out in Ind AS 8, another presentation or classification would be more appropriate. 	<ul style="list-style-type: none"> No such requirement. Previous years figures are regrouped /reclassified to correspond with the current year's classification / disclosure.
Offsetting	Ind AS 1	General	<ul style="list-style-type: none"> An entity shall offset assets and liabilities or income and expenses only when the same is required or permitted by Ind AS. 	<ul style="list-style-type: none"> There is no specific guidance available in AS in this regards.
Reporting currency for presentation of	Ind AS 1 and Ind AS 21	Presentation and disclosure	<ul style="list-style-type: none"> The standard permits an entity to present its financial statements in any currency 	<ul style="list-style-type: none"> AS does not specify the currency in which an enterprise presents its

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
financial statements			<p>(or currencies). The standard also requires an entity to determine its functional currency and its results and financial position in that currency.</p> <ul style="list-style-type: none">● If an entity selects a presentation (reporting) currency which is different from the functional currency, the standard requires the financial statement to be translated from functional currency to presentation currency.	<p>financial statements. However, an enterprise normally uses the currency of the country in which it is domiciled.</p> <ul style="list-style-type: none">● The standard requires disclosure of reason for using other currency and change in the reporting currency.
Inventories of a service provider	Ind AS 2	Scope	<ul style="list-style-type: none">● Ind AS 2 includes provisions relating to the work-in-progress of a service provider. Service providers generally accumulate cost in respect of each service for which a separate selling price will be charged. Therefore, each such service is treated as a separate item.	<ul style="list-style-type: none">● AS 2 excludes work in progress arising in the ordinary course of business of service providers.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
Inventories of commodity broker-traders	Ind AS 2	Scope	<ul style="list-style-type: none"> ● Ind AS 2 does not apply to the measurement of inventories held by commodity broker-traders who measure their inventories at fair value less cost to sell. 	<ul style="list-style-type: none"> ● No such guidance in AS 2.
Inventories acquired on deferred settlement terms	Ind AS 2	Valuation	<ul style="list-style-type: none"> ● When arrangement effectively contains financing elements for example where inventory is acquired on deferred settlement terms, a difference between the purchase price for normal credit terms and the amount paid is recognised as interest expense over the period of the financing. 	<ul style="list-style-type: none"> ● There is no specific guidance under AS 2 for the treatment of inventories acquired on deferred settlement terms. As such purchase price under deferred settlement is generally considered as cost of inventory unless interest is specified in the arrangement. ● AS provides that interest and other borrowing costs are usually considered as not relating to bringing the inventories to their present location and condition and are, therefore, usually not included in the cost of inventories.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
Inventories	Ind AS 2	Cost formula	<ul style="list-style-type: none"> ● An entity shall use the same cost formula for all inventories that have a similar nature and use to the entity. 	<ul style="list-style-type: none"> ● AS 2 does not expressly mandated that same cost formula should be used for all inventories that have a similar nature and use to the entity. ● AS requires that the formula used should reflect the fairest possible approximation to the cost incurred in bringing the items of inventory to their present location and condition.
Cash flow statements	Ind AS 7	Presentation and disclosure	<ul style="list-style-type: none"> ● Cash flow statement is a component of complete set of financial statements, it is mandatory for all entities applying Ind AS. ● Bank borrowings are normally part of financing activities. Nonetheless, bank overdrafts that are 	<ul style="list-style-type: none"> ● AS 3 is not mandatory for SMC's. However, it may be noted that the Companies Act, 2013 mandates preparation of cash flow statements except for One Person Company, Small Company and Dormant Company. ● There is no stipulation in AS 3 for classification of bank overdrafts.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
			<p>repayable on demand and that form an integral part of an entity's cash management are included in cash equivalents.</p> <ul style="list-style-type: none"> ● Under Ind AS, an entity shall not present extra-ordinary items, hence disclosure of the same in cash flow statement is prohibited. ● Cash receipts from rents and subsequent sales of such assets are also cash flows from operating activities. 	<ul style="list-style-type: none"> ● The cash flows associated with extraordinary items should be classified as arising from operating, investing or financing activities as appropriate and separately disclosed. ● No guidance in AS.
Change in accounting policy	Ind AS 8	Recognition and Measurement	<ul style="list-style-type: none"> ● Ind AS does not provide for change in accounting policy because of requirement of statute. ● A change in accounting policy voluntarily or in case where Ind AS does not include specific transitional provisions shall be applied 	<ul style="list-style-type: none"> ● AS permit change in accounting policy if required by statute. ● The impact of change in an accounting policy voluntarily or otherwise is to be adjusted against current periods profit and

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
			<p>retrospectively except to the cumulative effect of the change.</p> <ul style="list-style-type: none">● Comparative information to be restated and the amount of the adjustments relating to prior periods is adjusted against the opening balance of each affected component of equity of the earliest period presented and other comparative amounts disclosed for each prior period as if the new accounting policy had always been applied.	<p>loss account. Where the effect of such change is not ascertainable, wholly or in part, the fact should be indicated.</p>
Prior period items (Correction of errors)	Ind AS 8	Scope	<ul style="list-style-type: none">● The definition of prior period items is much broader as compared to AS 5. Prior period errors covers all the items in the financial statements including assets and liabilities.	<ul style="list-style-type: none">● The definition of prior period items is restricted to income and expenses which arise in current period as a result of errors and omission in the preparations of financial statements of prior period(s).

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
			<ul style="list-style-type: none"> The reporting requirements are similar to changes in accounting policy. 	<ul style="list-style-type: none"> All prior-period adjustments are disclosed separately in current year profit and loss account in a manner that its impact on the results can be perceived.
Disclosure of non-application of new Ind ASs	Ind AS 8	Disclosure	<ul style="list-style-type: none"> Ind AS 8 requires when an entity has not applied new Ind ASs that have been issued but is not yet effective shall disclose: <ul style="list-style-type: none"> – this fact; and – known or reasonably estimable information relevant to assessing the possible impact that application of new Ind AS will have on the entity's financial statements in the period of initial application. 	<ul style="list-style-type: none"> No such disclosures required under AS.
Contingencies and Events Occurring After the Balance Sheet Date	Ind AS 10	Recognition and Measurement	<ul style="list-style-type: none"> Dividend declared after the reporting period, the entity shall not recognise those dividends as a liability as the end of the reporting period. 	<ul style="list-style-type: none"> As per AS 4 dividend proposed or declared after the balance sheet date but before approval of financial statement are required to be adjusted (i.e. accounted).

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
Contingencies and Events Occurring After the Balance Sheet Date	Ind AS 10	Disclosure	<ul style="list-style-type: none"> ● An entity shall disclose for each material category of non-adjusting event after the reporting period, nature of event and estimate of its financial effect, or a statement that such an estimate cannot be made. ● An entity shall disclose the date when the financial statements were approved for issue and who gave that approval. If the entity's owners or others have the power to amend the financial statements after issue, the entity shall disclose that fact. 	<ul style="list-style-type: none"> ● AS 4 requires disclosure in the report of the approving authority, for example, the board report for those events occurring after the balance sheet date that represent material changes and commitments affecting the financial position of the entity. ● No such disclosure required by AS.
Income Taxes	Ind AS 12	Recognition	<ul style="list-style-type: none"> ● Under Ind AS, deferred tax is recognised for all taxable temporary differences. Temporary differences are differences between the carrying amount of an asset or liability in the balance 	<ul style="list-style-type: none"> ● Under AS 22, deferred tax is recognised for all the timing differences. Timing differences are the differences between taxable income and accounting income for a period that

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
			sheet and its tax base.	originate in one period and are capable of reversal in one or more subsequent periods.
Income Taxes	Ind AS 12	Recognition-revaluation	<ul style="list-style-type: none"> Deferred tax is created on difference between the carrying value and tax base. 	<ul style="list-style-type: none"> On revaluation of depreciable assets in books, the difference is treated as permanent difference and no deferred tax is recognised.
Income Taxes	Ind AS 12	Recognition	<ul style="list-style-type: none"> Deferred tax is not recognised for the following: <ul style="list-style-type: none"> Deferred tax liability arises from the initial recognition of goodwill or Deferred tax asset or liability arises from the initial recognition of an asset or liability in a transaction which: <ul style="list-style-type: none"> i) is not a business combination; and ii) at the time of the transaction, affects neither accounting 	<ul style="list-style-type: none"> Under AS-22 no such specific exceptions are provided.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
Income Taxes	Ind AS 12	Recognition of deferred tax assets in case of tax losses	<ul style="list-style-type: none">● A deferred tax asset shall be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.	<ul style="list-style-type: none">● Deferred tax assets should be recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.● Where an enterprise has unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets should be recognised only 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.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
Income Taxes	Ind AS 12	Recognition-consolidation	<ul style="list-style-type: none">● An entity shall recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint arrangements, except to the extent that both of the following conditions are satisfied:<ul style="list-style-type: none">(a) the parent, investor, joint venturer or joint operator is able to control the timing of the reversal of the temporary difference; and(b) it is probable that the temporary difference will not reverse in the foreseeable future.● Deferred tax should be calculated on temporary differences that arise from the elimination of profits	<ul style="list-style-type: none">● Deferred tax expense /income is aggregated from separate financial statements of the Group entity and no adjustments are made on consolidation.● No deferred tax is recognised on elimination of intra-group transactions.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
Income Taxes	Ind AS 12	Disclosures	<p>and losses resulting from intra group transactions.</p> <ul style="list-style-type: none"> Ind AS requires disclosure of reconciliation between the average effective tax rate and the applicable tax rate, potential income tax consequences that would result from the payment of dividends to its shareholders, etc. 	<ul style="list-style-type: none"> AS does not mandate such disclosures.
Accounting for PPE – Purchase cost	Ind AS 16	Valuation	<ul style="list-style-type: none"> Purchase cost of PPE includes: <ol style="list-style-type: none"> purchase price (less any discounts and rebates); import duties, non-refundable taxes; any directly attributable costs of bringing the asset to its working condition; and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. 	<ul style="list-style-type: none"> Similar to Ind AS except no guidance is given for capitalization of dismantling and site restoration cost. However, the Guidance note on Accounting for Oil and Gas Producing Activities states that entities involved in those should capitalize the dismantling and site restoration cost.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
Revaluation of PPE	Ind AS 16	Valuation and measurement	<ul style="list-style-type: none">● Ind AS 16 required an entity to choose either cost model or revaluation model as its accounting policy and shall apply that policy to an entire class of PPE.● When entity applies revaluation model it requires regular revaluations of all PPE (say 3 to 5 years). In case of item of PPE experience significant and volatile changes in fair value, annual revaluation may be necessary. Management must consider at each year end whether fair value is materially different from carrying value.● If an item of PPE is revalued, the entire class of PPE to which that asset belongs shall be revalued.	<ul style="list-style-type: none">● As per AS 10 fixed assets are carried at cost less accumulated depreciation.● There is no requirement to perform revaluations at regular intervals.● When revaluation does not covers all assets of the given class, it is appropriate that the selection of the asset to be revalued be made on systematic basis, e.g. an entity may revalue a class of assets within one

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
				unit and ignore assets of the same class at another unit. As such under AS entire class of PPE is not required to be revalued.
Revaluation of PPE	Ind AS 16	Valuation and measurement – Cost of major repair / inspection	<ul style="list-style-type: none"> Such costs are required to be capitalised if satisfy the recognition criteria laid down in the Ind AS. However, carrying amount of similar cost capitalised earlier needs to be derecognised. 	<ul style="list-style-type: none"> Cost of repair is charged to profit and loss.
Residual value and useful life of an asset	Ind AS 16	Measurement	<ul style="list-style-type: none"> An entity needs to review residual value and useful life of an asset at least at each financial year end. 	<ul style="list-style-type: none"> Under AS, periodic review of residual value and useful life of an asset not specifically required.
Depreciation – Accounting – Change in method of Depreciation	Ind AS 16	Recognition and Measurement	<ul style="list-style-type: none"> Depreciation method applied shall be reviewed at least at each financial year end. Change in method of depreciation is treated as change in accounting 	<ul style="list-style-type: none"> The method of depreciation is applied consistently to provide comparability of the results of the operations of the enterprise from period to period. Change in depreciation method is treated as change in accounting policies and

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
			estimates, reflected in the depreciation charge for the current and prospective years.	impact is determined by retrospectively computing depreciation under new method and the impact is recorded in the period of change.
Leases	Ind AS 17	Scope	<ul style="list-style-type: none"> ● Ind AS 17 does not exclude lease agreement to use lands from its scope. ● Lease of land would be treated as per classification of the lease in accordance with the Ind AS (i.e. operating or finance). 	<ul style="list-style-type: none"> ● AS 19 excludes lease agreement to use lands from its scope. ● Leasehold premium is capitalized as fixed assets and amortised over the period of the lease.
Leases – Initial direct cost	Ind AS 17	Measurement	<ul style="list-style-type: none"> ● Ind AS 17 prescribes initial direct cost incurred by lessor to be included in lease receivable amount in case of finance lease and in the carrying amount of the asset in case of operating lease recognised as an expense over the lease term on the same basis as the lease income. 	<ul style="list-style-type: none"> ● AS 19 requires initial direct cost i.e. commission and legal fees incurred by lessor with respect to finance lease to be either charged off at the time of incurrence or to be amortised over the lease period. ● Initial direct costs incurred specifically to earn revenues from an operating lease are deferred and allocated to

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
				income over the lease term in proportion to the recognition of rent income, or are recognised as an expense in the statement of profit and loss in the period in which they are incurred.
Sale and leaseback	Ind AS 17	Recognition	<ul style="list-style-type: none"> ● If sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount shall not be immediately recognised as income by a seller-lessee. Instead, it shall be deferred and amortised over the lease term. 	<ul style="list-style-type: none"> ● Sale and leaseback which results in a finance lease, AS 19 requires excess/deficiency both to be deferred and amortised over the lease term in proportion to the depreciation of the leased asset.
Lease of land	Ind AS 17	Recognition	<ul style="list-style-type: none"> ● Leases of land are classified as operating or finance leases in the same way as leases of other assets. ● However, a characteristic of land is that it normally has an indefinite economic life and, if title is not expected to pass to the lessee by the end of the lease term, the 	<ul style="list-style-type: none"> ● AS 19 excludes lease of land from its scope.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
			lessee normally does not receive substantially all of the risks and rewards incidental to ownership, in which case the lease of land will be an operating lease.	
Leases	Ind AS 17	Disclosure	<ul style="list-style-type: none"> ● Ind AS 17 does not mandate any accounting policy related disclosure. 	<ul style="list-style-type: none"> ● AS 19 requires disclosure for accounting policy relating thereto in the financial statements of the lessor.
Employee benefits – Actuarial gains or losses	Ind AS 19	Recognition	<ul style="list-style-type: none"> ● Actuarial gains or losses to be recognised immediately in Other Comprehensive Income as per Ind AS 19. 	<ul style="list-style-type: none"> ● Actuarial gains or losses should be recognised immediately in the profit and loss account under AS 15.
Borrowing costs	Ind AS 23	Scope	<ul style="list-style-type: none"> ● An entity is not required to apply Ind AS 23 to borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, measured at fair value. 	<ul style="list-style-type: none"> ● There is no such exclusion under AS 16.
Borrowing costs	Ind AS 23	Definition	<ul style="list-style-type: none"> ● Qualifying assets are those that require a substantial period of time to get ready 	<ul style="list-style-type: none"> ● AS definition is similar to Ind AS except substantial period of time has been

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
Borrowing costs	Ind AS 23	Disclosure	<p>for their intended use or sale.</p> <ul style="list-style-type: none"> ● The disclosure requirements of Ind AS 23 require the entity to disclose separately the capitalization rate used to determine the amount of borrowing costs. 	<p>interpreted to generally mean more than 12 months.</p> <ul style="list-style-type: none"> ● No such disclosure required under AS 16.
Related party disclosure	Ind AS 24	Definition	<ul style="list-style-type: none"> ● Under Ind AS 24, Related party covers close members of family of any individual referred to as follows: <ul style="list-style-type: none"> – Key management personnel or – A party who exercise control or significant influence ● Ind AS 24 includes post employment benefit plan for the benefit of employees of the entity or of any entity that is related party to the reporting entity. 	<ul style="list-style-type: none"> ● AS 18 covers only relatives of Key management personnel. ● AS 18 does not include post employment benefit plan as related party.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
Related party disclosure	Ind AS 24	Definitions	<ul style="list-style-type: none"> ● Ind AS 24 does not define the term Control. It uses the term as defined in Ind AS 110. Control is investor's current ability to direct the relevant activity of the investee and having right to variable returns from its involvement and ability to use its power to affect those returns. 	<ul style="list-style-type: none"> ● Under AS 18 Control is defined as: <ul style="list-style-type: none"> – Ownership, directly or indirectly, of more than one half of the voting power of the enterprises, or – Control of the composition of board of directors in the case of a company or of the composition of corresponding governing body in case of any other enterprises, or – A substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprises.
Related party disclosure – Key management personnel	Ind AS 24	Definition	<ul style="list-style-type: none"> ● Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any 	<ul style="list-style-type: none"> ● A non-executive director of a company is not considered as a key management person under AS 18 unless he has the authority and responsibility for planning, directing and controlling the

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
	Ind AS 24		director (whether executive or otherwise) of that entity.	activities of the reporting enterprises.
Related party disclosure	Ind AS 24	Disclosure	<ul style="list-style-type: none"> ● Ind AS 24 requires disclosure of terms and conditions of outstanding items pertaining to related parties. 	<ul style="list-style-type: none"> ● There is no such disclosure requirement under AS 18.
Related party disclosure – material transactions	Ind AS 24	Disclosure	<ul style="list-style-type: none"> ● Items of a similar nature may be disclosed in aggregate, but Ind AS does not permit clubbing on material related party transaction with an individual party in the aggregate disclosure. Ind AS 24 also does not provide guidance similar to AS 18 on what is considered to be material transaction. 	<ul style="list-style-type: none"> ● As per AS 18 ordinarily a related party transaction the amount of which is in excess of 10% of the total related party transactions of the same type is considered material.
Investment in Associates– Significant influence	Ind AS 28	Definition	<ul style="list-style-type: none"> ● Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. If an investor holds, directly or indirectly (e.g. 	<ul style="list-style-type: none"> ● Similar to Ind AS. Under AS 23 significant influence is the power to participate in the financial and/or operating policy decisions of the investee but not control over those policies. The word 'or' is not there in Ind

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
			<p>through subsidiaries), 20 per cent or more of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case.</p> <p>● The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether an entity has significant influence.</p>	<p>AS 28. Therefore under Ind AS 28 the power to participate should exist for both financial and operating policies; whereas under AS 23, either one would suffice to determine significant influence.</p> <p>● As per AS, potential voting rights are not considered for determining significant influence.</p>
Investment in Associates – Display of goodwill	Ind AS 28	Presentation and disclosure	<p>● Goodwill on acquisition is included in the carrying cost of the investments and is not required to be disclosed separately. However, capital reserves on acquisition are directly recognised in equity as capital reserve.</p>	<p>● Goodwill or capital reserves arising on the acquisition of associates should be included in the carrying amount of the investment, but should be disclosed separately.</p>

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
Financial instruments—presentation	Ind AS 32	Classification	<ul style="list-style-type: none"> ● The substance of a financial instrument, rather than its legal form, governs its classification in the entity's balance sheet. Substance and legal form are commonly consistent, but not always. 	<ul style="list-style-type: none"> ● No corresponding standards notified under the Companies Act, 2013. AS 30, 31 and 32 on the topic issued by ICAI are not mandatory.
			<ul style="list-style-type: none"> ● In determining whether a preference share is a financial liability or an equity instrument, an issuer assesses the particular rights attaching to the share to determine whether it exhibits the fundamental characteristic of a financial liability. 	<ul style="list-style-type: none"> ● Preference shares are classified as equity.
			<ul style="list-style-type: none"> ● Dividend on preference share classified as liability would be classified as interest expense. 	<ul style="list-style-type: none"> ● Similarly dividend on preference shares is always treated as appropriation of profit / reserves.
Financial instruments—presentation	Ind AS 32	Classification—convertible instruments	<ul style="list-style-type: none"> ● Ind AS requires splitting of convertible instruments as equity and liability based on options and contractual 	<ul style="list-style-type: none"> ● Convertible preference shares are classified as equity and convertible loans / debentures are classified

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
			terms of the instrument, subject to exception in case of foreign currency bonds.	as liability.
Earning per share	Ind AS 33	Presentation and Disclosure	<ul style="list-style-type: none"> As per Ind AS 33 an entity that reports a discontinued operation shall disclose the basic and diluted EPS for discontinued operations either in the statement of profit and loss or in the notes. 	<ul style="list-style-type: none"> AS 20 does not specifically mandate such disclosure.
Earning per share	Ind AS 33	Disclosure – mandatorily convertible instrument	<ul style="list-style-type: none"> As per Ind AS, to consider shares to be issued upon conversion in calculation of EPS. 	<ul style="list-style-type: none"> Not specifically covered in AS.
Interim financial reporting / Impairment of assets	Ind AS 34 & 36	Impairment of goodwill	<ul style="list-style-type: none"> An entity is required to assess goodwill for impairment at the end of each reporting period, and, if required, to recognise an impairment loss at that date in accordance with Ind AS 36. An entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill. 	<ul style="list-style-type: none"> AS 25 does not provide any guidance in this regards. However AS 28 an impairment loss recognised for goodwill should not be reversed in a subsequent period unless: <ul style="list-style-type: none"> (a) the impairment loss was caused by a specific external event of an exceptional nature that is not

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
				<p>expected to recur; and</p> <p>(b) subsequent external events have occurred that reverse the effect of that event.</p>
Impairment of assets	Ind AS 36	Goodwill	<ul style="list-style-type: none"> ● Ind AS requires goodwill acquired in a business combination to be tested for impairment annually. 	<ul style="list-style-type: none"> ● AS requires an enterprise to assess at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the enterprise should estimate the recoverable amount of the asset.
Provisions, Contingent Liabilities and Contingent Assets	Ind AS 37	Recognition-Provisions	<ul style="list-style-type: none"> ● The amount recognised as provision should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date, detailed guidance is available on measurement. ● Where the effect of time value of money is material, the amount of provision should be the present value 	<ul style="list-style-type: none"> ● Provisions are based on the best estimate. No detailed guidance is available. ● The amount of provision should not be discounted to its present value.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
			of the expenditures expected to be required to settle the obligation. The discount rates should not reflect risks for which future cash flow estimates have been adjusted.	
Provisions, Contingent Liabilities and Contingent Assets – Provisions	Ind AS 37	Recognition	<ul style="list-style-type: none"> ● Restructuring provision should be made on constructive obligation. 	<ul style="list-style-type: none"> ● Restructuring provision should be made on legal obligation.
Provisions, Contingent Liabilities and Contingent Assets	Ind AS 37	Disclosure– Contingent assets	<ul style="list-style-type: none"> ● A contingent asset is disclosed in financial statements where an inflow of economic benefits is probable. 	<ul style="list-style-type: none"> ● A contingent asset is not disclosed in financial statements.
Intangible Assets – Subsequent measure–ment	Ind AS 38	Measurement	<ul style="list-style-type: none"> ● An entity shall choose either the cost model or the revaluation model as its accounting policy. ● If an intangible asset is accounted for using the 	<ul style="list-style-type: none"> ● After initial recognition, an intangible asset should be carried at its cost less any accumulated amortisation and any accumulated impairment losses.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
			<p>revaluation model, all the other assets in its class shall also be accounted for using the same model, unless there is no active market for those assets.</p> <ul style="list-style-type: none"> ● Revaluation model is permitted only where there is an active market for the underlying intangibles. 	<ul style="list-style-type: none"> ● Revaluation is prohibited.
Intangible Assets – Useful life	Ind AS 38	Measurement	<ul style="list-style-type: none"> ● An entity shall assess whether the useful life of an intangible asset is finite or indefinite and, if finite, the length of, or number of production or similar units that would constitute useful life. 	<ul style="list-style-type: none"> ● There is a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use.
Amortisation of intangible assets	Ind AS 38	Measurement	<ul style="list-style-type: none"> ● The depreciable amount of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life. ● Intangible asset with indefinite useful life is not amortised but is required to 	<ul style="list-style-type: none"> ● Amortisation is based on allocation of depreciable amount on a systematic basis done over best estimate of useful life but should not exceed 10 years, unless there is persuasive evidence for amortising

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
			be tested for impairment.	over a longer period. Both finite life and indefinite life intangibles are required to be amortised.
Impairment of intangible assets	Ind AS 38	Measurement	<ul style="list-style-type: none"> ● An intangible asset with an indefinite useful life and which is not yet available for use should be tested for impairment annually and whenever there is an indication that the intangible asset may be impaired. 	<ul style="list-style-type: none"> ● In addition to the requirements of AS-28, an enterprise should estimate the recoverable amount of the following intangible assets at least at each financial year end even if there is no indication that the asset is impaired: <ol style="list-style-type: none"> 1. an intangible asset that is not yet available for use; and 2. an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.
Accounting for Investment – Investment Property	Ind AS 40	Scope	<ul style="list-style-type: none"> ● Investment property is property (land or a building—or part of a building—or both) held (by the owner or by the lessee 	<ul style="list-style-type: none"> ● An investment property is an investment in land or buildings that are not intended to be occupied substantially for use by, or

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
Accounting for Investment – Investment Property			under a finance lease) to earn rentals or for capital appreciation or both, rather than for: i) use in the production or supply of goods or services or for administrative purposes; or ii) sale in the ordinary course of business.	in the operations of, the investing enterprise.
	Ind AS 40	Measurement	<ul style="list-style-type: none">● An investment property shall be measured initially at its cost. Transaction costs shall be included in the initial measurement.● For subsequent measurement an entity shall measure all of its investment properties in accordance with cost model as per Ind AS 16 except for investment properties that meet the criteria to be classified as held for sale, which shall be measured at	<ul style="list-style-type: none">● An enterprise holding investment properties should account for them as long-term investments. Long-term investments are valued at cost less diminution in value wherever the decline is other than a temporary decline.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
			the lower of its carrying amount and fair value less costs to sell.	
Biological assets	Ind AS 41	Measurement	<ul style="list-style-type: none"> ● A biological asset should be measured on initial recognition and at each balance sheet date at its fair value less estimated costs to sell. 	<ul style="list-style-type: none"> ● No guidance available under AS.
First time adoption	Ind AS 101	Scope – Applicability	<ul style="list-style-type: none"> ● Ind AS 101 specifically deals with how to apply Ind ASs for the first time. ● Subject to requirement set out in the Standard, full retrospective application of Ind ASs effective at the reporting date for an entity's first Ind AS financial statements is required. The standards also provide for certain optional exemptions and mandatory exceptions. ● An entity shall explain how the transition from previous GAAP to Ind ASs affected its 	<ul style="list-style-type: none"> ● AS does not provide guidance on first time adoption of the standards by an entity.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
			reported balance sheet, financial performance and cash flow.	
Business combination	Ind AS 103	Scope	<ul style="list-style-type: none"> ● Ind AS applies to a transaction or other event that meets the definition of a business combination. 	<ul style="list-style-type: none"> ● AS does not provide guidance for all type of business combinations. AS 14 deals with accounting for amalgamations.
Business combination	Ind AS 103	Method of accounting	<ul style="list-style-type: none"> ● Ind AS provides business combinations involving entities or businesses under common control shall be accounted for using the pooling of interest method. All other business combinations are accounted using purchase method. 	<ul style="list-style-type: none"> ● AS provides two methods of accounting for amalgamations. Pooling of interest methods in case of amalgamation in nature of merger and in other cases purchase method.
Business combination	Ind AS 103	Method of accounting	<ul style="list-style-type: none"> ● As per Ind AS goodwill is not amortised, but is tested for impairment annually or more frequently if event or circumstance indicate impairment. 	<ul style="list-style-type: none"> ● Goodwill arising on amalgamation represents a payment made in anticipation of future income and it is appropriate to treat it as an asset to be amortised to income on a systematic basis over its useful life not exceeding 5 years.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
Business combination	Ind AS 103	Recognition and measurement	<ul style="list-style-type: none">● Acquisition-related costs are costs the acquirer incurs to effect a business combination. Those costs include finder's fees; advisory, legal, accounting, valuation and other professional or consulting fees; general administrative costs, including the costs of maintaining an internal acquisitions department; and costs of registering and issuing debt and equity securities. The acquirer shall account for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received, with one exception. The costs to issue debt or equity securities shall be recognised in accordance with Ind AS 32 and Ind AS 109.	<ul style="list-style-type: none">● AS does not provide any specific guidance.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
Business combination	Ind AS 103, Ind AS 38	Valuation	<ul style="list-style-type: none">● In accordance with Ind AS 103 Business Combinations, if an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date.	<ul style="list-style-type: none">● If an intangible asset is acquired in an amalgamation in the nature of purchase, the same should be accounted at cost or fair value if the cost/fair value can be reliably measured. If the same is not reliably measurable it is included as a part of goodwill. Intangible assets acquired in an amalgamation in the nature of merger, or acquisition of a subsidiary is recorded at book values.
			<ul style="list-style-type: none">● The intangible is recorded by the acquirer irrespective of whether the asset had been recognised by the acquiree before the business combination.	<ul style="list-style-type: none">● Intangible asset acquired in an amalgamation in the nature of purchase is recorded even if that intangible asset had not been recognised in the financial statements of the transferor however, in case of amalgamation in the nature of merger if the intangible asset was not recognised by the acquiree,

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
Financial instruments – disclosures	Ind AS 107	Disclosures	<ul style="list-style-type: none"> ● Ind AS mandate disclosures by class of financial instrument, offsetting of financial assets and financial liabilities, analysis of the gain or loss recognised relating to financial assets carried at amortised cost, its risk management strategy, certain qualitative and quantitative information. 	<p>the acquirer would not be able to record the same.</p> <ul style="list-style-type: none"> ● AS does not require similar disclosure. Disclosure requirements specified in the Act are need to be made in the financial statements.
Operating Reporting	Ind AS 108	Scope	<ul style="list-style-type: none"> ● Ind AS 108 is applicable to companies to which Ind AS notified under the Companies Act apply. 	<ul style="list-style-type: none"> ● AS 17 is not applicable to SMCs.
Segment Reporting – Change in accounting policies	Ind AS 108	Presentation and disclosure	<ul style="list-style-type: none"> ● If an entity changes the structure of its internal organisation in a manner that causes the composition of its reportable segments to change, the corresponding 	<ul style="list-style-type: none"> ● Changes in accounting policies adopted for segment reporting that have a material effect on segment information should be disclosed. Such disclosure should include a

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
			<p>information for earlier periods, including interim periods, shall be restated unless the information is not available and the cost to develop it would be excessive.</p> <ul style="list-style-type: none">● Two or more operating segments may be aggregated into a single operating segment if aggregation is consistent with the core principle of this Ind AS.	<p>description of the nature of the change, and the financial effect of the change if it is reasonably determinable. No restatement required for prior period figures.</p> <ul style="list-style-type: none">● AS does not provide any guidance.
Financial instruments	Ind AS 109	General	<ul style="list-style-type: none">● Ind AS establishes 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.	<ul style="list-style-type: none">● AS does not provide guidance on the subject.● AS 13 deal with accounting for investments in the financial statements of enterprises and related disclosure requirements.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
Financial instruments	Ind AS 109	Recognition and measurement	<ul style="list-style-type: none"> ● An entity shall recognise a financial asset or a financial liability in its balance sheet when, and only when, the entity becomes party to the contractual provisions of the instrument. ● Financial instrument are initially measured at fair value. 	<ul style="list-style-type: none"> ● AS investment are initially recorded at cost. Subsequently current investment are carried at lower of cost and fair value and long term investments are carried at cost less provision for diminution in value which is other than temporary.
Consolidated Financial Statements	Ind AS 110	Scope	<ul style="list-style-type: none"> ● Under Ind AS, an entity needs to prepare consolidated financial statements unless it meets the exemption criteria. ● Ind AS 110 requires an entity (the parent) that controls one or more other entities (subsidiaries) to present consolidated financial statements unless it meets the exemption criteria prescribed under the Ind AS. 	<ul style="list-style-type: none"> ● AS does not mandate preparation of consolidated financial statements. However if an entity prepares consolidated financial statements it needs to comply with AS 21.
Consolidated Financial Statements	Ind AS 110	Principle	<ul style="list-style-type: none"> ● Under Ind AS, an entity can have only one parent, which would consolidate the entity 	<ul style="list-style-type: none"> ● Under AS it is possible that an entity has more than one parent which would

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
			in its consolidated financial statements.	consolidate the entity in their respective consolidated financial statements.
Consolidated Financial Statements – Minority interest	Ind AS 110	Presentation and Disclosure	<ul style="list-style-type: none"> ● Non-controlling interests in the consolidated balance sheet are presented as a component of equity, separately from the equity of the owners of the parent. ● The portion of income statement attributable to non-controlling interest and to the parent is separately disclosed on the face of the income statement as allocations of income statement for the period. 	<ul style="list-style-type: none"> ● Minority interests are presented separately from liabilities and equity. ● Amount attributable to minority interest are presented as a deduction from net income or loss in statement of profit and loss.
	Ind AS 110	Recognition	<ul style="list-style-type: none"> ● Ind AS 110, losses incurred by the subsidiary have to be allocated between the parent and non-controlling interests, even if this results in deficit balance of non-controlling interest. 	<ul style="list-style-type: none"> ● The losses exceeding the minority interest in the equity of the subsidiary have to be adjusted against the majority interest, except to the extent that the minority has a binding obligation to, and are able to
Consolidated Financial Statements – Loss of subsidiary	Ind AS 110	Recognition		

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
				make good the losses. If the subsidiary subsequently reports profits, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.
Consolidated Financial Statements- Reporting period	Ind AS 110, 28	Scope	<ul style="list-style-type: none">● Ind AS requirements are similar to AS. However, under Ind AS difference between the reporting date of the subsidiary / jointly controlled entity / associates which is consolidated and that of the parent shall not be more than 3 months.	<ul style="list-style-type: none">● Ind AS requirements are similar to AS. However, under Ind AS difference between the reporting date of the subsidiary / jointly controlled entity / associates made for significant transaction and events to those financial statements of subsidiaries/ associates / JV drawn up to different reporting date to the date of the parent's financial statements. In any case, the difference between reporting dates should not be more than 6 months. Further, the length

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
				<p>of the reporting periods and any difference in the reporting dates should be the same from period to period.</p> <ul style="list-style-type: none"> ● It may also be noted that, in case of associates, AS does not specifically lay down condition that the difference in reporting dates should not exceed 6 months.
Consolidated Financial Statements – Uniform accounting policies	Ind AS 110, 28	Measurement and disclosure	<ul style="list-style-type: none"> ● Compliance with uniform accounting policies is mandatory, unless in case of associates it is impracticable to do so. ● If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are 	<ul style="list-style-type: none"> ● Consolidated Financial Statements (CFS) should be prepared using uniform accounting policies for like transactions and other events in similar circumstances. ● If it is not practicable to use uniform accounting policies in preparing the CFS, that fact should be disclosed together with the proportions of the items in the CFS to which the different accounting policies

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
			made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.	<p>have been applied.</p> <ul style="list-style-type: none"> ● Though uniform accounting policies are not mandatory, it is important to note that those policies, nevertheless, have to be in compliance with AS.
Joint venture	Ind AS 111	Measurement & recognition	<ul style="list-style-type: none"> ● In separate financial statement of the parent entity investment in joint venture shall account for investments at cost or in accordance with Ind AS 109. ● In consolidated financial statements a venturer shall accounts for the investment in joint venture using the equity method, unless the entity is exempt from applying equity method in accordance with the Ind AS. 	<ul style="list-style-type: none"> ● In separate financial statements of a venture, interest in jointly controlled entities should be accounted as per AS 13 "Accounting for Investment". ● In consolidated financial statements, a venture reports its interest in jointly controlled entity using proportionate consolidation method unless it meet the exception criteria, in which case it shall account investment in accordance with AS 13 Accounting for Investments.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
Fair value measurement	Ind AS 113	Scope, application and disclosures	<ul style="list-style-type: none">● Ind AS 113 applies when another Ind AS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except as specified in the Ind AS.● Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.● To increase consistency and comparability in fair value measurements and related disclosures, this Ind AS establishes a fair value hierarchy that categorises into three levels.	<ul style="list-style-type: none">● AS does not provide any specific guidance.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
Revenue from contracts with customer			<ul style="list-style-type: none"> ● The fair value hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 inputs) and lowest priority to unobservable inputs (level 3 inputs). ● Ind AS prescribes various disclosure on the basis of fair value measurement and classification as per fair value hierarchy. 	
	Ind AS 115	Scope	<ul style="list-style-type: none"> ● Ind AS 115 apply to all contracts with customers, except lease, insurance, financial instruments, barter transaction between entities in same line of business to facilitate sales to customers or potential customers. ● A contract is an agreement between two or more parties that creates enforceable rights and obligations. 	<ul style="list-style-type: none"> ● AS 9 deals with recognition of revenue arising in the course of the ordinary activities of the enterprise from: <ol style="list-style-type: none"> 1. sale of goods 2. rendering of services 3. interest, royalties and dividends ● AS 7 deals with accounting treatment of revenue and costs associated with construction contracts.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
Revenue from contracts with customer	Ind AS 115	Recognition	<ul style="list-style-type: none"> ● Ind AS lay down 5 step process for recognition of revenue: <ul style="list-style-type: none"> — Step 1 – Identify the contract with a customer — Step 2 – Identify the performance obligations in the contract — Step 3 – Determine the transaction price — Step 4 – Allocate the transaction price to the performance obligation in the contract — Step 5 – recognize the revenue when (or as) the entity satisfies a performance obligation. ● An entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to 	<ul style="list-style-type: none"> ● Revenue recognition is mainly concerned with the timing of recognition of revenue in the statement of profit and loss of an enterprise. ● Revenue is recognised when the seller has transferred to the buyer property in goods or all significant risks and rewards of ownership and retains no effective control of the goods associated with ownership; and no significant uncertainty exists regarding the consideration. ● Revenue from service transactions as per AS 9 is usually recognised as the service is performed, either by the proportionate completion method or by the completed service contract method.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
			<p>a customer. The transfer takes place when customer obtains control of that asset.</p> <ul style="list-style-type: none">● When a contract does not meet the criteria specified in the Ind AS, and consideration is received from customer, the entity shall recognised consideration received as revenue when either of the following event has occurred: <ol style="list-style-type: none">1. The entity has no remaining obligation and all or substantially all, of the consideration has been received and is non-refundable; or2. The contract has been terminated and the consideration received from the customer is non-refundable.	

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
Revenue from contracts with customer	Ind AS 115	Recognition – unilateral right	<ul style="list-style-type: none"> Under Ind AS, a contract does not exist if each party to the contract has the unilateral enforceable right to terminate a wholly unperformed contract without compensating the other party (or parties). Consideration received would be accounted as revenue based using criteria specified in Ind AS. 	<ul style="list-style-type: none"> There is no specific guidance available under AS.
Revenue from contracts with customer	Ind AS 115	Recognition – contract combination/modification	<ul style="list-style-type: none"> Contract combination happens when entity needs to account for two or more contract as for 1 contract and not separately as per Ind AS. A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. Ind As requires contract modification to be accounted as separate contract if following two 	<ul style="list-style-type: none"> AS 9 is silent on the matter. However, AS 7 provides guidance on combining and segmenting construction contracts.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
Revenue from contracts with customer	Ind AS 115	Recognition – Multiple element arrangements	<p>conditions are satisfied:</p> <ol style="list-style-type: none">1. Scope of contract increases due to addition of goods or services that are distinct; and2. Increase in consideration reflects that stand-alone selling prices of additional goods or services.	<ul style="list-style-type: none">● There is no specific guidance available under AS.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
Revenue from contracts with customer			<ul style="list-style-type: none">● The transaction price is allocated to each performance obligation on the basis of their relative stand-alone selling price, subject to Ind AS criteria for allocation of discounts and variable consideration.	<ul style="list-style-type: none">● AS requires that revenue is measurable and that at the time of sale or the rendering of the service it would not be unreasonable to expect ultimate collection. Where the ultimate collection cannot be reasonably ascertained, revenue recognition is postponed.
	Ind AS 115	Measurement – transaction price	<ul style="list-style-type: none">● The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes).● The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.● Non-cash consideration is measured at fair value. If fair value cannot be reasonably	

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
Revenue from contracts with customer	Ind AS 115	Recognition – contract cost	<p>estimated the consideration is measured with reference to stand-alone selling price to the customer or class of customer.</p> <ul style="list-style-type: none"> An entity shall recognise as an asset the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, a sales commission). Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised 	<ul style="list-style-type: none"> AS 7, Contract costs include the costs attributable to a contract for the period from the date of securing the contract to the final completion of the contract. However, costs that relate directly to a contract and which are incurred in securing the contract are also included as part of the contract costs if they can be separately identified and measured reliably and it is probable that the contract will be obtained. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
Revenue from contracts with customer	Ind AS 115	Recognition and measurement – service concession arrangements	<p>as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.</p> <ul style="list-style-type: none"> ● Ind AS provides detailed guidance on recognition and classification depending on the terms of the arrangements. The arrangement is accounted as financial asset or an intangible asset. ● If the arrangement gives contractual right to receive cash or another financial asset, the contractor (entity) shall recognize a financial asset. ● If the arrangements gives right (licence) to charge users of the public service, the contractor (entity) shall recognize an intangible asset. 	<p>included in contract costs when the contract is obtained in a subsequent period.</p> <ul style="list-style-type: none"> ● No specific guidance under AS.

Topic	Ind AS	Category	Requirements as per Ind AS	Requirements as per AS
			<ul style="list-style-type: none">● Where the returns are partly in form of financial assets and partly intangible, each component is accounted separately.	



4.1 Brief Background of ICDS

- Section 145(1) of the Income-tax Act, 1961 ('the IT Act') provides that the income chargeable under the heads 'Profits and gains of business or profession' or 'Income from other sources' be computed in accordance with either cash or mercantile system of accounting regularly employed by the assessee. Section 145(2) of the IT Act provides that the Central Government may notify Income Computation and Disclosure Standards (ICDS) for any class of assesseees or for any class of income.
- On this background, the Central Government notified 10 ICDS¹ vide Notification No. 32 of 2015 dated 31st March, 2015.

4.2 Comparison of ICDS and Ind AS

ICDS		Ind AS
To minimise alternatives, reduce litigation and provide certainty while computing income under the IT Act	Objective	To converge with global reporting standards in an integrated global markets
FY 2015–16	Applicable from	FY 2016–17 with comparative figures for FY 2015–16
All persons following mercantile system of accounting	Applicable To	Specified companies
Computation of Income under 'Business and Profession' and 'Other Sources' and not for the purpose of maintenance of books of accounts	Applicable For	Preparation and Presentation of financial statements

1. Certain provisions of ICDS may be further clarified by the CBDT as the expert committee is at present examining the issues based on the suggestion by the stakeholders – Press release dated 26 November 2015.

4.3 A comparative list of ICDS Vs. corresponding Ind AS is as under:

ICDS		Ind AS	
No.	Particulars	No.	Particulars
I	Disclosure of Accounting Policies	1	Presentation of Financial Statements
		8	Accounting Policies, Changes in Accounting Estimates and Errors
II	Valuation of Inventories	2	Inventories
III	Construction Contract	115	Revenue from Contracts
IV	Revenue Recognition	115	Revenue from Contracts
		109	Financial Instruments
V	Tangible Fixed Assets	16	Property, Plant and Equipment
VI	The effects of changes in foreign exchange rates	21	The Effects of Changes in Foreign Exchange Rates
VII	Government Grants	20	Accounting for Government Grants and Disclosure of Government Assistance
VIII	Securities	109	Financial instruments (Ind AS 32 and Ind AS 107 for presentation and disclosure)
IX	Borrowing Costs	23	Borrowing Costs
X	Provisions, Contingent Liabilities and Contingent Assets	37	Provisions, Contingent Liabilities and Contingent Assets

4.4 Key differences – ICDS Vs. Ind AS

Ares of Differences	As per ICDS	As per Ind AS
ICDS I Vs. Ind AS 1 / Ind AS 8		
Scope	Deals with disclosure of accounting policies only.	Deals with presentation of financial statements and is much wider in scope.
Deviation	Deviation from ICDS-I allowed only if	Deviation from requirement of an Ind AS allowed if

Ares of Differences	As per ICDS	As per Ind AS
	requirements of ICDS-I would conflict with the Act.	management concludes that compliance would make financial statements misleading and if the relevant regulatory framework requires, or otherwise does not prohibit, such a departure.
True and fair	Accounting policies adopted by a person shall be such so as to represent a true and fair view of the state of affairs and income of the business, profession or vocation. Deviation from ICDS not allowed if deviation would help showing a true and fair view. Concept of 'true and fair' is there but not the concept of 'true and fair override'.	Deviation subject to certain criteria. This is known as 'true and fair override'. Concepts of both 'true and fair' and of 'true and fair override' are there.
Materiality	Concept of Materiality absent.	An entity shall present separately each material class of similar items . An entity shall present separately items of a dissimilar nature or function unless they are immaterial except when required by law.
Change in accounting policy	An accounting policy shall not be changed without any reasonable cause.	Change in accounting policy should be made only if it is required by Ind AS or if such change will result in financial statements providing reliable and more relevant information.
Assessment of appropriateness of Going	No guidance on how assessment of appropriateness of GCA is to be	In assessing whether the going concern assumption is appropriate, management

Ares of Differences	As per ICDS	As per Ind AS
Concern Assumption ('GCA')	done.	takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The degree of consideration depends on the facts in each case. When an entity has a history of profitable operations and ready access to financial resources, the entity may reach a conclusion that the going concern basis of accounting is appropriate without detailed analysis. In other cases, management may need to consider a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate. [Para 26 of Ind AS 1]
Disclosures required if GCA is not followed	If a fundamental accounting assumption is not followed, <i>the fact shall be disclosed.</i>	When an entity does not prepare financial statements on a going concern basis, it shall disclose <i>that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern.</i>
ICDS II Vs. Ind AS 2		
Costs of	Cost of inventories shall	The cost of inventories shall

Ares of Differences	As per ICDS	As per Ind AS
Purchase	comprise of all costs of purchase, costs of services , costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase shall consist of purchase price including duties and taxes, freight inwards and other expenditure directly attributable to the acquisition. Trade discounts, rebate and other similar items shall be deducted.	comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase shall consist of purchase price including duties and taxes (other than those subsequently recoverable by the enterprise from the taxing authorities), freight in- wards and other expenditure directly attributable to the acquisition.
Reversal of write-down of inventories when NRV increases	Silent	Reversal of write down shall be reduced from the amount of inventories recognised as an expense in the period in which the reversal occurs when such NRV increases.
Inventory of service providers	The costs of services in the case of a service provider shall consist of labour and other costs of personnel directly engaged in providing the service including supervisory personnel and attributable overheads.	Inventory of service providers is measured at cost of production. These will generally include labour and other cost of personnel directly engaged in providing the services, including supervisory personnel and attributable overhead. <i>It has been expressly provided that Labour and other costs relating to sales and general administrative personnel, profit margins or non-attributable overheads,</i>

Ares of Differences	As per ICDS	As per Ind AS
		<i>are not to be included.</i>
Techniques for the Measurement of Cost	Where it is impracticable to use the costing methods (i.e. FIFO / WAV) retail method can be used in the retail trade for measuring inventories of large number of rapidly changing items that have similar margins. Standard cost method is not permitted.	Techniques for the measurement of the cost of inventories, such as the standard cost method or the retail method, may be used for convenience if the results approximate cost. Standard costs take into account normal levels of materials and supplies, labour, efficiency and capacity utilisation. They are regularly reviewed and, if necessary, revised in the light of current conditions.
The same cost formula for all inventories having a similar nature and use to the entity.	No such stipulation.	An entity shall use the same cost formula for all inventories having a similar nature and use to the entity. For inventories with a different nature or use, different cost formulas may be justified. E.g. inventories used in one operating segment may have a use to the entity different from the same type of inventories used in another operating segment. However, a difference in geographical location of inventories (or in the respective tax rules), by itself, is not sufficient to justify the use of different cost formulas.
Valuation of inventory on dissolution of a	In case of dissolution of a partnership firm or association of person or body of	No such stipulation.

Ares of Differences	As per ICDS	As per Ind AS
partnership firm or association of person or body of individuals	individuals, notwithstanding whether business is discontinued or not, the inventory on the date of dissolution shall be valued at the net realisable value.	
Value of opening inventory	The value of the inventory as on the beginning of the previous year shall be : (i) the cost of inventory available, if any, on the day of the commencement of the business when the business has commenced during the previous year; and (ii) the value of the inventory as on the close of the immediately preceding previous year, in any other case.	No such stipulation.
ICDS III Vs. Ind AS 115		
Scope	This ICDS shall be applied in determination of income for a construction contract of a contractor.	Ind AS 115 is single comprehensive standard to be applied for recognition of revenue from all contracts with customer.
Retention Money	This ICDS provides that contract revenue including retention money shall be recognized on basis of percentage of completion method.	As per Ind AS 115, consideration promised in a contract with customer shall include fixed amount, variable amount or both. It further provides that consideration promised in a contract can vary if an entity's entitlement to the consideration is contingent on

Ares of Differences	As per ICDS	As per Ind AS
		the occurrence or non-occurrence of a future event. In such a case, the same shall be estimated as per the prescribed methods.
Cost incurred for securing a contract included as part of contract cost	if (a) they can be separately identified; and (b) it is probable that the contract shall be obtained.	An entity shall recognise the incremental costs of obtaining a contract as an asset if the entity expects to recover those costs. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.
Criteria for recognition of variations in contract work, claims and incentive payments	Variations in contract work, claims and incentive payments shall be recognised (i) to the extent that it is probable that they will result in revenue; and(ii) they are capable of being reliably measured.	Detailed recognition criteria specified in Ind AS 115.
Recognition of contract costs and contract revenues with reference to stage of completion of	Contract revenue and contract costs associated with the construction contract should be recognised as revenue and expenses respectively by reference to the stage of completion of the contract	Ind AS 115 lay down 5 step process for recognition of revenue: Step 1 – Identify the contract with a customer Step 2 – Identify the performance obligations in the

Areas of Differences	As per ICDS	As per Ind AS
the contract activity at the reporting date (percentage of completion method)	activity at the reporting date. During early stages of a contract, where the outcome of the contract cannot be estimated reliably contract revenue is recognized only to the extent of cost incurred. The early stages of contract shall not extend beyond 25% of the stage of completion.	contract Step 3 – Determine the transaction price Step 4 – Allocate the transaction price to the performance obligation in the contract Step 5 – recognize the revenue when (or as) the entity satisfies a performance obligation. It further provides that in some circumstances (for example, in the early stages of a contract), an entity may not be able to reasonably measure the outcome of a performance obligation, but the entity expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the entity shall recognise revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.
Expected losses on the contract	ICDS III does not provide any specific guidance.	After contract inception, the transaction price can change for various reasons, including the resolution of uncertain events or other changes in circumstances that change the amount of consideration to which an entity expects to be

Ares of Differences	As per ICDS	As per Ind AS
		entitled in exchange for the promised goods or services. Amounts allocated to a satisfied performance obligation shall be recognised as a reduction of revenue, in the period in which the transaction price changes.
Time value concept in measurement of contract revenue	No such stipulation.	Ind AS 115 requires transaction price to be adjusted for the effect of the time value of money in case of significant financing component. Ind AS also provides factors that would indicate existence of financing component. However, it also provide that an entity need not adjust the consideration if period is one year or less.
ICDS IV Vs. Ind AS 115 / Ind AS 109		
Definition of 'revenue'	'Revenue' is the gross inflow of cash, receivables or other consideration arising in the course of the ordinary activities of a person from the sale of goods, from the rendering of services, or from the use by others of the person's resources yielding interest, royalties or dividends.	Ind AS 115 defines revenue as income arising in the course of an entity's ordinary activities. Income is defined as <i>Increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in an increase in equity, other than those relating to contributions from equity participants.</i>
Effects of Uncertainties on	Postponement of revenue due to uncertainty is restricted to	As per Ind AS 115, the consideration promised in a

Ares of Differences	As per ICDS	As per Ind AS
Revenue Recognition	claims for price escalation and export incentives.	contract with a customer may include fixed amounts, variable amounts, or both. Variable consideration shall be included in transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.
Revenue from rendering of services when outcome cannot be estimated reliably	The requirements of ICDS III shall mutatis mutandis apply to the recognition of revenue and the associated expenses for a service transaction. As such, the recognition of revenue cannot be postponed beyond 25% of stage of completion.	Ind AS 115 provides that in some circumstances (E.g. in the early stages of a contract), an entity may not be able to reasonably measure the outcome of a performance obligation, but the entity expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the entity shall recognise revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.
Taxes collected from buyer/client whether includible in revenue?	ICDS-IV silent in this regard. However, section 145A(1)(a) of the IT Act requires that taxes collected from buyer on sale of goods shall be included in the valuation of sale of goods.	Revenue (transaction price) is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer,

Ares of Differences	As per ICDS	As per Ind AS
	Section 145A(1)(a) does not apply to amounts received from rendering of services.	excluding amounts collected on behalf of third parties (E.g. some sales taxes).
Barter Transactions	ICDS–IV silent in this regard.	Ind AS 115 provides that the transaction price for contracts in which a customer promises consideration in a form other than cash, an entity shall measure the non-cash consideration (or promise of non-cash consideration) at fair value.
Dividend income	Dividends are recognised in accordance with the provisions of the IT Act.	Dividends are recognised in profit and loss only when: <ul style="list-style-type: none"> i) right to receive payment is established ii) it is probable that economic benefit associated with the dividend will flow to the entity; and iii) the amount of dividend can be measured reliably. (Ind AS 109)
Recognition of revenue from interest	Interest shall accrue on the time basis determined by the amount outstanding and the rate applicable.	Interest shall be recognised by effective interest rate method . (Ind AS 109)
ICDS V Vs. Ind AS 16		
Criteria for initial recognition	As per ICDS–V, any item which meets the definition of a tangible fixed asset should be classified as a fixed asset.	Ind AS 16, in addition to defining the fixed assets, lays down the following criteria for recognition of items of property, plant and equipment: (i) It is probable that future economic benefits

Ares of Differences	As per ICDS	As per Ind AS
		associated with the item will flow to the entity, and (ii) The cost of the item can be measured reliably.
Criteria for recognition of subsequent expenditure	Subsequent expenditures are capitalised only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.	Same as criteria for initial recognition as above.
Major spare parts – Capitalisation	Only those spares are required to be capitalised which can be used only in connection with a fixed asset and whose use is expected to be irregular.	Major spare parts qualify as property, plant and equipment when an entity expects to use them during more than one period and when they can be used only in connection with an item of property, plant and equipment.
Cost of major inspections	Does not deal with this aspect.	Requires that the cost of major inspections should be capitalised if the recognition criteria are satisfied with consequent de-recognition of any remaining carrying amount of the cost of the previous inspection.
Costs of dismantling and removing the item of property, plant & equipment and restoring the site.	Does not contain any such requirement.	Requires that the initial estimate of the said costs be included in the cost of the respective item of the cost of plant and equipment.

Ares of Differences	As per ICDS	As per Ind AS
ICDS VI Vs. Ind AS 21		
Forward exchange contracts and options	It covers the same.	Excludes from its scope forward exchange contracts and other similar financial instruments, which are treated in accordance with Ind AS-39.
Definition of foreign operation	Foreign operation of a person is a branch , by whatever name called, of that person, the activities of which are based or conducted in a country other than India.	Foreign operation is an entity that is a subsidiary, associate, joint arrangement or branch of a reporting entity , the activities of which are based or conducted in a country or currency other than those of the reporting entity.
Non-monetary items at year end	ICDS VI requires all non-monetary items in a foreign currency shall be converted into reporting currency by using the exchange rate at the date of the transaction. In respect of non-monetary items, exchange differences arising on conversion thereof at the last day of the previous year shall not be recognised as income or as expense in that previous year.	ICDS VI requires all non-monetary items in a foreign currency shall be converted into reporting currency by using the exchange rate at the date of the transaction. In respect of non-monetary items, Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured.
Exchange differences arising on certain long	No option is allowed, i.e. to be recognised to profit and loss immediately.	Option is provided to recognize the same to equity directly and systematically recognise it to profit and loss account over the life of that monetary item. Option is to be exercised once

Ares of Differences	As per ICDS	As per Ind AS
		and is irrevocable and to be applied to all such items.
ICDS VII Vs. Ind AS 20		
Recognition of Government grants	Government grants should not be recognised until there is reasonable assurance that (i) the person shall comply with the conditions attached to them, and (ii) the grants shall be received. Recognition of Government grant shall not be postponed beyond the date of actual receipt.	Government grants, including non-monetary grants at fair value, shall not be recognised until there is reasonable assurance that: (a) the entity will comply with the conditions attaching to them; and (b) the grants will be received Mere receipt of a grant is not necessarily conclusive evidence that the conditions attached to the grant have been or will be fulfilled.
Grants relating to assets	Grants relating to depreciable asset are deducted from the actual cost of the assets or assets concerned or from the written down value of block of assets to which the concerned asset or assets belong to. No stipulation regarding grant for non-depreciable asset.	Government grants related to assets, including non-monetary grants at fair value, shall be presented in the balance sheet by setting up the grant as deferred income.
Government Assistance which does not fall within the definition of Government grants	Does not deal with such Government assistance.	Government assistance is action by government designed to provide an economic benefit specific to an entity or range of entities qualifying under certain criteria.
Loan at concessional	Silent	Such loan shall be recognized as per Ind-AS 39.

Ares of Differences	As per ICDS	As per Ind AS
rates of interest		The value of concession shall be difference between the proceeds received and the initial carrying value (determined as per Ind-AS 39) shall be treated as grant as per this standard.
Valuation of Non-Monetary grants given at a concessional rate	It requires that non-monetary assets, given at a concessional rate, should be accounted for on the basis of their acquisition cost.	It requires to value non-monetary grants at their fair value.
ICDS VIII Vs. Ind AS 109		
Scope	Deals with securities held as stock in trade.	Much wider in scope and applies to all types of financial instruments (exceptions specified).
Initial measurement of securities	A security on acquisition shall be recognised at actual cost. The actual cost of a security shall comprise of its purchase price and include acquisition charges such as brokerage, fees, tax duty or cess.	At initial recognition, an entity shall measure a financial asset (except trade receivable) or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.
Subsequent measurement of securities	Securities held as stock in trade shall be valued at actual cost initially recognised or net realizable value at the end of previous year, whichever is lower.	An entity shall subsequently measure a financial asset at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of:

Ares of Differences	As per ICDS	As per Ind AS
	Securities not listed on a recognised stock exchange, or listed but not quoted on a recognized stock exchange with regularity from time to time, shall be valued at actual cost initially recognised.	a. the entity's business model for managing the financial assets and b. the contractual cash flow characteristics of the financial asset.
ICDS IX Vs. Ind AS 23		
Qualifying asset measured at fair value	Applicable to all qualifying assets.	Does not apply to borrowing costs directly attributable to qualifying asset measured at fair value, E.g. a biological asset.
Applicability to Inventories	Applicable to borrowing costs related to all inventories that require substantial period of time to bring them in saleable condition.	Excludes the application of this Standard to borrowing costs directly attributable to inventories that are manufactured, or otherwise produced, in large quantities on a repetitive basis.
Definition of 'Borrowing costs'	'Borrowing costs' are interest and other costs incurred by a person in connection with the borrowing of funds and include: (i) commitment charges on borrowings; (ii) amortised amount of discounts or premiums relating to borrowings; (iii) amortised amount of ancillary costs incurred in connection with the arrangement of borrowings; (iv) finance charges in respect of assets acquired under finance leases or under other	'Borrowing costs' are interest and other costs incurred by an enterprise in connection with the borrowing of funds. Borrowing costs may include: (a) interest and commitment charges on bank borrowings and other short-term and long-term borrowings; (b) amortisation of discounts or premiums relating to borrowings; (c) amortisation of ancillary costs incurred in connection with the arrangement of borrowings;

Ares of Differences	As per ICDS	As per Ind AS
	similar arrangements.	(d) finance charges in respect of assets acquired under finance leases or under other similar arrangements; and (e) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.
Definition of qualifying asset	'Qualifying asset' means: (i) land, building, machinery, plant or furniture, being tangible assets; (ii) know-how, patents, copyrights, trademarks, licences, franchises or any other business or commercial rights of similar nature, being intangible assets; (iii) Inventories that require a period of twelve months or more to bring them to a saleable condition.	A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.
Commence of capitalisation	Capitalisation of borrowing costs shall commence: (a) in a case funds are borrowed specifically, from the date on which funds were borrowed; (b) in a case funds are borrowed generally and utilised, from the date on which funds were utilised.	Capitalisation of borrowing costs shall commence when all the following conditions are satisfied: (a) expenditure for the acquisition, construction or production of a qualifying asset is being incurred; (b) borrowing costs are being incurred; and (c) activities that are necessary to prepare the asset

Ares of Differences	As per ICDS	As per Ind AS
		for its intended use or sale are in progress.
Cessation of capitalisation	Capitalisation of borrowing costs shall cease: (a) in case of assets, when such asset is first put to use; (b) in case of inventory, when substantially all the activities necessary to prepare such inventory for its intended sale are complete.	Capitalisation of borrowing costs should cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.
Suspension of Capitalisation	ICDS IX does not provide any guidance on the matter.	Capitalisation of borrowing costs should be suspended during extended periods in which active development is interrupted.
ICDS X Vs. Ind AS 37		
Recognition of provision	It is reasonably certain that an outflow of resources embodying economic benefits will be required to settle the obligation.	An outflow of resources embodying economic benefit required to settle an obligation should be probable .
Recognition of contingent assets	When it becomes reasonably certain that inflow of economic benefit will arise, the asset and related income are recognized. The amount recognised as asset and related income shall be the best estimate of the value of economic benefit arising at the end of the previous year. The amount and related income shall not be discounted to its present value.	Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

Ares of Differences	As per ICDS	As per Ind AS
	If it is no longer reasonably certain that an inflow of economic benefits will arise, the asset and related income shall be reversed.	
Reimbursement	Reimbursement shall be recognised when it is reasonably certain that reimbursement will be received if the person settles the obligation.	Reimbursement of expense by another party shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the enterprise settles the obligation.
Restructuring Expenses and onerous contracts	This ICDS does not have provisions relating to restructuring costs and onerous contracts.	It provides for treatment of restructuring expenses and onerous contracts.
Discounting the amounts of provisions	Prohibits discounting the amounts of provisions.	Requires discounting the amounts of provisions, if effect of the time value of money is material.
Additional guidance		Gives guidance on (i) Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds and (ii) Liabilities arising from Participating in a Specific Market— Waste Electrical and Electronic Equipment.

5.0

FIRST TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS (IND AS 101)



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The **objective of Ind AS 101** is to ensure that the entity's first Ind AS financial statements and its interim financial report for the period covered by those statements, contain high quality information that:

- is transparent for users and comparable for overall period presented
- provides suitable starting point for accounting in accordance with Ind ASs; and
- can be generated at a cost that does not exceed the benefit

5.1 Scope of Ind AS 101

- Ind AS 101 is applicable to the entity's first set 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.
- An entity's 'first Ind AS financial statements' is defined as the first annual financial statements in which the entity adopts Ind ASs and makes an explicit and unreserved statement in those financial statements of compliance with Ind ASs.
- Ind AS 101 does not apply to changes in accounting policy made by an entity that already applies Ind ASs.

5.2 Certain Key Aspects

5.2.1 Opening Ind AS balance sheet and accounting policies

- An entity shall prepare and present an opening Ind AS balance sheet at the date of transition to Ind AS. This is the starting point for its accounting in accordance with Ind AS.
- An entity shall use the same accounting policies in its opening Ind AS

balance sheet and throughout all periods presented in its first Ind AS financial statements. Those accounting policies shall comply with each Ind AS effective at the end of its first Ind AS reporting period, except for specified exemptions.

- An entity shall not apply different versions of Ind ASs that were effective at earlier dates. An entity may apply a new Ind AS that is not yet mandatory if that Ind AS permits early application.
- **Except as provided in the standard, in its opening Ind AS balance sheet, an entity should:**
 - recognise all assets and liabilities whose recognition is required by Ind ASs
 - not recognise items as assets or liabilities if Ind ASs does not permit such recognition
 - reclassify assets, liabilities and items of equity as per the requirements of Ind ASs
 - apply Ind ASs in measuring all recognised assets and liabilities

The accounting policies that an entity uses in its first Ind AS balance sheet may differ from those that it used for the same date using Indian GAAP. The resulting adjustments arise from events and transactions before the date of transition to Ind ASs. Therefore, an entity shall recognise those adjustments directly in retained earnings (or if appropriate another category of equity) at the date of transition to Ind ASs.

5.2.2 Exceptions to the principles that an entity's opening Ind AS balance sheet shall fully comply with each Ind AS effective at the reporting date

Mandatory exceptions to the retrospective application of other Ind ASs

Ind AS 101 prohibits retrospective application of Ind AS in some areas, particularly where retrospective application would require judgements by management about past conditions after the outcome of a particular transaction is already known. These exceptions relate to:

- de-recognition of financial assets and financial liabilities
- hedge accounting
- non-controlling interest
- classification and measurement of financial assets
- impairment of financial assets
- embedded derivatives
- government loans

5.2.3 Exemptions from retrospective application of some aspects of other Ind AS

- a) Estimates: An entity's estimates in accordance with Ind AS at the date of transition shall be consistent with estimates made for the same date in accordance with previous GAAP, unless there is objective evidence that those estimates were in error. Any new information received after the date of transition to Ind ASs about the estimates shall be treated as non-adjusting events after the reporting period. The entity shall not reflect such new information in its opening Ind AS balance sheet and shall reflect such new information in profit or loss for the year.
- b) New estimates required in accordance with Ind ASs at the date of transition that were not required under the previous GAAP shall reflect conditions that existed at the date of transition, E.g. Market prices, interest rates or foreign exchange rate shall reflect market conditions at that date.

The above requirements apply to the opening Ind AS balance sheet. They also

apply to a comparative period presented in an entity's first Ind AS financial statements, in which case the references to the date of transition to Ind AS are replaced by references to the end of that comparative period.

5.2.4 Exemptions from the requirements of certain Ind ASs

Ind AS 101 grants certain optional exemptions from the general rule of full retrospective application of Ind AS. An entity may elect to use one or more of these exemptions. An entity shall not apply these exemptions by analogy to other items. These exemptions relate to:

- share-based payment transactions
- insurance contracts
- deemed cost
- leases
- cumulative translation differences
- investments in subsidiaries, joint ventures and associates
- assets and liabilities of subsidiaries, associates and joint venture
- compound financial instruments
- designation of previously recognised financial instruments
- fair value measurement of financial assets or financial liabilities at initial recognition
- decommissioning liabilities included in the cost of property, plant and equipment
- financial assets or intangible assets in respect of service concession arrangements accounted for in accordance with Ind AS 115

- borrowing costs
- joint arrangements
- non-current assets held for sale and discontinued operations
- revenue from contracts with customers

5.2.5 Comparative information

An entity's first Ind AS financial statements shall include at least

- three balance sheets
- two statements of profit and loss
- two statements of cash flows
- two statements of changes in equity and
- related notes, including comparative information for all statements presented.

5.2.6 Explanation for transition to Ind AS

- An entity shall explain how the transition from previous GAAP to Ind ASs affected its reported balance sheet, financial performance and cash flows.
- An entity's first Ind AS financial statements shall include:
 - reconciliation of its equity reported in accordance with previous GAAP to its equity in accordance with Ind AS for both of the following dates:
 - the date of transition to Ind AS and
 - the end of the latest period presented in the entity's most recent annual financial statements in accordance with

previous GAAP

- a reconciliation to its total comprehensive income in accordance with Ind AS for the latest period in the entity's most recent annual financial statements. The starting point for such reconciliation shall be total comprehensive income in accordance with previous GAAP for the same period or, if an entity did not report such a total, profit or loss under previous GAAP.
- if the entity has recognised or reversed any impairment losses for the first time in preparing its opening Ind AS balance sheet, the disclosures that Ind AS 36, 'Impairment of Assets', would have required if the entity had recognised those impairment losses or reversals in the period beginning with the date of transition to Ind AS.
- if the entity has presented a statement of cash flows under its previous GAAP, it shall also explain the material adjustments to the statement of cash flows.

5.2.7 Use of fair value as deemed cost

If an entity uses fair value in its opening Ind AS balance sheet as deemed cost for an item of property, plant and equipment (PPE), an investment property or an intangible asset, the entity's first Ind AS financial statements shall disclose, for each line item in the opening Ind AS balance sheet:

- a) the aggregate of those fair values; and
- b) the aggregate adjustment to the carrying amounts reported under previous GAAP

5.2.8 Use of deemed cost for investments in subsidiaries, joint ventures and associates

If an entity uses deemed cost in its opening Ind AS balance sheet for an item of PPE, an investment property or an intangible asset, the entity's first Ind AS financial statements shall disclose:

- a) the aggregate deemed cost of those investments for which deemed cost is their carrying amount as per previous GAAP ;
- b) the aggregate deemed cost of those investments for which deemed cost is fair value; and
- c) the aggregate adjustment to the carrying amounts reported under previous GAAP.

5.2.9 Derecognition of financial assets and financial liabilities

A first-time adopter shall apply the derecognition requirements in Ind AS 109 'Financial Instruments' prospectively for transactions occurring on or after the date of transition to Ind AS. In other words, if a first-time adopter has derecognised non-derivative financial assets or non-derivative financial liabilities under previous GAAP as a result of a transaction that occurred before the date of transition to Ind AS, it shall not recognise those assets and liabilities in accordance with Ind AS (unless they qualify for recognition as a result of a later transaction or event).

An entity may apply the derecognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

5.2.10 Hedge accounting

As required by Ind AS 109, at the date of transition to Ind AS, an entity shall:

- a) measure all derivatives at fair value; and
- b) eliminate all deferred losses and gains arising on derivatives that were reported in accordance with previous GAAP as if they were assets or liabilities.

An entity shall not reflect in its opening Ind AS balance sheet a hedging relationship of a type that does not qualify for hedge accounting in accordance with Ind AS 109 (E.g. many hedging relationships where the hedging instrument is a stand-alone written option or a net written option; or where the hedged item is a net position in a cash flow hedger for another risk than foreign currency risk). However, if an entity designated a net position as a hedged item under previous GAAP it may designate an individual item within that net position as a hedged item in accordance with Ind AS 109, provided that it does so no later than the date of transition to Ind AS.

If, before the date of transition to Ind AS, an entity had designated a transaction as a hedge but the hedge does not meet the conditions for hedge accounting in Ind AS 109 the entity shall apply requirements of Ind AS 109 to discontinue hedge accounting. Transactions entered into before the date of transition to Ind AS shall not be retrospectively designated as hedges.

5.2.11 Non-controlling interest

A first-time adopter shall apply the following requirements of Ind AS 110 prospectively from the date of transition to Ind AS:

- (a) the requirement that total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance;
- (b) the requirements for accounting for changes in the parent's ownership interest in a subsidiary that do not result in a loss of control; and
- (c) the requirements for accounting for a loss of control over a subsidiary, and the related requirements of Ind AS 105 'Non-current Assets Held for Sale and Discontinued Operations.'

However, if a first-time adopter elects to apply Ind AS 103 retrospectively to past business combinations, it shall also apply Ind AS 110 from the same date.

5.2.12 Interim financial reports

If an entity presents an interim financial report in accordance with Ind AS 34 for part of the period covered by its first Ind AS financial statements, the entity shall include:

- a) reconciliation of its equity in accordance with previous GAAP at the end of that comparable interim period to its equity under Ind AS at that date;
- b) a reconciliation to its total comprehensive income in accordance with Ind AS for that comparable interim period (current and year to date). The starting point for that reconciliation shall be total comprehensive income in accordance with previous GAAP for that period or, if an entity did not report such a total, profit or loss in accordance with previous GAAP.
- c) Reconciliations described in (a) above or a cross reference to another published documents that includes these reconciliations.
- d) If during the period covered by its first Ind AS financial statements an entity changes its accounting policies or its use of the exemptions contained in the Ind AS 101, it shall explain the changes between its first Ind AS interim financial report and its first Ind AS financial statements and update the reconciliations disclosed as above.

If a first time adopter did not disclose information material to an understanding of the current interim period in its most recent annual financial statements in accordance with previous GAAP, its interim financial report shall disclose that information or include a cross-reference to another published document that includes it.

5.2.13 Presentation and disclosures

- The first Ind AS financial statements shall be presented in accordance with the presentation and disclosure requirements of Ind AS 1.
- Ind AS 101 does not provide exemptions from the presentation and

disclosure requirements in other Ind ASs.

- If an entity becomes aware of errors made under previous GAAP, the reconciliations as disclosed above shall distinguish the correction of those errors from changes in accounting policies.
- Ind AS 8 does not deal with changes in accounting policies that occur when an entity first adopts Ind AS. Therefore, Ind AS 8 requirements for disclosures about changes in accounting policies do not apply to the entity's first Ind AS financial statements.
- Where there is no change in its functional currency on the date of transition to Ind AS, an entity may elect to continue with carrying value for all of its PPE as at the date of transition as recognised under previous GAAP and use that as its deemed cost after making adjustment in respect of decommissioning liabilities, if any. If the entity adopts such exemption, the fact and the accounting policy shall be disclosed by the entity until such time that those items of PPE, investment properties or intangible assets, are significantly depreciated, impaired or derecognised in the balance sheet.
- If an entity did not present financial statements for previous periods, its first Ind AS financial statements shall disclose such fact.

FREQUENTLY ASKED QUESTIONS (FAQS) BY FIRST TIME ADOPTERS OF IND AS



6.1 From which date Ind AS will be applicable in India?

As per MCA notification, a company may voluntarily apply Ind AS for accounting period commencing 1 April 2015 or thereafter. Select class of companies and its holding, subsidiary, joint venture or associate companies would need to mandatorily apply Ind AS for period commencing 1 April 2016.

6.2 Which entities in India need to comply with Ind AS with effect from 1 April 2016?

Indian companies meeting following criteria :

- i) Companies whose equity or debt securities are listed or are in the process of listing on any stock exchange, whether in India or outside India and having net worth of Rs. 500 crores or more as at 31 March 2014 on the basis of standalone financial statements of the company;
- ii) Other companies having net worth of Rs. 500 crores or more as at 31 March 2014 on the basis of standalone financial statements of the company;
- iii) Holding, subsidiary, joint venture or associate companies of companies covered above.

6.3 If an unlisted company has net worth less than Rs. 250 crores as at 31 March 2014, can Ind AS become applicable to it in future?

As specified in the notification by MCA, Ind AS may become applicable to such companies if in subsequent period it meets the specified criteria for applicability of Ind AS.

6.4 What is the date of transition to Ind AS?

Date of transition is the beginning date of the earliest period for which the company presents full comparative information in its first Ind AS financial statements. E.g. for Ind AS financial statements to be prepared for year ending 31 March 2017 the date of transition would be 1 April 2015.

6.5 If the date of transition to Ind AS is 1 April 2015, what GAAP the Indian company needs to follow for the year 2015–2016?

The company would need to follow Accounting Standards as notified vide Companies (Accounting Standards) Rules, 2006. However, it would also need to prepare financial statements in compliance with Ind AS for FY 2015–2016 for presenting comparative previous year figures in its first Ind AS financial statements for the FY 2016–2017.

6.6 What are the components of a complete set of Ind AS financial statements?

As prescribed in Ind AS 1 'Presentation of financial statements' a complete set of financial statements comprises of:

- a) a balance sheet as at the end of the period;
- b) a statement of profit and loss for the period;
- c) a statement of changes in equity for the period;
- d) a statements of cash flows for the period ;
- e) notes, comprising a summary of significant accounting policies, and other explanatory information;
- f) comparative information in respect of the preceding period as specified; and
- g) a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements.

6.7 What would entity need to do in converting financial statements as per Indian GAAP to Ind AS financial statements?

In converting financial statements as per Indian GAAP to Ind AS financial statements, an entity needs to:

- recognise all assets and liabilities whose recognition is required by Ind AS
- de-recognise items of assets or liabilities if Ind AS does not permit such recognition
- reclassify assets, liabilities and items of equity as per the requirements of Ind AS
- apply Ind AS measurement principles for all recognised assets and liabilities retrospectively (unless exemption is available under Ind AS)

6.8 Can any entity prepare Ind AS financial statements for period longer / shorter than one year? If yes, what are the disclosures required?

As per Ind AS 1 'Presentation of financial statements' an entity shall present a complete set of financial statements (including comparative information) at least annually. When an entity changes the end of its reporting period and presents financial statements for a period longer or shorter than one year, an entity shall disclose, in addition to the period covered by the financial statements:

- a) the reason for using a longer or shorter period; and
- b) the fact that amounts presented in the financial statements are not entirely comparable.

6.9 Which Ind AS would an entity need to comply with in its first Ind AS financial statements?

An entity would be required to apply all the Ind AS effective as at the end of the reporting period in:

- preparing and presenting its opening Ind AS balance sheet; and
- preparing and presenting its balance sheet for the year (including comparative previous year figures), statement of profit and loss, statement of changes in equity and cash flow statement for the periods then ended and disclosures (including comparative information)

If a new Ind AS is not mandatory as at the reporting date, but permits early application, an entity is permitted, but not required, to apply that Ind AS in its first Ind AS financial statements.

6.10 If an entity presents interim financial information for part of the period covered by its first Ind AS financial statements, what additional disclosures are required?

An entity shall give reconciliation of:

- Equity under the Indian GAAP at the end of that comparable interim period to its equity under Ind AS at that date.
- Profit and loss under the Indian GAAP for that comparable interim period (current and year to date) to its profit or loss under Ind AS for that period.
- Ind AS 34 – the reconciliations demanded for annual reports or a cross reference to another published document that includes such reconciliation.
- If the most recent annual financial statements under the Indian GAAP, disclosure information material to an understanding of the current interim period, the interim report should include such disclosure.

6.11 What is offsetting?

Offsetting means netting of assets and liabilities or income and expenses. An entity shall not offset assets and liabilities or income and expenses, unless required or permitted by Ind AS. E.g. Valuation allowances for obsolescence of inventory should be offset against inventory valuation because Ind AS 1 specifically states that this situation is not offsetting.

Notes

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Notes

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Mahakali Caves Road, Andheri (E)
Mumbai – 400 093.

201, Shree Padmini
Teli Galli Junction
Andheri (E), Mumbai – 400 069.

New Delhi – NCR

2nd Floor, Tower-B
B-37, Sector-1
Noida – 201 301.

Chennai

Abhinav Centre
No. 4, Co-operative Colony
Off. Chamiers Road
Alwarpet, Chennai – 600 018.

1A, Chamiers Apartments
62/121, Chamiers Road
R. A. Puram, Chennai – 600 028.

Kolkata

A-6, 12th Floor
Chatterjee International
Centre
33A, Jawaharlal Nehru Road
Kolkata – 700 071.

Bengaluru

Sujaya, No. 1007, 2nd Cross
13th Main, HAL II Stage
Bengaluru – 560 038.

Surat

DTA-2, G-02 to G-05 Plot
Gujarat Hira Bourse
Ichhapore-2
Surat – 394 510.

T-720, Belgium Tower
Opp. Linear Bus Stop
Ring Road, Surat – 395 002.

B/604-605, Tirupati Plaza
Athwa Gate, Nanpura
Surat – 395 001.

Hyderabad

217, Maruthi Corporate Point
Swapnalok Complex
92, Sarojini Devi Road
Secunderabad – 500 003.

Ahmedabad

B-504, Narnarayan Complex
Navrangpura
Ahmedabad – 380 009.

Pune

102, First Floor
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Baner Balewadi Road
Near Laxmi Mata Mandir
Balewadi, Pune – 411 045.

Gandhidham

Divyasarika, Plot No. 41
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