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IFRS Vs IND AS

Speaker:

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International Financial Reporting Standards (IFRS)

IAS are International Accounting Standards issued by

International Accounting Standards Committee (IASC) based in London

IAS 1-IAS 41
Total 23

IFRS are International Financial Reporting Standards issued by

International Accounting Standards Board (IASB) based in London

IFRS 1-IFRS 17
Total 17

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

USE OF IFRS-WORLD WIDE

+140 jurisdictions now require the use of IFRS for all or most publicly listed companies.



Indian Accounting Standards (Ind AS)

IND AS = A set of converged IFRS

No adoption approach-Some changes were made to IFRSs in line with economic conditions prevailing in India

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

IFRS
Add: Carve-In
Less: Carve-Out

IND AS

Indian Accounting Standards (Ind AS)

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

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

Indian Accounting Standards (Ind AS)

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

Indian Accounting Standards (Ind AS)

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

Indian Accounting Standards (Ind AS)

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

Indian Accounting Standards (Ind AS)

S. No.	Ind AS	Title	IAS/IFRS
37	Ind AS 111	Joint Arrangements	IFRS 11
38	Ind AS 112	Disclosure of interest in other entities	IFRS 12
39	Ind AS 113	Fair Value Measurements	IFRS 13
40	Ind AS 114	Regulatory Deferral Accounts	IFRS 14
41	Ind AS 115	Revenue from Contracts with Customers (effective w.e.f. April 1, 2018)	IFRS 15
42	Ind AS 116	Leases (effective w.e.f. April 1, 2019)	IFRS 16
43	Ind AS 117	Insurance Contracts*	IFRS 17
* Ind AS 117 is yet to be notified in India			
** Superseded by IFRS 16			
*** Withdrawn w.e.f. April 1, 2018 on introduction of Ind AS 115			



CARVE OUT & CARVE IN



DEEP DIVE:

**CARVE OUT (10)
&
CARVE IN (1)**



Carve Out 1

Ind-AS 1, Presentation of Financial statements:

Breach of a material provision of long-term loan arrangement

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

Carve Out 2

Ind-AS 10, Events after the Reporting period:

Non adjusting events

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

Carve Out 3

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

Different accounting policies of Associates

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

Carve Out 4

Ind-AS 32, Financial Instruments-Presentation:

Liability or equity in case of FCCB

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

Carve Out 5

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

Definition of Previous GAAP under Ind AS-101

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

Carve Out 6

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

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

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

Carve Out 7

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

Long term Foreign currency Monetary item

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

Carve Out 8

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

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

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

Carve Out 9

Ind-AS 103, Business Combination

Bargain Purchase

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

Carve Out 10

Ind-AS 115, Revenue from Contracts with Customers

Penalties

IFRS	Ind-AS
IFRS-15: All types of penalties which may be levied in the performance of a contract should be considered in the nature of variable consideration for recognizing revenue.	Ind AS-115: Accounting of penalties as per the substance of the contract. Where the penalty is inherent in determination of transaction price, it shall form part of variable consideration, otherwise, the same should not be considered for determining the consideration and the transaction price shall be considered as fixed.

Carve In

Ind-AS 103, Business Combination

Business combination of entities under common control

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

Other differences

Differences on account of **choosing one of the option** in Ind AS from the IFRS is **not considered as the difference**. Examples:

- In Ind AS -1 “Presentation of the financial statements” , one option of presenting the expenditures as “nature wise” were chosen instead two option of nature wise or function wise as prescribed in IAS 1.
- Choosing cost model in Ind AS 40 in place of two option of cost model or fair value model in IAS 40”Investment Property”



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