Financial Reporting

(For Old & New Course - Nov., 2019 Exam.)

Carve-in/out in Ind AS from IFRS
Differences between AS & Ind AS

By

CA. RANJAY MISHRA

Watch Videos on Youtube Channel : CA Ranjay Mishra

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Institute of Quality Studies

1/50, 3rd Floor, Near Gurudwara, Lalita Park, Laxmi Nagar, Delhi - 92

PH. : 9718057916, 9910865804, 9911986815

Facebook : www.facebook/Ranjay.IndAS

1. Important Differences between AS and Ind AS

1. Difference between AS 1 and Ind AS 1 (Important)

Basis	Ind AS 1 (Presentation of Financial Statement)	AS 1 Disclosure of Accounting Policy
1. Explicit statement of compliance	An enterprise shall make an explicit statement in the financial statements of compliance with all the Ind AS. Further, Ind AS 1 allows deviation from a reuirement of an accounting standard in case the management concludes that compliance with Ind AS will be misleading and if the regulatory framework requires or does not prohibit such a departure.	No Such Provision.
2. Current and Non-current classification	Included	Not included
3. Extraordinary item	Prohibits presentation of extra-ordinary item.	Treatment as per AS 5.
4. Disclosure	• Judgements made by management while framing accounting policies • Key assumptions about the future of business. • Sources of measurement uncertainty that have significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year.	No such explicit disclosure.
5. Presentation of Balance sheet at the beginning of earliest period	Applies an accounting policy retrospectively, or makes a retrospective restatement of items in the financial statements, or reclassifies items in financial statements	Not required.
6. Disclosure of reclassification of Items	requires disclosure of nature, amoutn and reason for reclassification in the notes to financal statements.	Not required.
7. Statement of changes in equity	Requires financial statements to include a statement of changes in equity whifch, among others includes reconciliation between opening and closing balance for each component of equity.	Not required.
8. Classification of Expense	Require classification of expenses to be presented based on nature of expenses.	Not required.
9. Statement of Other - Comprehensive income	Require that an entity shall present a single statement of profit and loss, with profit or loss and other comprehensive income presented in two sections. The sections shall be presented together, with profit or loss section presented first followed directly by the other comprehensive income section.	Not required.

2. Difference between AS 2 and Ind AS 2 (Important)

Basis	Ind AS 2	AS 2
1. Subsequent Recognition	• Subsequent recognition of cost or carrying amount of inventory as expense.	• Not required
2. Meaning of Fair Value and distinction between NRV and Fair Value	• Defines fair value and provides explanation in respect of distinction between "net realisable value" and "fair value". NRV is an entity specific value whereas fair value is not an entity specific value.	• Does not contain the definition of fair value and any such explanation.
3. Machinery Spares	• Does not contain specific explanation on machinery spares and this is included in Ind AS 16.	• Inventories do not include spare parts, servicing equipment and standby equipment with satisfy meaning of PPE under AS 10.
4. Inventories of commodity broker	• Does not apply to measurement of inventories held by commodity brokers, who measure their inventories at fair value less costs to sell.	• Not covered.
5. Reassessment of NRV	• Provides detailed guidance on subsequent assessment of NRV. It states that amount of reversal of any write-down of inventories arising from any increase in NRV, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.	• Does not provide such explanation on reversal.
6. Deferred payment inventories	• Provides that in respect of inventories purchased on deferred settlement basis, if the arrangement effectively contains a financing element, then that element will be recognised as interest expense over the period of financing e.g. difference between purchase price under normal credit terms and the amount paid.	• Contain no such provision.
7. Cost Formula	• Requires the use of consistent cost formulate for all inventories having a similar nature and use to the entity. For inventories with a different nature or use, different cost formulate may be justified.	• Provideds specifically that the formula used in determining the cost of an item of inventory should reflect fair approximation to the cost incurred in bringing the inventories to their present condition and location.
8. Inventory of Service Provider	• Measured at cost of production of service provider.	• The standard is silent on the matter.

3. Difference between AS 3 and Ind AS 7

Basis	Ind AS 7 (Cash Flow Statement)	AS 3 (Cash flow statement)
1. Extraordinary Item	Since item are not classified as extraordinary hence presentation requirement has been omitted	Requires extraordinary activities to be separately classified as arising from operating, investing and financing activities.
2. Bank Overdraft repayable on demand	Classified as cash and cas equivalent	AS 3 is Silent
3. New example of financing activities	• cash payments to owners to acquire or redeem the entity's shares • cash proceeds from issuing debentures, loans, notes, bonds, mortgages • cash payment by a lessee for the reduction of the outstanding liability relating to a finance lease.	Not included
4. Investment in Subsidiaries, Associates and Joint Ventures (Investees)	The use of equity or cost method while accounting for an investment in an associate, joint venture or a subsidiary. It also specifically deals with the reporting of interest in an associate or a joint venture using equity method.	Not Included
5. Treatment of Cash payment in specific case	The treatment of cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale in the ordinary course of business as cash flows from operating activities. Further, treatment of cash receipts from rent and subsequent sale of such assets as cash flow from operating activity is also provided.	Not Included
6. Adjustment of undistributed profit from associates	Adjusted under Indirect Method	Not included
7. Disclosure of the amount of Cash and Cash Equivalents in Specific Situations	An entity (except in investment entity) to disclose the amount of cash and cash equivalents and other assets and liabilities in the subsidiaries or other businesses over which control is obtained or lost. Ind AS 7 also requires to report the aggregate amount of the cash paid or received as consideration for obtaining or losing control of subsidiaries or other businesses in the statement of cash flows, net of cash and cash equivalents acquired or disposed of as a part of such trasactions, events or changes in circumstances.	Not included
8. Cash Flows arising from Changes in Ownership Interests in a Subsidiary	To classify cash flows arising from changes in ownership interest in a subsidiary that do not result in a loss of control as cash flows from financing activities.	Not included

4. Difference between AS 4 and Ind AS 10

Basis	Ind AS 10 (Events Occurring after reporting period)	AS 4 (Contingencies and Events occurring after Balance Sheet Date
1. Disclosure of Non-adjusting events	Disclosed in Financial statement (i.e. notes to account)	Disclosed in report of approving authority
2. Impact of non-adjusting event in case of a question mark on going concern	Changes in required in basis of accounting i.e. from going concern to liquidation.	Adjustment is needed in assets and liabilities in financial statement.
3. Breach of material provision in case of long-term loan arrangement	if such events occur on or before reporting date with the effect that liability become payable in demand on reporting date, if th lender, before the approval of financial statement for issue agree to waive the breach it shall be considered that adjusting event.	No such requirement.
4. Accounting for non-cash assets distribution to owner	Guidance available under appendix added in Ind AS 10	Guidance not available.

5. Difference between AS 5 and Ind AS 8

Basis	Ind AS 8 (Accounting Policies, Accounting estimates and errors)	AS 5 (Net Profit or loss for the period, prior period item and changes in accounting policies
1. Objective	To prescribe the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. Ind AS 8 intends to enhance the relevance and reliability of an entity's financial statements and the comparability of those financial statements over time and with the financial statements of other entities.	To prescribe the classification and disclosure of certain items in the statement of profit and loss for uniform preparation and presentation of financial statements.
2. Extraordinary item	Prohibit presentation of extraordinary item.	Provide presentation of extraordinary
3. Meaning of Accounting Policy	Includes bases, conventions, rules and practices.	Only includes specific accounting principles and method of applying those principles.
4. Effect of change in accounting policies	• Applied retrospectively • Applied prospectively if retrospective implication is impracticable.	Only applied retrospectively.
5. Prior period item	• Applied retrospectively • Applied prospectively if retrospective implication is impracticable. • Fraud is included in error	• Only applied prospectively. • Error does not include fraud.
6. Rectification of Material Prior Period Errors	Rectification of material prior period errrs with retrospective effect subject to limited exceptions viz. where it is impracticable to determine the period specific effects or the cumulative effect of applying a new accounting policy.	Rectification or prior period item with prospective effect.

6. Differences between Ind AS 115 and AS 7 & AS 9 (Most Important)

Particular	Ind AS 115	AS 7 & 9
Framework of Revenue Recognition	Ind AS 115 gives a framework of revenue recognition within a standard. It specifies the core principle for revenue recognition which requires the revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.	AS 7 and AS 9 do not provide any such overarching principle to fall upon in case of doubt.
Comprehensive Guidance on Recognition and Measurement of Multiple Elements within a Contract with Customer	Ind AS 115 gives comprehensive guidance on how to recognise and measure multiple elements within a contract with customer.	AS 7 and AS 9 do not provide comprehensive guidance on this aspect.
Coverage	Ind AS 115 comprehensive deals with all types of performance obligation contract with customer. However, it does not deal with revenue from interest and dividend which are covered in financial instruments standards.	AS 7 covers only revenue from construction contracts which is measured at consideration received / receivable. AS 9 deals only with recognition of revenue from sale of goods, rendering of services, interest, royalties and dividends.
Measurement of Revenue	As per Ind AS 115, revenue is measured at transaction price, i.e. 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.	As per AS 9, Revenue is the gross inflow of cash, receivables of other consideration arising in the course of the ordinary activities. Revenue is measured by the charges made to customers or clients for goods supplied and services rendered to them and and by the charges and rewards arising from the use of resources by them. As per AS 7, revenue from construction contracts is measured at consideration received / receivables and to be recognised as revenue as construction progresses, if certain conditions are met.
Recognition of Revenue	As per Ind AS 115, revenue is recognised when the control is transferred to the customer.	As per AS 9, revenue is recognised when significant risks and rewards of ownership is transferred to the buyer,. As per AS 7, revenue is recognised when the outcome of a construction contracts can be estimated reliably, contract revenue should be recognised by reference to the stage of completion of the contract activity at the reporting date.
Capitalisation of Costs	Ind AS 115 provides guidance on recognition of costs to obtain and fulfill a contract, as asset.	AS 7 and AS 9 do not deal with such capitalisation of costs.
Guidance on SCA	Ind AS 115 gives guidance on service concession arrangements and disclosures thereof.	AS does not provide such guidance.
Disclosure requirements	Ind AS 115 contains detained disclosure requirements.	Less disclosure requirements are prescribed in AS.

7. Difference between AS 10 and Ind AS 16 (RTP - May, 2017)

Basis	Ind AS 16 (PPE)	AS 10 (PPE)
1. Fixed Assets retired from active use and held for disposal	Does not deal with assets held for disposal because these provisions are covered under Ind AS 105.	Treatment is covered under AS 10.
2. Stripping Costs in production phase of surface mind	Guidance is available for measurement	No Guidance available

8. Difference between AS 11 and Ind AS 21

Basis	Ind AS 21 (The effect of changes in foreign exchage rates)	AS 11 (The effect of changes in foreign exchage rates)
1. Forward Exchange contract and other similar financial instrument	Not included under Ind AS 21 because these provisions are included under Ind AS 109 'Financial Instruments'.	Does not exclude forward contract from its scope.
2. Exchange differences arising on Translation of Certain Long-term Monetary Items from Foreign Currency to Functional Currency	Ind AS 21 does not give option as given in AS 11. Ind AS 21 does not apply to long-term foreign currency monetary items recognised in the financial statements before the beginning of the first Ind AS financial reporting period as per the previous GAAP, i.e. AS 11. However, as provided in Ind AS 101, such an entity may continue to apply the accounting policy so opted for such long-term foreign currency monetary items as per the previous GAAP.	An option to recognise exchange differences arising on translation of certain long-term monetary items from foreign currency to function currency directly in equity, to be transferred to profit or loss over the life of the relevant liability/asset if such items are not related to acquisition of fixed assets. Where such items are related to acquisition of fixed assets, the foreign exchange differences can be recognised as part of the cost of the asset.
3. Translation approach	Translation is based on functional currency. However determination of functional currency is on the basis of indicators relevant for non-integral operation hence there is no substantive difference in respect of accounting in foreign operation.	Translation is based on integral and non-integral operation.
4. Presentation currency	Presentation currency may be different from local currency.	Presentation currency must be local currency.
5. Functional Currency	Functional currency is the currency of primary economic environment. Detail guidelines are available for determination of functional currency under Ind AS 21.	No concept of functional currency in all cases indian currency shall be treated as functional currency.

9. Difference between Ind AS 20 and AS 12 (Most Important)

Basis	Ind AS 20	AS 12
1. Treatment	Grant should be recognised as income over the period which bear the cost of meeting the obligation.	• Capital nature grant transferred to shareholder fund i.e. capital reserve • Revenue grant and grant for depreciable fixed assets should be recognised as income over period.
2. Special Treatment of forgiveable loan and concessional rate loan	Forgiveable loan shall be recognised as income and concessional rate loan using effective interest rate method under Ind AS 109.	Not included
3. Govt. assistance which does not fall in the meaning of Govt. Grant	Deals with other form of Govt. Assistance which do not fall in the definition of Govt. Grant. It requires that an indication of other form of Govt. assistance from which the entity has directly benefited should be disclosed in financial statement.	Not included
4. Promoter contribution grant	Recognised as income over the period	Transfer to capital reserve

10. Difference between Ind AS 40 and AS 13

Basis	Ind AS 40 (Accounting for investment)	AS 13 (Investment Property)
1. Investment Property	Details guidelines on classification of investment property from owner occupied property, accounting treatment, presentation and disclosure requirement are given in Ind AS 40.	Investment property shall be accounting using cost model prescribed in AS 10 (PPE).

11. Differences between Ind AS 103 and AS 14 (Most Important)

Basis	Ind AS 103 (Business Combination)	AS 14 (Amalgamations)
1. Scope	Define Business combination which has wider scope.	Deals only with amalgamation and mergers.
2. Method of Accounting	Acquisition method for each business combination.	Purchase method and interest pooling method.
3. Assets and Liabilities	Identifiable assets and liabilities and non controlling interest should be recognised at fair value.	Assets and Liabilities are recognised at existing book value or fair value in case of purchase method.
4. Minority / Non-controlling interest	Acquirer shall measure non-controlling interest in the acquiree either at fair value or at non-controlling interest proportionate share of acquiree identifiable net asset.	Not included. However definition of minority interest is given in AS 21.
5. Amortisation of Goodwill	Goodwill is not amortised but tested for impairment under Ind AS 36.	Goodwill shall be amortised over a period not exceeding 5 year.
6. Reverse acquisition	Deals with reverse acquisition	Doesnot deals with reverse acquisition
7. Contingent consideration	Deals with contingent consideration in case of business combination (i.e. an obligation of the acquirer to transfer additional asset or equity interest to former owner of an acquiree as part of the exchange of the acquiree if specified future event occure or condition are made).	Not included
8. Bargain Purchase gain	Bargain purchase gain arising on business combination to be recognised in OCI and accumulated in equity as capital reserve.	Excess amount is treated reserve.
9. Accounting for common control transaction	Accounting treatment is prescribed in appendix C	No Such treatment

12. Differences between Ind AS 19 and AS 15 (Most Important)

Basis	Ind AS 19 (Employee Benefit)	AS 15 (Employee Benefit)
1. Constructive Obligations	Employee benefit from constructive obligation are covered.	Not Covered.
2. Meaning of Employee	Employee includes Director	Employee includes whole time director.
3. Contractual Agreement between a Multi-employer Plan and its Participants	Deals with situation where there is contractual agreement between a multi employer plan and its participants that determine how surplus in the plan will be distributed to the participants or the deficit will be funded.	Not included
4. Participation in a Defined Benefit Plan Sharing Risks Between Various Entities under Common Control	Participation in a defined benefit plan sharing risks between various entities under common control is a related party transaction for each group entity and some disclosures are required in the separate or individual financial statements of an entity.	Not included
5. Qualified Actuary	Encourages but does not require, an entity to involve a qualified actuary in the measurement of all material post-employment benefit obligations.	Standard does not require involvement of a qualified actuary, but does not encourage use of qualified actuary.
6. Recognition of Actuarial Gains and Losses	Recognised in other comprehensive income .	Recognise in Profit and Loss
7. Financial Assumption	Based on market expectations at the end of reporting period for which obligation is to be settled.	No Clarification
8. Discounting of Post-employment Benefit Obliations	Subsidiaries, associates, joint ventures and branches domiciled outside India shall discount post-employment benefit obligations arising on account of post-employment benefit plans using the rate determined by reference to market yields at the end of the reporting period on high quality corporate bonds. In case, such subsidiaries, associates, joint ventures and branches are domiciled in countries where there is no deep market in such bonds, the market yields (at the end of the reporting period) on government bonds of that country shall be used.	The rate used to discount post-employment benefit obligations should always be determined by reference to market yields at the balance sheet date on government bond.
9. Timing of Recognition of Termination benefits	More guidance available	Limited guidance available
10. Guidance on Interaction of Ceiling of Asset Recognition and Minimum Funding Requirement	Guidance Available	No Guidance available.

13. Difference between AS 16 and Ind AS 23

Basis	Ind AS 23 (Borrowing Costs)	AS 16 (Borrowing Costs)
1. Scope	Borrowing costs need not be capitalised in respect of (i) qualifying assets measured at fair value (e.g. biological assets) (ii) inventories that are manufactured, or otherwise produced, in large quantities on a repetitive basis (even if they are otherwise qualifying assets).	No such scope exception given in AS 16.
2. Components of Borrowing Costs	Ind AS 23 requires the interest expense to be computed using effective interest method.	Borrowing cost includes interest and commitment charges on short term and long term borrowing, amortisation of discount, premium and anciliary cost in relation to borrowing.
3. Disclosure	Requires disclosure of capitalisation rate.	Does not required disclosure of capitalisation rate.
4. Substantial period of time	Meaning not included.	Meaning included.
5. Reporting in Hyper-inflanatory economy	Part of borrowing cost related to inflation shall be transfer to P&L A/c.	No Such clarification.
6. Borrowing of parent and subsidiary for calculated weighted average rate.	In some circumstances it is appropriate to include all borrowing of parent and its subsidiary when computing WACC for borrowing cost while in other circumstances it is appropriate for each subsidiary to use weighted average borrowing cost applicable its own borrowing.	Not included.

14. Difference between Ind AS 108 and AS 17

Basis	Ind AS 108 (Operating Segments)	AS 17 (Segment Reporting)
1. Determination of Segments	Operating segments are identified based on the financial informaton that is regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance.	As per AS 17 there are two sets of segments : Business and Geographical Identified by the entity based on risks and rewards approach.
2. Measurement	Whatever measurement basis used by chief operating decision maker, the same measurement basis is used for preparation of segment profit or loss.	Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the enterprise as a whole.
3. Aggregation Criteria	Two or more operating segments may be aggregated into a single operating segment if the aggregation is consistent with the principles laid down in the standard. The disclosure of the judgements made in applying the aggregation criteria for operating segmentsis necessary.	There is no specific guidance in AS 17.
4. Entity wise Disclosure	Entity wise disclosures : (a) External revenues from each product or service; (b) revenues from customers in the country of domicile and from foreign countries; (c) geographical information on non-current assets located in the country of domicile and foreign countries. Information of major customers including total revenues from each major customer is disclosed if revenue from each customer is 10% or more of total segment revenues.	Disclosures are made based on the classification of segments as primary of secondary. Disclosure requirements for secondary reporting format are less detailed than those required for primary reporting formats.
5. Single Reportable Segment	Certain Disclosures are required.	No disclosure required.

15. Difference between AS 18 and Ind AS 24 (Nov., 2016 - 8 Marks)

Basis	Ind AS 24 (Related Party Disclousure)	AS 18 (Related Party Disclosure)
1. Post Employment Benefit Plans	Related party includes post-employment benefit plans for the benefit or employee of the reportin entity or any entity that is related to the reporting entity.	Post-employment benefit plans are not included as related parties.
2. Key Management Personnel	Compensation of key managment personnel is disclosed in total and separately for : • Short-term employee benefits, • Post-employment benefits, • other long-term benefits, • termination benefits, and • share-based payments.	The compensation of key management personnel is disclosed in total of all items of compensation except when a separate disclosure is necessary for the show of the effects of related party transactions on the financial statements.
3. Co-venture	Included in related party.	Not included in related party.
4. Disclosure of transaction	Amount need to be disclosed.	Volume of transaction either as amount or proportion should be disclosed.
5. Government Company	Controlled, jointly controlled or significantly influence by government.	State control either by central or state.
6. Meaning of Relative	Close Member i.e. children, spouse or domestic partner, brother, sister, father, mother, children of that person's spouse or domestic parther, dependent of person or person spouse or domestic partner.	Individual i.e. spouse, son, daughter, brother, sister, father and mother.
7. Effect of influence which do nott lead to tranaction	No Such Provision	Mention that where there is an inherent difficulty for management to determine the effect of influence which do not lead to transactions, disclose of such effects is not required.
8. Next most senior parent	Additional disclosure is required for such parent.	No such Provision.
9. Disclosure of compensation	Disclosure is required for compensation of KMP of different categories.	No such Provision
10. Disclosure of amount vs. volume of transaction	Required disclosure of amount of transaction.	Disclosure of volume or amount of transaction is management discretion.
11. Clarificatory %	Only definition no clarification.	For significant inflence 20% or more is given as clarification for determination

16. Difference between AS 19 and Ind AS 17

Basis	Ind AS 17 (Leases)	AS 19 (Leases)
1. Lease Land	Included within the scope of Ind AS 17.	Excluded from scope of AS 19.
2. Initial Direct Cost for lessor	Different treatment for non manufacturer / non-dealer lessor for finance lease depending on types of lease and lessor / lessee.	Depends upon types of lease and lessor / lessee.
3. Inception and commencement of lease	Distinction is made between inception and commencement.	No such distinction.
4. Escalation treatment	Escalation treatment of lease rental is in line with inflation.	No such requirement.
5. Treatment of incentive received for Operating Lease	Guidance available	No such guidance.
6. Sales and Leaseback Transaction	In case of finance lease back amortisation method for deferred profit and loss is not available.	In case of finance lease back deferred profit and loss should be amortised in the ratio of depreciation.
7. Current and Non-current classification	Lease liability should be classify as current and non-current.	No such provision.
8. Residual Value	No definition available.	Definition available.

17. Difference between AS 20 and Ind AS 33

Basis	Ind AS 33 (Earning Per Share)	AS 20 (Earning Per Share)
1. Option held by entity on its shares	Deals with option	Does not deal with option held such as purchased option and written put option.
2. Disclosure of EPS from continuing and discontinuing opeations	Basic and diluted EPS from both continuing and discontinuing operations are required to be disclosed.	No separate disclosure for EPS from continuing discontinuing operations.
3. Extra-ordinary item	Does not requires disclosure.	Requires disclosures.

18. Difference between AS 21 and Ind AS 110 (Most Important)

	Basis	Ind AS 110 (Consolidated Financial Statement)	AS 21 (Consolidated Financial Statement)
1.	Mandatory preparation of Consolidated Financial Statements	Requires mandatory preparation of consolidated financial statement	Does not mandate consolidated financial statement
2.	Control	An investor control investee when it is exposed, or has right, to variable return from its investment with the investee and has the ability to effect those returns through its power over the investee.	Control is the ownership of more than one half of the voting power of an enterprise or control of the composition of Board of Director.
3.	Clarification regarding inclusion of Notes	Does not provide any clarification	Clarification regarding inclusion of notes appearing in the separate financial statement of the parent and subsidiary in consolidated financial statement.
4.	Clarification on more than one Parent of a Subsidiary	If an entity is controlled by two entity then such entity shall be treated as joint venture.	A subsidiary may have two parent entity and hence control made by two entity is accounted under AS 21.
5.	Difference in Reporting Dates	Difference shall not exceed three months	Difference shall not exceed six months
6.	Loss of Control	Detail guidelines available	Limited guidelines available
7.	Uniform Accounting Policies	Uniform accounting policy is mandatory	Uniform accounting policy is mandatory except in case of impracticable situation
8.	Presentation of Non-controlling Interest in CFS	Presented within equity separately from owner equity	Presented separately from equity and liability
9.	Potential Equity Shares	Considered in calculation of control	Not considered in calculation of control
10.	Exclusion from Consolidation	No exclusion	Temporary subsidiaries are exclused from consolidation
11.	Explanations	No Explanation	Term near future and shares held as stock in trade has been explained.

19. Differences between AS 22 and Ind AS 12 (Most Important)

Basis	Ind AS 12 (Income Taxes)	AS 22 (Accounting for Taxes on Income)
1. Recognition of Deferred Tax Assets & Liabilities	Subject to limited exception, deferred tax asset is recognised for all deductible temporary differences to the extent there is reasonable certainty that sufficient taxable profit will be available to set off deductible temporary difference.	Deferred tax asset on carried forward losses and unabsorbed depreciation is recognised only when there is virtual certainty supported by convincing evidence that sufficient taxable profit will be available. Deferred tax asset on other items is recognised to the extent there is reasonable certainty of sufficient taxable profit.
2. Recognition of taxes on items in other comprehensive income or directly in equity	Current tax and deferred tax are recorded outside profit or loss if the tax relates to items that are recognised in the same or a different period, outside profit or loss.	No specific guidance.
3. Tax Holiday	Does not contain specific provision.	Specific guidelines available.
4. Minimum Alternate Tax (MAT)	No specific provision.	Specific provision available for measurement of deferred tax.
5. Basis	Based on Balance Sheet approach.	Based on Profit and Loss Account.
6. Disclosure requirement	More Disclosure	Less Disclosure
7. Virtual Certainty	No concept of virtual certainty	Explain virtual certainty with convincing evidence.
8. Change in entity status or that to its shareholder	Guidance available as to how entity should account for taxes consequences of such events.	No Such Guidance.
9. Disclosure of DTA and DTL in Balance Sheet	No guidance available	Disclosure is available for DTA / DTL in balancesheet.
10. DTA / DTL on revaluation of assets.	Requires that deferred tax assets/liability arising from revaluation of non-depreciable assets shall be measured on the basis of tax consequences from the sale of asset rather than through use.	No such provision

20. Difference between Ind AS 28 and AS 23

Basis	Ind AS 28 (Investment in Associate and Joint Venture)	AS 23 (Accounting for Investment in Associates in Consolidated Financial Statements)
1. Significant Influence	Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.	Significant influence is the power to participate in the financial and / or operating policy decisions of the investee but not control over those policies.
2. Potential Voting Rights	For computing share ownership potential voting right that are currently exercisable or convertible is considered.	Potential equity shares are not taken into account.
3. Uniform Accounting Policies	Compliance with Uniform Accounting policies is mandatory.	Uniform policies should be used. But if this is impracticable then the same should be disclosed.
5. Separate Financial statement of investor	Either use equity method or apply Ind AS 109.	Use cost method under AS 13.
6. Reporting Date	Should not exceed 3 month gap.	No time limit.
7. Investor share of loss in investee	Carrying amount of investment should be adjusted for share of loss.	Carrying amount of investment should be adjusted for share of loss.To the extent of carrying amont of investing.
8. Impairment	After recognising investor share of loss investment should be tested for impairment under Ind AS 109.	There is no provision for impairment except permanent downfall under AS 13.

21. Difference between AS 24 and Ind AS 105

Basis	Ind AS 105 (Non-current assets held for sale and discontinuing Operation)	AS 24 (Discontinuing Operation)
1. Non-current Assets held for sale	Presentation and Disclosure requirement included for non current assets held for sale.	Fixed assets retired from active use and held for disposal are covered in AS 10.
2. Initial Disclosure event	For disclosure initial disclosure event is not necessary.	For disclosure initial disclosure event is necessary.
3. Measurement of Non-current assets	Measured at carrying amount and fair value less cost to sale whichever is lower.	Under AS 10 book value and net realisable value whichever is lower.
4. Abandonment of assets	Not classified as discounting operation.	Classified as discontinuing opeation.
5. Sale of subsidiary	Sale of subsidiary is treated as discontinuing operation.	Sale of subsidiary is non treated as discontinuing operation.
6. Meaning of Discontinuing Operation	Component of entity which represents major line of business or geographical ara or subsidiary acquired exclusively for resale.	Component of entity which represents major line of business or geographical area of operations and that can be distinguished operationally and for financial reporting purposes.
7. Cash Flow	No Such Provision	Cash flow information is required only when entity present cash flow.
8. Time Period	One year with certain exception	No limit
9. Measurement of change to a plan change	Guidance available	No Guidance

22. Differences between AS 25 and Ind AS 34 (Most Important)

Basis	Ind AS 34 (Interim Financial Reporting)	AS 25 (Interim Financial Reporting)
1. Condensed statement of changes in equity	Required to prepare with condensed balance sheet, P/L and Cash Flow.	Not Required to prepare with condensed balance sheet, P/L and Cash Flow.
2. Reversal of Impairment Loss	Reversal of Impairment Loss is prohibited in respect of goodwill or investment or financial assets carried at cost in respect of previous interim period.	No such provision.
3. Consolidated financial statement	Neither require nor prohibit the inclusion of the parent separate statement in the entity interim report prepared on consolidated basis.	If entity annual report includes CFS in addition to separate financial statement then interim report must include CFS.
4. Disclosure	Requires disclosures of contingent assets and contingent liabilities both.	Requires disclosures of only contingent liabilities.
5. Disclosure of facts	In case of condensed a fact should be disclosed that entity has complied Ind AS 34. In case of complete set disclosure is required for the fact that entity has complied all Ind AS.	No Such Provision
6. Accounting Policy	A part requirement of AS 25, Ind AS 34 additionally required the information in respect of computation followed to be disclosed.	Notes to interim financial statement, to contain statement that the same accounting policies are followed as those followed in most recent annual financial statement or incase of change in those policy a description of the nature and effect of change.
7. Dividend	Disclosure of dividend paid, aggregate or per share separately for equity and others.	Disclosure of aggregate dividend or per share dividend for equity or others.
8. Extraordinary Item	Not required	Required
9. Change in Accounting Policy	Restatement of prior interim financial statement and annual financial statement.	Restatement of prior interim financial statement.
10. Complete setup financial statement	Financial statement as per Ind AS 1.	Financial statement as per company.

23. Differences between AS 26 and Ind AS 38 (Most Important)

Basis	Ind AS 38 (Intangible Assets)	AS 26 (Intangible Assets)
1. Exclusion	No specific exclusion.	Not applicable for discount or premium relating to borrowings and ancillary costs incurred in connection with share issue expenses.
2. Meaning of Intangible Asset	From meaning of Intangible assets held for use in production or supply of goods or services or for rental to others or administrative purposes has been removed.	In meaning of Intangible assets held for use in production or supply of goods or services or for rental to others or administrative purposes is included.
3. Identifiabilty	Provides detailed guidance on identifiability.	Does not define identifiability. But mentions that intangible asset should be distinguised clearly from goodwill if asset was seprable.
4. Intangible acquired separately	Criterion of probable inflow of expected future economic benefits is always considered satisfied, even if there is uncertainty about timing or amount of inflow.	No such provision
5. Revenue based amortisation	Rebuttable presumption that amortization method is based on revenue generated by activity that includes the use of intangible asset is inappropriate. Revenue based amortization is allowed in a limited way.	Does not deal with revenue based amortization.
6. IA acquired on Deferred payment basis	Difference between total payment and amount of intangible is trated as interest expense.	No such provision
7. IA acquired by exchange of non-monetary assets	Recorded at fair value of assets given up except when exchange transaction lack commercial substance.	Recorded at fair value assets given up.
8. Intangible under Government Grant	Recorded at fair value	Free of cost at nominal value (i.e. Rs. 1). Concesional rate at actual cost.
9. Valuation model as Accounting Policy	Cost or revaluation model can be chosen.	Revaluation model is not permitted.
10. Life of Intangible	Life of Intangible may be indefinite. In case of indefinite life intangible assets are not amortised but tested of impairment.	Life of intangible asset cannot exceed 10 years and should be amortised within 10 years.
11. Legal Life	Useful life of intangible may be less than legal life.	No specific provision

12. Residual Value	Residual value is reviewed end of each FY.	Specifically mentions that residual value should not be subsequently increased for changes in price or value.
13. Change in method of amortisation	Treated as accounting estimates.	Treated as accounting policy.
14. Impairment assets	Requires annual impairment testing of intangible asset not yet available for use.	No such provision
15. IA acquired under business combination	Deals with Intangible acquired under business combination.	AS 14 only refers IA acquired under amalgamation in case of purchase method and not business combination as whole.
16. Subsequent expenditure on in process of R&D Project	Provide guidelines for the treatment of such expenditure.	No, specific provision.
17. IA recognised as expense	Clarify that in respect of prepaid expenses, recognition of an asset would be permited only upto the point at which the entity has the right to access the goods or upto the receipt of services. Further, unlike the existing standard, mail order catalogues have been specifically identified as a form of advertising and promotional activities which are required to be expensed.	No, such guidelines.
18. Amortisation Lower than under SLM	No, such Provision	There will rarely, if ever, be persuasive evidence to support an amortisation method for intangible assets that results in a lower amount of accumulated amortisation that under straight-line method.
19. IA retired from use and held for disposal	Covered by Ind AS 105	AS 26 itself include such provision.
20. Guidance on certain issue	Guidance available on cessation of capitalisation of expenditure, derecognition of part of IA and useful life or a re-acquired right in business combination.	No, such provision.
21. Disclosure	More Disclosure	Less disclosure

24. Difference between Ind AS 111 and AS 27

Basis	Ind AS 111 (Joint Arrangements)	AS 27 (Financial reporting of Interest in Joint Venture)
1. **Joint Control**	Joint Control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.	Joint control is the contractually agreed sharing of control over an economic activity.
2. **Classification**	• Joint operations and • joint ventures	• Jointly controlled operations • Jointly controlled assets and • Jointly controlled entities.
3. **Accounted at subsidiaries**	No such Provision	Whenever control over joint venture is more than 50% in that case such joint venture may be consolidated under AS 21.
4. **Accounting for investment in joint venture**	Accounted using equity method	Accounted using proportionate consolidation method.
5. **Separate financial statement of co-venture**	Investment is accounted using equity method.	Investment is using cost method.
6. **Two Controller**	When an entity is controlled by one entity through share of more than 50% and another by control over board then such situation is trated as joint venture.	When an entity is controlled by one entity through share of more than 50% and another by control over board then such situation is trated as subsidiary.

25. Difference between AS 28 and Ind AS 36

Basis	Ind AS 36 (Impairment of Assets)	AS 28 (Impairment of Assets)
1. Mandatory annual Impairment Test	• Goodwill • Intangible asset not yet available for use and • Intangible assets having indefinite useful life.	• Intangible assets that are not available for use. • Intangible assets that are amortised over a period exceeding ten years.
2. Reversal of Impairment loss for goodwill	Reversal of impairment loss for goodwill is prohibited.	Impairment loss for goodwill reversed if the impairment loss was caused by a specific external of an exceptional nature that is not expected to recur and subsequent external events have occurred that reversed the effect of that event.
3. Financial Assets	Applicable for investment in associates , joint venture & subsidiaries.	Does not apply on any financial assets.
4. Biological Assets	Related to agriculture activities are excluded.	Does not include specific exclusion.
5. Allocation of Goodwill	Goodwill is allocated on the basis of benefit from synergy of business combination from which goodwill originate.	If goodwill is allocated on reasonable basis use bottomup approach otherwise topdown approach.
6. Present Value	Detail guidelines available for determination of present value of an asset.	A brief guidelines has been attach.

26. Difference between AS 29 and Ind AS 37

Basis	Ind AS 37 (Provisions, Contingent Liabities and Contingent Assets)	AS 29 (Provisions, Contingent Liabities and Contingent Assets)
1. Disclosure	Contingent assets are disclosed in financial statement when inflow as probable.	Contingent assets are disclosed in report of approving authority.
2. Discounting of Provision	Provision can be discounted if effect of time is material.	Provision cannot be discounted except decommissioning, restoration and similar liability in case of PPE.
3. Provision from constructive obligation	Provision can be created from constructive obligation.	Provision can be created only in case of business practice and uses of trade and good relation.
4. Impairment	Before making separate provision for onerous contract, impairment loss that has occurred dedicated to contract should be recognised.	No Such Provision

2. Important Carve in Ind AS from IFRSs

1. Carve (Ind AS 101)

Basis	IFRSs (IAS)	Ind AS
1. Previous GAAP	Previous GAAP as the basis of accounting that a first-time adopter used immediately before adopting IFRS.	Previous GAAP means accounting followed in India before adoption of Ind AS.
2. Treatment of changes in retained earnings	Resulting Change due to adoption of IFRS first time shall be adjusted with retained earning except whether adjustment with goodwill is permitted.	Resulting change due to adoption of Ind AS first time shall be adjusted with retained earning except where capital reserve is permitted to the extent available.
3. Additional exemptions	No such exemptions provided in IFRS.	Additional optional exemption in case of long term foreign currency monetary item and service concession arrangement.
4. Transitional Relief : Property plant and equipment	No such option provided in IFRS.	Option is available for first time adopter to assume carrying amount of PPE of existing GAAP as cost of acquisition under Ind AS.
5. Transitional Relief : Lease	No such option provided in IFRS.	Where lease includes both land and building elements, an entity may assess the classification as finance or operating lease at the date of transition to Ind AS based on the facts and circumstances existing at that date.

Note : Reasons of Carve-out

(i) Previous GAAP

The change makes it mandatory for Indian companies to consider the financial statements prepared in accordance with existing Accounting Standards notified under the Companies (AS) Rules, 2006 as previous GAAP when it transitions to Ind AS as the law prevailing in India recognises the financial statements prepared in accordance with the Companies Act.

(iii) Foreign Currency Monetary Item

Para 46A of AS 11 provides an option to recognise long term foreign currency monetary items in the statement of profit and loss as a part of the cost of property, plant and equipment or to defer its recognition in the statement of profit and loss over the period of loan in case the loan is not related to acquisition of fixed assets.

To provide transitional relief, such entities have been given an option to continue the capitalisation or deferment of exchange differences, as the case may be, on foreign currency borrowings obtained before the beginning of First IFRS reporting period.

Accordingly, Ind AS 101 provides relief to an entity to use carrying values of all items of property, plant and equipment on the date of transition in accordance with previous GAAP as an acceptable starting point under Ind AS.

(iv) Service Concession Arrangement

Schedule II to the Companies Act, 2013, allows companies to use revenue-based amortized of intangible assets arising from service concession arrangemets related to toll roads while Ind AS 38, allows revenue based amortisation only in the circumstances in which the predominant limiting factor that is inherent in an intangible asset is the achievement of revenue threshold.

In order to provide relief to such entities, Ind AS 38 and Ind AS 101 have been amended to allow the entities to continue to use the accounting policy adopted for amortization of intangible assets arising from service concession arrangements related to toll roads recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial statements.

In other words, Ind AS 38 would be applicable to the amortization of intangible assets arising from service concession arrangements related to toll roads entered into after the implementation of Ind AS.

2. Carve (Ind AS 21)

Basis	IFRSs (IAS)	Ind AS
1. Change in Functional Currency	Change in functional currency of either reporting currency or significant operation disclosure is needed for fact and reason of change.	Ind AS 21 requires an additional disclosure of the date of change in functional currency.
2. Long term foreign currency monetary items	No such provision in IAS 21.	Long term foreign currency monetary item for which an entity has opted for exemption under previous GAAP has been scoped out by inserting paragraph 7AA. Entity can follow previous GAAP in future.

3. Carve (Ind AS 7)

Basis	IAS 7	Ind AS 7
1. Treatment of Interest and Dividend received	• Can be classified as operating or investing activities.	• Only classified as investing activities.
2. Dividend paid	• Can be classified as operating or financing activities.	• Only classified as financing activities.

4. Carve (Ind AS 34)

Basis	IFRSs (IAS)	Ind AS
1. Preparation of Statement of Profit or Loss	IAS 34 provides option either to follow single statement approach or to follow two statement approaches, in line with IAS 1.	Ind AS allows only single statement approach, in line with Ind AS 1.
2. Presentment of Interim Financial Statement	IAS 34 encourages public traded entitles to prepare interim financial report in specified frequency and timelines.	As per Ind AS 34, the requirement to present interim financial report should be governed by the relevant law or regulation and not by way of an encouragement through an Accounting Standard.

5. Carve (Ind AS 1)

Basis	IFRSs (IAS)	Ind AS
1. Terminology	• Statement of Financial Position • Statement of Profit and Loss and Other Comprehensive Income • Authorisation of Financial Statement for issue • Fair Presentation	• Balance Sheet • Statement of Profit and Loss • Approval of Financial Statement • True and Fair
2. Profit and Loss A/c	• Single Set presented in two parts, or • Two Separate Statement	• Single Statement approach
3. Use of Different Termonology for Financial Statement	• Different terminology can be used in financial statement for different enterprise.	• Specified terminology can be used only.
4. Period of Reporting	• Financial Statement can be presented for 52 weeks	• Not Permitted
5. Classification of Expenses and Losses	• Classification can be based either on nature or on function	• Classification is only based on nature.
6. Impact of Law	• For materiality except provided by law is not used	• Materiality except provided by law is used.
7. Disclosure of Gain on Bargain	• Not Required	• Required in line with Ind AS 103.
8. Loan Liability	• In case of loan liability, if any condition of the loan agreement which was classified as non-current in breached on the reporting date, such loan liability should be classified as current. Where the breach is rectified after the balance sheet date IAS requires loans to be classified as current.	• Where there is a breach of a material provision of a long-erm loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Note : Reason of Carve-out for Loan Liability

Under Indian banking system, a long-term loan agreement generally contains a large number of conditios. Some of these conditions are substantive, such as, recalling the loan in case interest is not paid, and some conditions are procedural and not substantive, such as, submission of insurance details where the entity has taken the insurance but not submitted the details to the lender at the end of the reporting period. Generally, customer-banker relationship are developed whereby in case of any procedureal breach, a loan is generally not recalled. Also, in many cases, a breach is rectified after the balance sheet date and before the approval of financial statements. Carge out has been made as it is felt tha if the breach is rectified after the balance sheet date and before the approval of the financial statements, it would be appropriate that the users are informed about the true nature of liabilities being non-current liabilities and not current liabilities.

6. Carve (Ind AS 24)

Basis	IFRSs (IAS)	Ind AS
1. Confidentiality Requirements of Statute / Reglations	No Such relaxation in IAS 24.	No disclosure is needed which conflict the confidently of requirement of law or regulation.
2. Aggregation of Transaction for Disclosure	Such clarification is not provided in IAS 24.	Aggregation can be made for transaction of similar nature for disclosure purposes.
3. Disclosing related party relationship when control exists.	Such rational is not provided in IAS 24.	Disclosure is needed when relationship is due to control between parties.
4. "Definition of Close Members of the family of person".	No such specific inclusion in the definition of close members of family in IAS 24.	Close member includes family person that includs brother, sister, father and mother.

7. Carve (Ind AS 23)

Basis	IFRSs (IAS)	Ind AS
1. Treatment of Exchange Difference	IAS 23 provides no guidance as to how the adjustment is to be determined.	Paragraph 6A is added in Ind AS 23 to provide the guidance for determining exchange difference arising from foreign currency borrowings to the extent that they are regarded as adjustment to interest costs.

8. Carve (Ind AS 40)

Basis	IFRSs (IAS)	Ind AS
1. Measurement Option	IAS 40 permits both cost model and fair value model (except in some situations) for measurement of investment properties after initial recognition.	Ind AS 40 permits only the cost model.
2. Treatment of Property Interest	IAS 40 permits treatment of property interest held in an operating lease as investment property, if the definition of investment property is otherwise met and fair alue model is applied.	Since Ind AS 40 prohibits the use of fair value model, this treatment is prohibited in Ind AS 40.

9. Carve (Ind AS 38)

Basis	IFRSs (IAS)	Ind AS
1. Recognition of Assets and Grant	Intangible assets acquired under government grant can be accounted either using fair value approach or nominal value approach.	Intangible assets acquired under government grant can be accounted only by using fair value approach.

10. Carve (Ind AS 17)

Basis	IFRSs (IAS)	Ind AS
1. Treatment of increase in rentals	IAS 17 does not include specific exclusion due to expected inflationary cost.	If the escalation in lease rental is line with general inflation to compensate lessor for expected inflanatory cost then increase in lease rental shall not be straight lined

Reason of Carve-out :

Companies enter into various kinds of lease agreements to get the right to use an asset of the lessor. Considering the Indian inflationary situation, lease agreements contain periodic rent escalation. Accordingly, where there is periodic rent escalation in line with the expected inflation so as to compensate the lessor for expected inflationary cost increases, the rentals shall not be straight-lined.

10. Carve (Ind AS 2)

Basis	IAS 2	Ind AS 2
1. Recognition of Inventories	• Paragraph 38 of IAS 2 requires disclosure of the amount of inventories recognised as expense during the period e.g. Cost of Sales.	• As there is no option provided in Ind AS 1 to present an analysis of expenses recognised in profit or loss using a classification based on their function, Paragraph 38 has been deleted.

11. Carve (Ind AS 115)

Basis	IFRSs (IAS)	Ind AS
1. Amendment of Paragraph	Amount of consideration can vary because of penalty among other things.	Penalty has been excluded from consideration.
2. Presentment of Excise duty in profit and loss	This provision is not available.	Excise duty must be presented separately in profit and loss.
3. Presentation of Reconciliation Amount	This provision is not available.	Reconciliation is required for contract price and revenue recognised in profit and loss.

12. Carve (Ind AS 105)

Basis	IFRSs (IAS)	Ind AS
1. Alteration of Paragraph	IFRS 5 does not include such clarification.	The asset (or disposal group) cannot be classified as non current asset (or disposal group) held for sale, if the entity intends to sell it in a distant future.

13. Carve (Ind AS 108)

Basis	IFRSs (IAS)	Ind AS
1. Applicability of Standard	Situation of exemption is available in Para 2.	Situation of exemption is governed by companies act hence paragraph is deleted.

14. Carve (Ind AS 103)

Basis	IFRSs (IAS)	Ind AS
1. Business Combination under Common Control	Business combination of entities under common control are excluded.	Business combination of entities under common control are accounted using pooling of interest method.
2. Bargain purchase gain arising in business combination	Gain or bargain purchase is recognised in profit and loss account.	Gain or bargain purchase is recognised in other comprehensive income and accoumulated in capital reserve.

15. Carve (Ind AS 28)

Basis	IFRSs (IAS)	Ind AS
1. Use of uniform Accounting Policies in case of Associates	IAS 28 does not include exception to associates if impracticable to prepare uniform accounting policies	Paragraph 35 of Ind As 28 provides that the entity's financial statements shall be prepared using uniform accounting policies for like transactions and events an associate, it is impracticable to do so. The carve out is done because the investor does not have 'control' over the associate, it may not be able to influence the associate to prepare additional financial statements or to follow the accounting policies that are followed by the investor.
2. Equity Method Accounting	Paragraph 32(b) of IAS 28 states that excess of the investor's share of the net fair value of the investee's identifiable assets and liabilities over the cost of investment is transferred in profit or loss in the period in which investment is acquired.	As per Ind AS 28 it is recognised directly in equity as Capital Reserve.

16. Carve (Ind AS 33)

Basis	IFRSs (IAS)	Ind AS
1. Where the information related to EPS to be disclosed.	When entity present both consolidated financial statement and separate financial statement then disclosure of EPS is needed only in consolidated financial statement.	Disclosure of EPS is needed in both cosolidation financial statement and separate financial statement even though both are presented.
2. Applicability of the Standard	The standard should be applied only when (i) Entity whose ordinary shares or potential shares are traded in any market i.e. foreign or domestic or OTC or regional market. (ii) Entity which files or in the process of filing its financial statement with regulator for the purpose of issue in shares in public market.	No such provision available as this is mentioned under Ind AS rule.
3. Adjustment to securities premium or other reserves	No such requirement in IAS 33.	Expenses adjusted from security premium account should be deducted from profit of continuing operation if such expenses are transferrable to Profir and loss if entity has no securities premium account.