CA Final New Course
Paper 1: Financial Reporting

Refresher Course on Ind AS

Session - I

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Coverage in Today's Session

Introduction to Indian Accounting Standards

- History
- Roadmap issued by Regulators
- Why and how Ind AS is different from IFRS?
- What is carve outs/in from IFRS?

Ind AS based Schedule III

- Balance Sheet
- Statement of Profit and Loss
- Statement of Changes in Equity
- Notes to Accountancy
- Cash Flow Statement

Ind AS 1: Presentation of Financial Statements

History of Indian Accounting Standards (Ind AS)

- ICAI being the accounting standards-setting body in India, way back in 2006, initiated the process of moving towards IFRS issued by the International Accounting Standards Board (IASB) with a view to enhance acceptability and transparency of the financial information communicated by the Indian corporates through their financial statements.
- This move towards IFRS was subsequently accepted by the Government of India.

History of Indian Accounting Standards (Ind AS)

- The Government of India in consultation with the ICAI decided to converge and not to adopt IFRS issued by the IASB.
- Initially Ind AS were expected to be implemented from the year 2011. However, keeping in view the fact that certain issues including tax issues were still to be addressed, the Ministry of Corporate Affairs decided to postpone the date of implementation of Ind AS.

History of Indian Accounting Standards (Ind AS) (cont'd)

- In July 2014, the Finance Minister of India, Shri Arun Jaitely ji, in his Budget Speech, announced to converge to Ind AS by the Indian companies from the financial year 2015-16 voluntarily and from the financial year 2016-17 on a mandatory basis in a Phaswise manner.
- Pursuant to the above announcement, the Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Rules, 2015 vide Notification dated February 16, 2015 covering the revised roadmap of implementation of Ind AS for companies other than Banking companies, Insurance Companies and NBFCs and Indian Accounting Standards (Ind AS).

History of Indian Accounting Standards (Ind AS) (cont'd)

- As per the Notification, Indian Accounting Standards (Ind AS) converged with International Financial Reporting Standards (IFRS) shall be implemented on voluntary basis from 1st April, 2015 and mandatorily from 1st April, 2016.
- Later on roadmap for NBFCs, Banking and Insurance companies was also notified.

What is Ind AS

IFRS converged standards

Principle based set of standards

Notified under the Companies Act, 2013

Companies (Indian Accounting Standards) Rules, 2015

They are other than existing Accounting Standards notified under Companies (Accounting Standards) Rules 2006

Relationship of Ind AS to IFRS

There exists major differences between the Indian Economy and the World Economy due to which all the Ind AS cannot be synchronised with IFRS

Hence, decision for convergence to IFRS and not adoption was taken

This resulted in certain carve outs and carve ins.

What are Carve outs/ins in Ind AS?

These changes have been made considering various factors, such as

Various terminology related changes have been made to make it consistent with the terminology used in law, e.g., ‘statement of profit and loss’ in place of ‘statement of comprehensive income’ and ‘balance sheet’ in place of ‘statement of financial position’.

Removal of options in accounting principles and practices in Ind AS vis-a-vis IFRS, have been made to maintain consistency and comparability of the financial statements to be prepared by following Ind AS. However, these changes will **not result into carve outs.**

What are Carve outs/ins in Ind AS? (Conti….)

Removal of options in accounting principles and practices in Ind AS vis-a-vis IFRS, have been made to maintain consistency and comparability of the financial statements to be prepared by following Ind AS. However, these changes will **not result into carve outs.**

Certain changes have been made considering the economic environment of the country, which is different as compared to the economic environment presumed to be in existence by IFRS. These differences are due to differences in application of accounting principles and practices and economic conditions prevailing in India. These diffferences which are in deviation to the accounting principles and practices stated in IFRS, are commonly known as **'Carve-outs'.**

What are Carve outs/ins in Ind AS? (Conti….)

Example:

In Ind AS 103 "Business Combination", an additional guidance on "Accounting of Business Combinations of Entities under Common Control" is given which is over and above what is given in IFRS. This is termed as 'Carve-in'.

Significant Carve outs in

Ind AS

vis-a-vis

IFRS

Changed Terminology in Ind AS

The term ‘Balance Sheet’ is used instead of ‘Statement of Financial Position’

‘Statement of Profit and Loss’ is used instead of ‘Statement of Comprehensive Income’

The words ‘approved the financial statements for issue’ have been used instead of ‘authorised the financial statements for issue’

- in the context of financial statements considered for the purpose of events after the reporting period.

Significant Carve outs in Ind AS vis-a-vis IFRS

Changes on account of

IFRS/IFRIC corresponding to which Ind AS have not been formulated/notified

Differences in application of accounting principles and practices and economic conditions prevailing in India

- Resulting in Carve-outs/carve-ins from IFRSs in the relevant Ind ASs

Other major changes in Indian Accounting Standards vis-à-vis IFRSs

- Not resulting in carve outs

IFRS/IFRIC corresponding to which Ind AS have not been notified

Ind AS corresponding to IAS 26, *Accounting and Reporting by Retirement Benefit Plans,* is not being notified

- as this Standard is not applicable to companies.

IFRIC 2, Members' Shares in Co-operative Entities and Similar Instruments, is not issued

- as it is not relevant to the companies and the Ind ASs, notified under the Companies Act, 2013, are applicable to Companies incorporated under the Act.

List of IND AS the changes in which do not result in carve-outs

- Ind AS 1, *Presentation of Financial Statements*
- Ind AS 2, *Inventories*
- Ind AS 7, *Statement of Cash Flows*
- Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*
- Ind AS 12, *Income Taxes*
- Ind AS 16, *Property, Plant and Equipment*
- Ind AS 17, *Leases*
- Ind AS 19, *Employee Benefits*
- Ind AS 20, *Accounting for Government Grants and Disclosure of Government Assistance*
- Ind AS 21, *The Effects of Changes in Foreign Exchange Rates*

List of IND AS the changes in which do not result in carve-outs (cont'd)

- Ind AS 23, *Borrowing Costs*
- Ind AS 24, *Related Party Disclosures*
- Ind AS 27, *Separate Financial Statements*
- Ind AS 29, *Financial Reporting in Hyperinflationary Economies*
- Ind AS 32, *Financial Instruments: Presentation*
- Ind AS 33, *Earnings per Share*
- Ind AS 34, *Interim Financial Reporting*
- Ind AS 36, *Impairment of Assets*
- Ind AS 38, *Intangible Assets*
- Ind AS 40, *Investment Property*

List of IND AS the changes in which do not result in carve-outs (cont'd)

- Ind AS 101, *First-time Adoption of Indian Accounting Standards*
- Ind AS 105 *Non-current Assets Held for Sale and Discontinued Operations*
- Ind AS 107, *Financial Instruments: Disclosures*
- Ind AS 108, *Operating Segments*
- Ind AS 109, *Financial Instruments*
- Ind AS 110, *Consolidated Financial Statements*
- Ind AS 111, *Joint Arrangements*
- Ind AS 113, *Fair Value Measurement*
- Ind AS 114, *Regulatory Deferral Accounts*

LIST OF INDIAN ACCOUNTING STANDARDS (IND AS)

Ind AS	Title of Ind AS
101	First Time Adoption of Indian Accounting Standards
102	Share Based Payment
103	Business Combinations
104	Insurance Contracts
105	Non-current Assets Held for Sale and Discontinued Operations
106	Exploration for and Evaluation of Mineral Resources
107	Financial Instruments: Disclosures
108	Operating Segments
109	Financial Instruments
110	Consolidated Financial Statements
111	Joint Arrangements
112	Disclosure of Interests in Other Entities
113	Fair Value Measurement
114	Regulatory Deferral Accounts

LIST OF INDIAN ACCOUNTING STANDARDS (IND AS)

Ind AS	Title of Ind AS
1	Presentation of Financial Statements
2	Inventories
7	Statement of Cash Flows
8	Accounting Policies, Changes in Accounting Estimates and Errors
10	Events after the Reporting Period
11	Construction Contracts
12	Income Taxes
16	Property, Plant and Equipment
17	Leases
18	Revenue
19	Employee Benefits

LIST OF INDIAN ACCOUNTING STANDARDS (IND AS)

Ind AS	Title of Ind AS
20	Accounting for Government Grants and Disclosure of Government Assistance
21	The Effects of Changes in Foreign Exchange Rates
23	Borrowing Costs
24	Related Party Disclosures
27	Separate Financial Statements
28	Investment in Associates and Joint Ventures
29	Financial Reporting in Hyperinflationary Economies
32	Financial Instruments: Presentation
33	Earnings per Share
34	Interim Financial Reporting
36	Impairment of Assets

LIST OF INDIAN ACCOUNTING STANDARDS (IND AS)

Ind AS	Title of Ind AS
37	Provisions, Contingent Liabilities and Contingent Assets
38	Intangible Assets
40	Investment Property
41	Agriculture

Compliance with Ind AS

Ind AS

Voluntary

Mandatory

Indian Accounting Standards

In February, 2015, 39 Indian Accounting Standards (Ind AS) were notified. Later on in March, 2016, Ind AS 115 was withdrawn and Ind AS 11 and Ind AS 18 were notified. Therefore, at present, there are total 40 notified Ind AS.

These Ind AS are applicable for certain specified companies meeting the criteria of Net worth mentioned in the notification voluntarily from 1st April, 2015 and mandatorily from 1st April, 2016 and 1st April, 2017

Points to be noted

Ind AS shall be applied consistently

Option to adopt Ind AS is irrevocable

Points to be noted

No need to prepare another set of financial statements

Applied to all subsequent financial statements Separate as well as Consolidated

Example

A Ltd. opted to prepare its financial statements for the period ended on 31st March, 2016 as per Ind AS.

However, on 31st March, 2016 its net worth was less than Rs. 500 crores. Therefore, it wants to prepare its financial statements as per the existing accounting standard only for the period ended on 31st March, 2017.

Comment.

Example

As per sub rule 9 of Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015, once a company starts following Ind AS, whether mandatorily or voluntarily, it has to **continue** following the same in all subsequent financial statements even if the threshold criteria is not met in the future years.

Mandatory Compliance

Listed companies having net worth of rupees five hundred crore or more

Unlisted companies having net worth of rupees five hundred crore or more;

From 1st April, 2016 with the comparatives for the periods ending on 31st March, 2016

holding, subsidiary, joint venture or associate companies of such listed companies

holding, subsidiary, joint venture or associate companies of such unlisted companies

Mandatory Compliance

From 1st April, 2017 with the comparatives for the periods ending on 31st March, 2017 and reporting period will be 31st March, 2018

Listed companies having net worth of less than rupees five hundred crore;

unlisted companies having net worth of rupees two hundred and fifty crore or more but less than rupees five hundred crore.

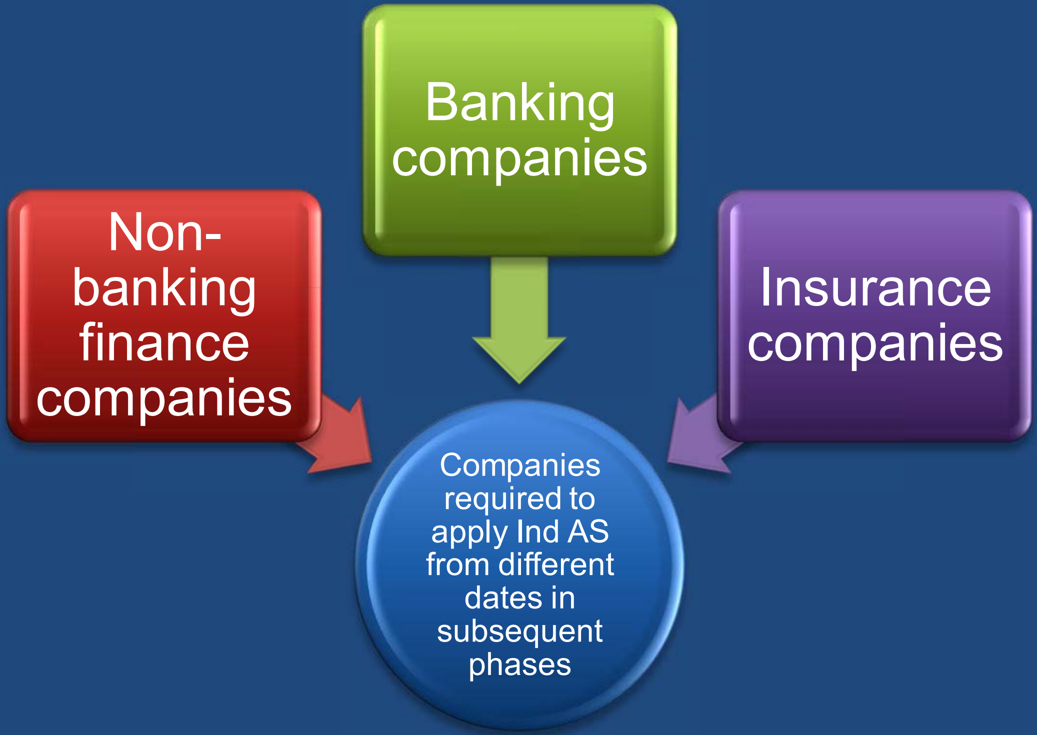
holding, subsidiary, joint venture or associate companies of such listed and unlisted companies

Exception

Companies not required to apply Ind AS

Companies listed on SME exchange

Separate Roadmap



Roadmap for NBFCs

Phase I: From 1st April, 2018 (with comparatives)

- NBFCs (whether listed or unlisted) having net worth 500 crore or more
- Holding, Subsidiary, JV and Associate companies of above NBFC other than those already covered under corporate roadmap shall also apply from said date

Phase II: From 1st April, 2019 (with comparatives)

- NBFCs whose equity and/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 500 crore
- NBFCs that are unlisted having net worth 250 crore or more but less 500 crore
- Holding, Subsidiary, JV and Associate companies of above other than those already covered under corporate roadmap shall also apply from said date

Roadmap for Scheduled Commercial Banks (excluding RRBs)

From 1st April, 2018 (with comparatives)

Holding, subsidiary, JV and Associates companies of scheduled commercial banks (excluding RRB's) shall also apply from the said date irrespective of it being covered under corporate roadmap.

Applicable for both Consolidated and individual Financial Statements

Urban Cooperative banks (UCBs) and Regional Rural banks (RRBs) are <u>not required</u> to apply Ind AS.

Roadmap for Insurers/Insurance companies (IRDA postponed from applicability w.e.f. 1.4.2018)

From 1st April, 2020 (with comparatives)

Holding, subsidiary, JV and Associates companies of scheduled commercial banks (excluding RRB's) shall also apply from the said date irrespective of it being covered under corporate roadmap.

Applicable for both Consolidated and Separate Financial Statements

Calculation of Net Worth

Clause 57 of section 2 of the Companies Act, 2013 defines "net worth"

Net worth = (Paid-up share capital + All reserves created out of the profits + Securities premium account) – (Accumulated losses + Deferred expenditure + Miscellaneous expenditure not written off)

Calculation of Net Worth with respect to Corporate Entities

- Reserves does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation
- Calculated on the basis of the stand-alone financial statements or the first audited financial statements
- Net worth calculated for the first time at the end of an accounting year and apply Ind AS from the immediate next accounting year

Example

The companies meeting threshold for the first time as on 31st March, 2017 shall apply Ind AS for the financial year 2017-18 onwards.

The companies meeting threshold for the first time as on 31st March, 2018 shall apply Ind AS for the financial year 2018-19 onwards and so on.

Points to remember

When Indian company is a Holding company (parent company)

- **Overseas subsidiary, associate, joint venture and other similar entities may prepare its Individual financial statements as per their local GAAP.**
- **Indian company (parent company) shall prepare its consolidated financial statements in accordance with Ind AS either voluntarily or mandatorily as the case may be**

Points to remember

When Indian company is a subsidiary, associate, joint venture and other similar entities of a foreign company

Indian company shall prepare its financial statements as per Ind AS either voluntarily or mandatorily as the case may be

Points to remember

- Shall apply to both separate financial statements and consolidated financial statements
- Ind AS shall be applied consistently
- Option to adopt Ind AS is irrevocable

Points to remember

No need to prepare another set of financial statements as per AS

Applied to all the subsequent financial statements irrespective of non-application of any of the criteria (threshold)

IND AS BASED DIVISION II OF THE SCHEDULE III TO THE COMPANIES ACT, 2013

- The Ministry of Corporate Affairs notified it on 6th April, 2016
- Division II to Schedule III is meant for preparation of financial statements by those entities who have to comply with Ind AS.
- A Guidance Note has also been issued by the ICAI on Division II of the Schedule III

Division II of the Schedule III

Applicability

- It is applicable to every company to which Ind AS apply in preparation of its financial statements.
- The provisions of Schedule III also apply when a company is required to prepare consolidated financial statements

Division II of the Schedule III

Non-applicability

- Division II of Schedule III does not apply to
  - insurance companies
  - banking companies,
  - any company engaged in the generation or supply of electricity or
  - any other class of company for which a form of Balance Sheet and Statement of Profit and Loss has been specified in or under any other Act governing such class of company.
  - Non-Banking Finance Companies (NBFCs) that adopt Ind AS.

Division II of the Schedule III

Note:

- However, for companies engaged in the generation and supply of electricity, neither the Electricity Act, 2003, nor the rules framed thereunder, prescribe any specific format for presentation of Financial Statements by an electricity company. Section 1(4) of the Act states that the Act will apply to electricity companies, to the extent it is not inconsistent with the provisions of the Electricity Act. Keeping this in view, Ind AS Schedule III as applicable may be followed by such companies till the time any other format is prescribed by the relevant statute.
- Listed entities shall follow guidelines issued by SEBI by way of circulars prescribing formats for publishing financial results (quarterly, half yearly and annual) which is guided by the relevant provisions of the Ind AS and Ind AS Schedule III and may make suitable modifications, as applicable.

Formats prescribed in Division II of the Schedule III

- Financial Statements include
  - Balance Sheet
  - Statement of Changes in Equity for the period
  - Statement of Profit and Loss for the period and
  - Notes.
- Cash Flow Statement shall be prepared in accordance with the requirements of the relevant Ind AS.

Formats prescribed in Division II of the Schedule III

Note

The Ind AS based Division II of the Schedule III requires that if the compliance with the requirements of the Act including Ind AS as applicable to the companies, require any change in presentation or disclosure in the Financial Statements, the requirements of Ind AS Schedule III will stand modified accordingly.

Overview of Division II of the Schedule III

Balance Sheet

- Schedule III provides a format of the balance sheet
- It sets out the minimum requirements of disclosure on the face of the balance sheet
- Items presented in the balance sheet are to be classified as current and non-current.

Note:

Schedule III does not permit companies to avail of the option of presenting assets and liabilities in the order of liquidity, as provided by Ind AS 1, Presentation of Financial Statements.

Overview of Division II of the Schedule III

Statement of Profit and Loss

- Schedule III provides a format of the Statement of Profit and Loss
- It sets out the minimum requirements of disclosure on the face of the statement of profit and loss
- The statement of profit and loss is to be presented in accordance with the nature of expenses
- It would include Profit or Loss for the period and Other Comprehensive Income for the period.

Overview of Division II of the Schedule III

Statement of Changes in Equity

- The Statement of changes in equity would reconcile opening to closing amounts for each component of equity
- It includes reserves and surplus and items of other comprehensive income
- It also includes disclosure of the equity component of compound financial instruments in 'other equity' in accordance with Ind AS 32

Statement of Cash Flows

- The Statement of cash flows would be presented when required in accordance with Ind AS 7, *Statement of Cash Flows*.

Overview of Division II of the Schedule III

Notes

- It contains information in addition to what is presented in the financial statements
- It includes, where required, narrative descriptions or disaggregation of items recognised in the financial statements and information about items that do not qualify for such recognition.
- Disclosure under Ind AS shall be made in the Notes or by way of additional statement(s) unless required to be disclosed on the face of the Financial Statements.

Points to remember

- Where Act or Ind AS requires any change in treatment or disclosure including
  - addition,
  - amendment,
  - substitution or
  - deletion

  in the head/sub-head or any changes in the financial statements or statements then Schedule III permits such changes ie. it would stand modified accordingly.

Points to remember

- Disclosure requirements specified in Schedule III would be in addition to and not in substitution of the disclosure requirements specified in Ind AS.
- Companies would be required to make additional disclosures specified in Ind AS either in the notes or by way of additional statement(s) unless required to be disclosed on the face of financial statements.
- Where an accounting treatment or disclosure in an Ind AS is in conflict with the requirements of Schedule III, companies are required to comply with the relevant Ind AS for accounting matters.

GUIDANCE NOTE ON DIVISION II OF THE SCHEDULE III

- The Guidance Note provides guidance on each of the item of the
  - Balance Sheet
  - Statement of Profit and Loss
  - Major differences in Division I and Division II of the Schedule III to the Companies Act, 2013
- It also provides Illustrative format for Individual Financial Statements and Consolidated Financial Statements.

IND AS 1

‘PRESENTATION OF FINANCIAL STATEMENTS’

IND AS 1 - INTRODUCTION

- Ind AS 1 is a basic Standard, which prescribes the overall requirements for the presentation of financial statements and guidelines for their structure i.e.,
  - components of financial statements, viz., balance sheet, statement of profit and loss, statement of cash flows and notes comprising significant accounting policies, etc.
- The Standard prescribes the minimum disclosures that are to be made in the financial statements and explains the general features of the financial statements.
- The presentation requirements prescribed in the Standard are supplemented by the recognition, measurement and disclosure requirements set out in other Ind AS for specific transactions and other events.

OBJECTIVE

- This standard prescribes the basis for presentation of general purpose financial statements to ensure comparability
  - with the entity's financial statements of previous periods and
  - with the financial statements of other entities.
- It sets out
  - overall requirements for the presentation of financial statements,
  - guidelines for their structure and
  - minimum requirements for their content.

SCOPE

- This standard **applies** to all types of entities including
  - those that present consolidated financial statements in accordance with Ind AS 110 ‘Consolidated Financial Statements’
  - those that present separate financial statements in accordance with Ind AS 27 ‘Separate Financial Statements’.
- This standard **does not apply** to Interim Financial Statements prepared in accordance with Ind AS 34 except for para 15 to 35 of Ind AS 1.

DEFINITIONS

1. **General purpose financial statements** (referred to as 'financial statements')

   are those intended to meet the needs of users who are not in a position to require an entity to prepare reports tailored to their particular information needs.

2. **Impracticable**

   Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.

3. **Indian Accounting Standards (Ind AS)**

   are Standards prescribed under Section 133 of the Companies Act, 2013.

DEFINITIONS

4. **Material Omissions or misstatements of items**

   are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

5. **Notes**

   - It contain information in addition to that presented in the financial statements.
   - It provides narrative descriptions or disaggregation's of items presented in those statements and information about items that do not qualify for recognition in those statements.

DEFINITIONS

6. Owners

are holders of instruments classified as equity.

7. Profit or loss

is the total of income less expenses, excluding the components of other comprehensive income.

8. Reclassification adjustments

are amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in the current or previous periods.

DEFINITIONS

9. Total comprehensive income

- It is the change in equity during a period resulting from transactions and other events, other than those changes resulting from transactions with owners in their capacity as owners.
- It comprises all components of ‘profit or loss’ and of ‘other comprehensive income’.

10. Other comprehensive income

- It comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by other Ind AS.

Components of Other Comprehensive Income

S. No.	Components	Reference
1	Changes in revaluation surplus	Ind AS 16 'Property, Plant and Equipment' and Ind AS 38 'Intangible Assets'
2	Reameasurements of defined benefit plans	Ind AS 19, Employee Benefits
3	Gains and losses arising from translating the financial statements of a foreign operation	Ind AS 21 'The Effects of Changes in Foreign Exchange Rates'
4	Gains and losses from investments in equity instruments designated at fair value through other comprehensive income	Paragraph 5.7.5 of Ind AS 109, Financial Instruments
5	Gains and losses on financial assets measured at fair value through other comprehensive income	Paragraph 4.1.2A of Ind AS 109
6	The effective portion of gains and losses on hedging instruments in a cash flow hedge and the gains and losses on hedging instruments that hedge investments in equity instruments measured at fair value through other comprehensive income	Paragraph 5.7.5 of Ind AS 109 (see Chapter 6 of Ind AS 109)

Components of Other Comprehensive Income

S. No.	Components	Reference
7	For particular liabilities designated as at fair value through profit or loss, the amount of the change in fair value that is attributable to changes in the liability's credit risk	Paragraph 5.7.7 of Ind AS 109
8	Changes in the value of the time value of options when separating the intrinsic value and time value of an option contract and designating as the hedging instrument only the changes in the intrinsic value	Ind AS 109
9	Changes in the value of the forward elements of forward contracts when separating the forward element and spot element of a forward contract and designating as the hedging instrument only the changes in the spot element, and changes in the value of the foreign currency basis spread of a financial instrument when excluding it from the designation of that financial instrument as the hedging instrument	Ind AS 109

PURPOSE OF FINANCIAL STATEMENTS

- The objective of general purpose financial statements is to provide information about the financial position, financial performance, and cash flows of an entity that is useful to a wide range of users in making economic decisions.
- To meet the objective, financial statements provide information about an entity's:
  - assets
  - liabilities
  - equity
  - income and expenses, including gains and losses
  - contributions by and distributions to owners in their capacity as owners; and
  - cash flows.

PURPOSE OF FINANCIAL STATEMENTS

- Information, along with other information in the notes, assists users of financial statements in predicting the entity's future cash flows and, in particular, their timing and certainty.

COMPLETE SET OF FINANCIAL STATEMENTS

- A complete set of financial statements comprises:
  - a balance sheet as at the end of the period;
  - a statement of profit and loss for the period;
  - statement of changes in equity for the period;
  - a statement of cash flows for the period;
  - notes, comprising significant accounting policies and other explanatory information;
  - comparative information in respect of the preceding period;
  - a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatements of items in its financial statements, or when it reclassifies items in its financial statements.

COMPLETE SET OF FINANCIAL STATEMENTS

- 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 the profit or loss section presented first followed directly by the other comprehensive income section.
- Many entities present reports and statements such as financial reviews by management, environmental reports, and value added statements that are outside the financial statements and hence are outside the scope of Ind AS.

GENERAL FEATURES OF FINANCIAL STATEMENTS

- Fair Presentation and Compliance with Ind AS
- Going Concern
- Accrual Basis of Accounting
- Materiality and Aggregation
- Offsetting
- Consisitency
- Frequency of Reporting
- Comparitive Information

GENERAL FEATURES - Presentation of True and Fair View and Compliance with Ind AS

- Financial statements shall present a true and fair view of the financial position, financial performance and cash flows of an entity.
- Presentation of true and fair view requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Framework.
- The application of Ind AS, with additional disclosure when necessary, is presumed to result in financial statements that present a true and fair view.

GENERAL FEATURES - Presentation of True and Fair View and Compliance with Ind AS

- **An explicit and unreserved statement**
  - An entity complying with Ind AS shall make an explicit and unreserved statement of such compliance in the notes.
  - An entity shall not describe financial statements as complying with Ind AS unless they comply with all the requirements of Ind AS.

GENERAL FEATURES - Presentation of True and Fair View and Compliance with Ind AS

- **An explicit and unreserved statement**
  - Presentation of a true and fair view also requires an entity:

    (a) to select and apply accounting policies in accordance with Ind AS 8.

    (b) to present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.

    (c) to provide additional disclosures when compliance with the specific requirements in Ind AS is insufficient to enable users

    (d) to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

GENERAL FEATURES - Presentation of True and Fair View and Compliance with Ind AS

- **Inappropriate Accounting Policies**
  - An entity cannot rectify inappropriate accounting policies either by disclosure of the accounting policies used or by notes or explanatory material.

GENERAL FEATURES - Presentation of True and Fair View and Compliance with Ind AS

- **Departure from the Requirements of an Ind AS — Whether Permissible?**
  - **In the extremely rare circumstances** in which management concludes that compliance with a 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.

GENERAL FEATURES - Presentation of True and Fair View and Compliance with Ind AS

- **When an entity departs from a requirement of an Ind AS, it shall disclose:**
  - that management has concluded that the financial statements present a true and fair view of the entity's financial position, financial performance and cash flows;
  - that it has complied with applicable Ind AS, except that it has departed from a particular requirement to present a true and fair view;

GENERAL FEATURES - Presentation of True and Fair View and Compliance with Ind AS

- **When an entity departs from a requirement of an Ind AS, it shall disclose:**
  - the title of the Ind AS from which the entity has departed, the nature of the departure, including the treatment that the Ind AS would require, the reason why that treatment would be so misleading in the circumstances that it would conflict with the objective of financial statements set out in the Framework, and the treatment adopted; and

GENERAL FEATURES - Presentation of True and Fair View and Compliance with Ind AS

- **When an entity departs from a requirement of an Ind AS, it shall disclose:**
  - for each period presented, the financial effect of the departure on each item in the financial statements that would have been reported in complying with the requirement.
- When an entity has departed from a requirement of an Ind AS in a prior period, and that departure affects the amounts recognised in the financial statements for the current period, it shall make the disclosures given above.

GENERAL FEATURES - Presentation of True and Fair View and Compliance with Ind AS

In the extremely rare circumstances in which management concludes that compliance with a requirement in an Ind AS would be so misleading that it would conflict with the objective of financial statements set out in the Framework, but the relevant regulatory framework prohibits departure from the requirement, <u>the entity shall, to the maximum extent possible, reduce the perceived misleading aspects of compliance by disclosing:</u>

(a) the title of the Ind AS in question, the nature of the requirement, and the reason why management has concluded that complying with that requirement is so misleading in the circumstances that it conflicts with the objective of financial statements set out in the Framework; and

(b) for each period presented, the adjustments to each item in the financial statements that management has concluded would be necessary to present a true and fair view.

GENERAL FEATURES - Going concern

- Financial statements prepared under Ind AS should be prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.
- If management has significant doubt of the entity's ability to continue as a going concern, the uncertainties should be disclosed.
- In case the financial statements are not prepared on a going concern basis, the entity should disclose the basis of preparation of financial statements and also the reason why the entity is not regarded as a going concern.

GENERAL FEATURES - Accrual basis of accounting

- An entity shall prepare its financial statements, **except** for cash flow information, using the accrual basis of accounting.
- When the accrual basis of accounting is used, an entity recognises items as assets, liabilities, equity, income and expenses
  - when they satisfy the definitions and recognition criteria for those elements in the Framework.

GENERAL FEATURES - Materiality and aggregation

- 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.
- If a line item is not individually material, it is aggregated with other items either in those statements or in the notes.
- An item that is not sufficiently material to warrant separate presentation in those statements may warrant separate presentation in the notes.
- An entity need not provide a specific disclosure required by an Ind AS if the information is not material except when required by law.

GENERAL FEATURES - Offsetting

- An entity shall not offset assets and liabilities or income and expenses, unless required or permitted by an Ind AS.
- An entity reports separately both assets and liabilities, and income and expenses.
- Measuring assets net of valuation allowances — for example, obsolescence allowances on inventories and doubtful debts allowances on receivables — is not offsetting.

GENERAL FEATURES - Offsetting

- Ind AS 18 ‘Revenue’ defines revenue and requires an entity to measure it at the fair value of the consideration received or receivable, taking into account the amount of any trade discounts and volume rebates the entity allows. An entity undertakes, in the course of its ordinary activities, other transactions that do not generate revenue but are incidental to the main revenue-generating activities. An entity presents the results of such transactions, when this presentation reflects the substance of the transaction or other event, by netting any income with related expenses arising on the same transaction.

GENERAL FEATURES - Offsetting

- In addition, an entity presents on a net basis gains and losses arising from a group of similar transactions
  - for example, foreign exchange gains and losses or gains and losses arising on financial instruments held for trading.

However, an entity presents such gains and losses separately if they are material.

GENERAL FEATURES - Frequency of Reporting

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

GENERAL FEATURES - Comparative information

Minimum comparative information

- An entity should present comparative information in respect of the preceding period for all amounts reported in the current period's financial statements except when Ind AS permit or require otherwise.
- Comparative information for narrative and descriptive information should be included if it is relevant to understand the current period's financial statements.
- An entity shall present, as a minimum:
- 2 Balance Sheets
- 2 Statement of Profit and Loss
- 2 Statement of Cash Flows
- 2 Statement of Changes in Equity and
- Related Notes.

GENERAL FEATURES - Comparative information

Additional comparative information

- An entity may present comparative information in addition to the minimum comparative financial statements required by Ind AS, as long as that information is prepared in accordance with Ind AS.
- This comparative information may consist of one or more statements referred in ‘Complete set of financial statements’ but need not comprise a complete set of financial statements.

GENERAL FEATURES - Comparative information

Change in accounting policy, retrospective restatement or reclassification

- 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, it shall present, as a minimum, three balance sheets, two of each of the other statements, and related notes.
- An entity presents balance sheets as at
  - the end of the current period,
  - the end of the previous period (which is the same as the beginning of the current period), and
  - the beginning of the earliest comparative period.

GENERAL FEATURES - Comparative information

- When the entity changes the presentation or classification of items in its financial statements, the entity shall reclassify comparative amounts unless reclassification is impracticable.

GENERAL FEATURES - Comparative information

Change in accounting policy, retrospective restatement or reclassification

- When the entity reclassifies comparative amounts, the entity shall disclose:
  - the nature of the reclassification;
  - the amount of each item or class of items that is reclassified; and
  - the reason for the reclassification.

GENERAL FEATURES - Comparative information

Change in accounting policy, retrospective restatement or reclassification

- When it is impracticable to reclassify comparative amounts, an entity shall disclose:
  - the reason for not reclassifying the amounts, and
  - the nature of the adjustments that would have been made if the amounts had been reclassified.

GENERAL FEATURES - Consistency of presentation

- An entity shall retain the presentation and classification of items in the financial statements from one period to the next unless:
  - it is apparent, following a significant change in the nature of the entity's operations or a review of its financial statements, that another presentation or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies in Ind AS 8; or
  - an Ind AS requires a change in presentation.
- When making such changes in presentation, an entity reclassifies its comparative information in accordance.

STRUCTURE AND CONTENT

Identification of Financial Statements

- An entity shall clearly identify the financial statements and distinguish them from other information in the same published document.
- Ind AS apply only to financial statements, and not necessarily to other information presented in an annual report, a regulatory filing, or another document though they may be useful to users.

STRUCTURE AND CONTENT

Identification of Financial Statements

- An entity shall display the following information prominently:
  - The name of the reporting entity
  - Whether the financial statements are of an individual entity or a group of entities;
  - Reporting date or the reporting period
  - The presentation currency
  - The level of rounding used in presenting amounts in the financial statements.

STRUCTURE AND CONTENT - Balance Sheet

- At a minimum, the balance sheet shall include
  - Non-current assets and liabilities,
  - current assets and liabilities and
  - equity of an entity.
- Additional line items, headings and subtotals in the balance sheet should be presented when such presentation is relevant to an understanding of the entity's financial position.

STRUCTURE AND CONTENT - Distinction between Current / Non-current

- An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its balance sheet **except** when a presentation based on liquidity provides information that is reliable and more relevant.

STRUCTURE AND CONTENT - Distinction between Current / Non-current

- Whichever method of presentation is adopted, an entity shall disclose the amount expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled:
  - no more than twelve months after the reporting period, and
  - more than twelve months after the reporting period.

Current / Non-current Assets

- An entity shall classify an asset as current when:

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) it holds the asset primarily for the purpose of trading;

(c) it expects to realise the asset within twelve months after the reporting period; or

(d) the asset is cash or a cash equivalent (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current / Non-current Assets

- An entity shall classify all other assets as non-current.
- This Standard uses the term 'non-current' to include tangible, intangible and financial assets of a long-term nature. It does not prohibit the use of alternative descriptions as long as the meaning is clear.

Operating Cycle

- The operating cycle of an entity is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.
- When the entity's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.
- Current assets include assets (such as inventories and trade receivables) that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting period.

Operating Cycle

- Current assets also include assets held primarily for the purpose of trading (examples include some financial assets classified as held for trading in accordance with Ind AS 109) and the current portion of non-current financial assets.

Current / Non-current Liabilities

- An entity shall classify a liability as current when:
  - (a) it expects to settle the liability in its normal operating cycle;
  - (b) it holds the liability primarily for the purpose of trading;
  - (c) the liability is due to be settled within twelve months after the reporting period; or
  - (d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

<u>Note</u>

Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current / Non-current Liabilities

- An entity shall classify all other liabilities as non-current.
- Some current liabilities, such as trade payables and some accruals for employee and other operating costs, are part of the working capital used in the entity’s normal operating cycle.
- An entity classifies such operating items as current liabilities even if they are due to be settled more than twelve months after the reporting period.
- The same normal operating cycle applies to the classification of an entity’s assets and liabilities.

Current / Non-current Liabilities

- When the entity's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.
- Other liabilities not settled as part of the normal operating cycle, but are due for settlement within twelve months after the reporting period or held primarily for the purpose of trading are considered as current liability only.
- Financial liabilities that provide financing on a long-term basis <u>(i.e. are not part of the working capital used in the entity's normal operating cycle)</u> and are not due for settlement within twelve months after the reporting period are non-current liabilities.

Current / Non-current Liabilities

- An entity classifies its financial liabilities as current when they are due to be settled within twelve months after the reporting period, even if:
  - the original term was for a period longer than twelve months, and
  - an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are approved for issue.

Current / Non-current Liabilities

- If an entity expects, and has the discretion, to refinance or roll over an obligation for at least twelve months after the reporting period under an existing loan facility, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period.

  However, when refinancing or rolling over the obligation is not at the discretion of the entity, the entity does not consider the potential to refinance the obligation and classifies the obligation as current.

Current / Non-current Liabilities

- When an entity breaches a 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, 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.

Current / Non-current Liabilities

- However, an entity classifies the liability as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least twelve months after the reporting period, within which the entity can rectify the breach and during which the lender cannot demand immediate repayment.

Information to be provided in the Balance Sheet or in the notes

- An entity shall disclose, either in the balance sheet or in the notes, further sub-classifications of the line items presented, classified in a manner appropriate to the entity’s operations.
- The detail provided in sub-classifications depends on the requirements of Ind AS and on the size, nature and function of the amounts involved.

Statement of Profit and Loss

- The statement of profit and loss shall present, in addition to the profit or loss and other comprehensive income sections:

(a) profit or loss;

(b) total other comprehensive income;

(c) comprehensive income for the period, being the total of profit or loss and other comprehensive income.

Statement of Profit and Loss

- An entity shall present the following items as allocation of profit or loss and other comprehensive income for the period:

  (a) profit or loss for the period attributable to:

  (i) non-controlling interests, and

  (ii) owners of the parent.

  (b) comprehensive income for the period attributable to:

  (i) non-controlling interests, and

  (ii) owners of the parent.

Information to be presented in the profit or loss section of the Statement of Profit and Loss

In addition to items required by other Ind AS, the profit or loss section of the Statement of Profit and Loss should include line items that present the following amounts for the period:

(a) revenue, presenting separately interest revenue calculated using the effective interest method;

(b) gains and losses arising from the derecognition of financial assets measured at amortised cost

(c) finance costs;

Information to be presented in the profit or loss section of the Statement of Profit and Loss

(d) impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with Section 5.5 of Ind AS 109

(e) share of the profit or loss of associates and joint ventures accounted for using the equity method;

(f) if financial asset is reclassified out of the amortised cost measurement category so that it is measured at fair value through profit or loss, any gain or loss arising from a difference between the previous amortised cost of the financial asset and its fair value at the reclassification date;

Information to be presented in the profit or loss section of the Statement of Profit and Loss (cont'd)

(g) if a financial asset is reclassified out of the fair value through other comprehensive income measurement category so that it is measured at fair value through profit or loss, any cumulative gain or loss previously recognized in other comprehensive income that is reclassified to profit or loss

(h) tax expense;

(i) a single amount for the total discontinued operations

Information to be presented in the Other Comprehensive Income section

- The other comprehensive income section should present line items for the amounts of other comprehensive income (excluding amounts in paragraph (b)), classified by nature and grouped into those that, in accordance with other Ind AS:

  (i) will not be reclassified subsequently to profit or loss; and

  (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Information to be presented in the Other Comprehensive Income section

- An entity shall present additional line items, headings and subtotals in the statement of profit and loss, when such presentation is relevant to an understanding of the entity's financial performance.
- When an entity presents subtotals, those subtotals shall:

(a) be comprised of line items made up of amounts recognised and measured in accordance with Ind AS;

(b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable;

(c) be consistent from period to period; and

(d) not be displayed with more prominence than the subtotals and totals required in Ind AS for the statement of profit and loss.

Information to be presented in the Other Comprehensive Income section

- An entity shall present the line items in the statement of profit and loss that reconcile any subtotals presented with the subtotals or totals required in Ind AS for such statement.
- An entity shall not present any items of income or expense as extraordinary items, in the statement of profit and loss or in the notes.
- With regard to profit or loss for the period, the Standard requires the recognition of all items of income and expense in a period in profit or loss unless an Ind AS requires or permits otherwise.

Other comprehensive income for the period

- Disclose the amount of income tax relating to each item of other comprehensive income, including reclassification adjustments**, either in the statement of profit and loss or in the notes.**
- An entity should disclose reclassification adjustments relating to components of other comprehensive income.
- Other Ind AS specify whether and when amounts previously recognised in other comprehensive income are reclassified to profit or loss as reclassification adjustment.
- A reclassification adjustment is included with the related component of other comprehensive income in the period that the adjustment is reclassified to profit or loss.

Information to be presented in the Statement of Profit and Loss or in the Notes

- Disclose nature and amount of material income or expense separately.
- An entity shall present an analysis of expenses recognised in profit or loss using a classification based on the nature of expense method.

Statement of Changes in Equity

- An entity shall present a statement of changes in equity as a part of balance sheet.
- The statement of changes in equity includes the following information:
  - total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to non-controlling interests;
  - for each component of equity, the effects of retrospective application or retrospective restatement recognised in accordance with Ind AS 8;

Statement of Changes in Equity

- The statement of changes in equity includes the following information:
  - for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing each changes resulting from:
  - profit or loss;
  - each item of other comprehensive income;

Statement of Changes in Equity

- The statement of changes in equity includes the following information:
  - transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control; and
  - any item recognised directly in equity such as amount recognised directly in equity as capital reserve with Ind AS 103.

Information to be presented in the statement of changes in equity or in the notes

- For each component of equity an entity shall present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item.
- An entity shall present, either in the statement of changes in equity or in the notes, the amount of dividends recognised as distributions to owners during the period, and the related amount of dividends per share.
- Ind AS 8 requires retrospective adjustments to effect changes in accounting policies, to the extent practicable, except when the transition provisions in another Ind AS require otherwise.

Information to be presented in the statement of changes in equity or in the notes

- Ind AS 8 also requires restatements to correct errors to be made retrospectively, to the extent practicable.

  Retrospective adjustments and retrospective restatements are not changes in equity but they are adjustments to the opening balance of retained earnings, except when an Ind AS requires retrospective adjustment of another component of equity.

- Disclose total adjustment to each component of equity resulting from changes in accounting policies and, separately, from corrections of errors in the statement of changes in equity. These adjustments are disclosed for each prior period and the beginning of the period.

Statement of Cash Flows

- Cash flow information provides users of financial statements with a basis to assess the ability of the entity to generate cash and cash equivalents and the needs of the entity to utilise those cash flows.
- An entity should present a statement of cash flows in accordance with Ind AS 7.

Notes - Structure

- The notes shall:
  - present information about the basis of preparation of the financial statements and the specific accounting policies used;
  - disclose the information required by Ind AS that is not presented elsewhere in the financial statements; and
  - provide information that is not presented elsewhere in the financial statements, but is relevant to an understanding of any of them.

Notes - Structure

- An entity shall present notes in a systematic manner. In determining a systematic manner, the entity shall consider the effect on the understandability and comparability of its financial statements.
- An entity shall **cross-reference each item** in the balance sheet, in the statement of changes in equity which is a part of the balance sheet and in the statement of profit and loss, and statement of cash flows to any related information in the notes.

Notes - Structure

- Examples of systematic ordering or grouping of the notes include following the order of the line items in the statement of profit and loss and the balance sheet, such as:

(i) statement of compliance with Ind AS;

(ii) significant accounting policies applied;

(iii) supporting information for items presented in the balance sheet and in the statement of profit and loss, and in the statements of changes in equity and of cash flows, in the order in which each statement and each line item is presented; and

(iv) other disclosures,

Notes - Structure

- An entity may present notes providing information about the basis of preparation of the financial statements and specific accounting policies as a separate section of the financial statements.

Notes - Disclosure of accounting policies

- Disclose significant accounting policies comprising:
  - the measurement basis (or bases) used in preparing the financial statements, and
  - the other accounting policies used that are relevant to an understanding of the financial statements.
- Disclose along with its significant accounting policies or other notes, the judgments, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies.

Notes - Disclosure of accounting policies

Sources of estimation uncertainty

- Disclose, in the notes, information about the assumptions made concerning the future, and other important sources of estimation of uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts within the next financial year.
- Disclose nature of such assets and their carrying amount.

Notes - Disclosure of accounting policies

Capital

- Disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.

Notes - Puttable financial instruments classified as equity

- For puttable financial instruments classified as equity instruments, an entity shall disclose (to the extent not disclosed elsewhere):
  - summary quantitative data about the amount classified as equity;
  - its objectives, policies and processes for managing its obligation to repurchase or redeem the instruments when required to do so by the instrument holders, including any changes from the previous period;

Notes - Puttable financial instruments classified as equity

- For puttable financial instruments classified as equity instruments, an entity shall disclose (to the extent not disclosed elsewhere):
  - the expected cash outflow on redemption or repurchase of that class of financial instruments; and
  - information about how the expected cash outflow on redemption or repurchase was determined.

Notes - Other disclosures

- Disclose the amount of dividends proposed or declared before the financial statements were approved for issue but not recognised as a distribution to owners during the period, and the related amount per share and the amount of any cumulative preference dividends not recognised.

Notes - Other disclosures

- Requires certain other disclosures, if not disclosed elsewhere in information published with the financial statements, such as,
  - the domicile and legal form of the entity,
  - its country of incorporation and the address of its registered office,
  - a description of the nature of the entity’s operations and its principal activities,
  - the name of the parent and the ultimate parent of the group, if it is a limited life entity,
  - information regarding the length of its life.

Carve-outs in Ind AS 1 *"Presentation of Financial Statements"* from IFRS

IAS 1 requires that in case of a loan liability,

if any condition of the loan agreement which was classified as non-current

is 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 still classified as current.**

Carve-outs from IFRS in Ind AS 1

Carve Out

Ind AS 1 clarifies that where there is a breach of 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,

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.

Carve-outs from IFRS in Ind AS 1

Reason

- Under Indian banking system, a long-term loan agreement generally contains a large number of conditions including conditions either substantive or procedural
- Many a times, a breach is rectified after the balance sheet date and before the approval of 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
- Hence, a carve out has been made

SIGNIFICANT DIFFERENCES IN IND AS 1 VIS-À-VIS AS 1

S. No.	Particulars	Ind AS 1	AS 1
1.	Explicit Statement of Compliance	An enterprise shall make an explicit statement in the financial statements of compliance with all the Indian Accounting Standards. Further, Ind AS 1 allows deviation from a requirement 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 guidance given in AS 1
2.	Current and Non-current Classification	Ind AS 1 requires presentation and provides criteria for classification of Current / Non- Current assets / liabilities	

SIGNIFICANT DIFFERENCES IN IND AS 1 VIS-À-VIS AS 1

S. No.	Particulars	Ind AS 1	AS 1
3.	Extraordinary Items	Ind AS 1 prohibits presentation of any item as 'Extraordinary Item' in the statement of profit and loss or in the notes	No such guidance given in AS 1
4.	Disclosure of Judgements and Assumptions made	Ind AS 1 requires disclosure of judgments made by management while framing of accounting policies. Also, it requires disclosure of key assumptions about the future and other sources of measurement of uncertainty that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within next financial year	

SIGNIFICANT DIFFERENCES IN IND AS 1 VIS-À-VIS AS 1

S. No.	Particulars	Ind AS 1	AS 1
5.	Classification of Expenses	Ind AS 1 requires classification of expenses to be presented based on nature of expenses.	No such guidance given in AS 1
6.	Comparative Balance Sheets	Ind AS 1 requires presentation of balance sheet as at the beginning of the earliest period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in the financial statements, or when it reclassifies items in its financial statements.	

SIGNIFICANT DIFFERENCES IN IND AS 1 VIS-À-VIS AS 1

S. No.	Particulars	Ind AS 1	AS 1
7.	Disclosure of Reclassified Items	In respect of reclassification of items, Ind AS 1 requires disclosure of nature, amount and reason for reclassification in the notes to financial statements.	No such guidance given in AS 1
8.	Statement of Changes in Equity	Ind AS 1 requires the financial statements to include a Statement of Changes in Equity to be shown as a separate statement, which, inter alia, includes reconciliation between opening and closing balance for each component of equity.	

SIGNIFICANT DIFFERENCES IN IND AS 1 VIS-À-VIS AS 1

S. No.	Particulars	Ind AS 1	AS 1
9.	Statement of Other Comprehensive Income	Ind AS 1 requires 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 the profit or loss section presented first followed directly by the other comprehensive income section.	No such guidance given in AS 1
10.	Inclusion of Comparative Information	As per Ind AS 1, an entity shall include certain comparative information for understanding the current period's financial statements.	
11.	Classification of Long-term Loan Arrangement	Ind AS 1 clarifies that long term loan arrangement need not be classified as current on account of breach of a material provision, for which the lender has agreed to waive before the approval of financial statements for issue.	

Thank You