DIFFERENCES BETWEEN IFRSs AND Ind AS

This note is issued by the Institute of Chartered Accountants of India (ICAI) to bring out the differences between the IFRSs[1] as applicable on 1st April, 2011 and the corresponding Indian Accounting Standards (Ind ASs) placed by the Ministry of Corporate Affairs (MCA), Government of India, on its website after recommendation of the same by the National Advisory Committee on Accounting Standards (NACAS) and the ICAI.

The Ind ASs placed on the MCA website when notified under Section 211 (3) (c) of the Companies Act, 1956 by the MCA will be applicable to the companies from the date specified in the said notification. Section I of the note contains IFRSs deferred by the MCA. Section II contains carve outs from IFRSs in the relevant Ind ASs. Section III contains 'Other major changes in Indian Accounting Standards vis-à-vis IFRSs not resulting in carve outs'. Section IV contains a comparative chart of IFRSs and corresponding Ind ASs indicating, inter alia, IFRSs in respect of which no corresponding Ind AS has been formulated and reasons therefor.

I. IFRSs deferred by MCA

1. Ind AS 11, *Construction Contracts*

IFRIC 12 and SIC 29, *Service Concession Arrangements* and *Service Concession Arrangements: Disclosures*, respectively, which are included as Appendices A and B to Ind AS 11, *Construction Contracts,* respectively, would not be notified along with the other standards and their application has been deferred.

Reasons

MCA received feedback regarding the adverse consequences which may ensue to the Indian companies in the event of immediate adoption of the IFRIC 12. Hence, MCA decided that Appendix A to Ind AS 11, corresponding to IFRIC 12, *Service Concession Arrangements* should be deferred and the same may be examined and applied with or without modification later.

Appendix B to Ind AS 11, corresponding to SIC 29, *Service Concession Arrangements: Disclosures,* is related to IFRIC 12. Therefore, it has also been deferred.

2. Ind AS 17*, Leases*

[1] The term 'IFRS' includes not only the International Financial Reporting Standards (IFRSs) issued by the IASB, it also includes the International Accounting Standards (IASs), IFRICs and SICs.

IFRIC 4 *Determining Whether an Arrangement contains a Lease,* which is included as Appendix C to Ind AS 17, *Leases* would not be notified alongwith the other standards and its application has been deferred.

Reasons

MCA received feedback regarding the adverse consequences which may ensue to the Indian companies in the event of immediate adoption of the Appendix C to Ind AS 17, corresponding to IFRIC 4. Hence, MCA decided that the Appendix should be deferred and the same may be examined and applied with or without modification later.

3. Ind AS 106, *Exploration for and Evaluation of Mineral Resources*

Ind AS 106 corresponding to IFRS 6, *Exploration for and Evaluation of Mineral Resources*, would not be notified immediately as it is under consideration of the Government.

Reasons

MCA is of view that the standard is open-ended offering freedom to companies to follow virtually any policy they like. The standard does not prescribe any standardization. In such circumstances, the standard does not serve any useful purpose and may create a wrong impression in the mind of the stakeholders that the entity concerned has complied with a strict standard when in fact, the company is free to apply any accounting treatment it wants. This may even be counter productive from a regulatory point of view by giving a false sense of correctness. Hence, this Ind AS may not be notified immediately.

II Carve Outs

A. Carve-outs which are due to differences in application of accounting principles and practices and economic conditions prevailing in India.

1. Ind AS 21, *The Effects of Changes in Foreign Exchange Rates*

As per IFRS

IAS 21 requires recognition of exchange differences arising on translation of monetary items from foreign currency to functional currency directly in profit or loss.

Carve out

Ind AS 21 permits an option to recognise exchange differences arising on translation of certain long-term monetary items from foreign currency to functional currency directly in equity. In this situation, Ind AS 21 requires the accumulated exchange differences to be amortised to profit or loss in an appropriate manner. IAS 21 does not permit such a treatment.

Reasons

(i) There is significant fluctuation in the value of US dollar *vis-à-vis* rupee. India plans for a large expenditure on infrastructure. This may need a very large inflow in the foreign borrowings. These borrowings are denominated in foreign currencies unlike developed countries where borrowings are denominated in local currencies.

(ii) Unlike currencies of many advanced countries, rupee is not fully convertible.

(iii) Hedging is not possible for the full period for which the loan is taken. Hedging is available for shorter periods but not for longer periods, and the duration of the borrowings is very long.

(iv) Indian companies are not permitted to prepay the foreign currency loans.

(v) Other countries such as South Korea have also been raising these issues.

(vi) It is not appropriate to recognise the exchange differences immediately which arise as a result of items which are to be paid/realized in foreign currency, after a long term nature.

2. Ind AS 28, *Investment in Associates*

As per IFRS

IAS 28 requires that difference between the reporting period of an associate and that of the investor should not be more than three months, in any case.

Carve out

The phrase ‘unless it is impracticable’ has been added in the relevant requirement i.e., paragraph 25 of Ind AS 28.

Reasons

Since the investor does not have control over the associate, it may not be able to influence the associate to change its accounting period if it does not fall within 3 months.

Apart from this, another reason can be a situation, e.g., where an entity is an associate of two investors and difference between the reporting dates of the associate and the investors is more than three months and the reporting dates of the two investors are also different. In that case a problem will arise that in respect of which investor the associate will have to change its reporting period.

3. Ind AS 28, *Investment in Associates*

As per IFRS

IAS 28 requires that for the purpose of applying equity method of accounting in the preparation of investor's financial statements, uniform accounting policies should be used. In other words, if the associate's accounting policies are different from those of the investor, the investor should change the financial statements of the associate by using same accounting policies.

Carve out

The phrase, 'unless impracticable to do so' has been added in the relevant requirements i.e., paragraph 26 of Ind AS 28.

Reasons

Since the investor has significant influence and not control over the associate, it may not be able to influence the associate to change its accounting policies.

4. Ind AS 32, *Financial Instruments: Presentation*

Carve out

An exception has been included to the definition of 'financial liability' in paragraph 11 (b) (ii), Ind AS 32 to consider the equity conversion option embedded in a convertible bond denominated in foreign currency to acquire a fixed number of entity's own equity instruments as an equity instrument if the exercise price is fixed in any currency. This exception is not provided in IAS 32.

Reasons

This position is not appropriate in instruments such as FCCBs since the number of shares convertible on the exercise of the option remains fixed and the amount at which the option is to be exercised in terms of foreign currency is also fixed; merely the difference in the currency should not affect the nature of derivative, i.e., the option.

5. Ind AS 39, *Financial Instruments: Recognition and Measurement*

As per IFRS

IAS 39 requires all changes in fair values in case of financial liabilities designated at fair value through Profit and Loss at initial recognition shall be recognised in profit or loss. IFRS 9 which will replace IAS 39 requires these to be recognised in 'other comprehensive income'

Carve out

A proviso has been added to paragraph 48 of Ind AS 39 that in determining the fair value of the financial liabilities which upon initial recognition are designated at fair value through profit or loss, any change in fair value consequent to changes in the entity's own credit risk shall be ignored.

Reasons

It is felt that recognition of gain in profit or loss or in 'other comprehensive income' on deterioration of own credit risk is not proper because such deterioration ordinarily occurs when an entity is incurring losses. Thus, if an entity is allowed to recognise gain on deterioration of its own credit risk, it will book gains when its performance is not upto the mark. In the recent financial crisis in USA, it was noted that some banks booked gains while they were incurring losses due to the crisis.

6. Ind AS 103, *Business Combinations*

As per IFRS

IFRS 3 requires bargain purchase gain arising on business combination to be recognised in profit or loss.

Carve out

Ind AS 103 requires the same to be recognised in other comprehensive income and accumulated in equity as capital reserve, unless there is no clear evidence for the underlying reason for classification of the business combination as a bargain purchase, in which case, it shall be recognised directly in equity as capital reserve.

Reasons

It is felt that recognition of such gains in profit or loss would result into recognition of unrealised gains as the value of net assets is determined on the basis of fair value of net assets acquired

7. Ind AS 101, First-time Adoption of Indian Accounting Standards

(i) Presentation of comparatives in the *First-time Adoption of Indian Accounting Standards* (Ind AS) 101 (corresponding to IFRS 1)

As per IFRS

IFRS 1 defines transitional date as beginning of the earliest period for which an entity presents full comparative information under IFRS. It is this date which is the starting point for IFRS and it is on this date the cumulative impact of transition is recorded based on assessment of conditions at that date by applying the standards retrospectively except to the extent specifically provided in this standard as optional exemptions and mandatory exceptions. Accordingly, the comparatives, i.e., the previous year figures are also presented in the first financial statements prepared under IFRS on the basis of IFRS.

Carve out

Ind AS 101, requires an entity to provide comparatives as per the existing notified Accounting Standards. It is provided that, in addition to aforesaid comparatives, an entity may also provide comparatives as per Ind AS on a memorandum basis.

Reason

This would facilitate smooth convergence with IFRS as comparatives are not required to be in accordance with the Ind ASs. It is also felt that since Ind AS 101 would not be considered to be in existence for the comparative period, requiring comparatives to be prepared on the basis of Ind AS may not be legally defensible.

(ii) Presentation of reconciliation

As per IFRS

IFRS 1 requires reconciliations for opening equity, total comprehensive income, cash flow statement and closing equity for the comparative period to explain the transition to IFRS from previous GAAP.

Carve out

Ind AS 101 provides an option to provide a comparative period financial statements on memorandum basis. Where the entities do not exercise this option and, therefore, do not provide comparatives, they need not provide reconciliation for total comprehensive income, cash flow statement and closing equity in the first year of transition but are expected to disclose significant differences pertaining to total comprehensive income. Entities that provide comparatives would have to provide reconciliations which are similar to IFRS.

Reason

This would facilitate smooth convergence with IFRS.

(III) Cost of *Non-current Assets Held for Sale and Discontinued Operations* on the date of transition on *First-time Adoption of Indian Accounting Standards* (Ind AS)

Carve out

Ind AS 101 provides transitional relief that while applying Ind AS 105 - *Non-current Assets Held for Sale and Discontinued Operations*, an entity may use the transitional date circumstances to measure such assets or operations at the lower of carrying value and fair value less cost to sell.

Reason

This would facilitate smooth convergence with IFRS

(iv) Foreign currency gains/losses on translation of long term monetary items

Carve out

Ind AS 101 provides that on the date of transition, if there are long-term monetary assets or long-term monetary liabilities mentioned in paragraph 29A of Ind AS 21, an entity may exercise the option mentioned in that paragraph regarding spreading over the unrealised Gains/Losses over the life of Assets/Liabilities either retrospectively or prospectively. If this option is exercised prospectively, the accumulated exchange differences in respect of those items are deemed to be zero on the date of transition.

Reason

Exemption given as a consequence of optional treatment prescribed in Ind AS 21, *The Effects of Changes in Foreign Exchange Rates*, in context of exchange differences arising on account of certain long-term monetary assets or long-term monetary liabilities.

(v) Financial instruments existing on transition date

Carve out

Ind AS 101 provides that the financial instruments carried at amortised cost should be measured in accordance with Ind AS 39 from the date of recognition of financial instruments unless it is impracticable (as defined in Ind AS 8) for an entity to apply retrospectively the effective interest method or the impairment requirements of Ind AS 39. If it is impracticable to do so then the fair value of the financial asset at the date of transition to Ind-ASs shall be the new amortised cost of that financial asset at the date of transition to Ind ASs.

Ind AS 101 provides another exemption that financial instruments measured at fair value shall be measured at fair value as on the date of transition to Ind AS.

Reason

This exemption would facilitate smooth convergence with IFRS.

(vi) Definition of previous GAAP under Ind AS 101 *First-time Adoption of Indian Accounting Standards*

As per IFRS

IFRS 1 defines previous GAAP as the basis of accounting that a first-time adopter used immediately before adopting IFRS.

Carve out

Ind AS 101 defines previous GAAP as the basis of accounting that a **first-time adopter** used immediately before adopting Ind ASs for its reporting requirements in India. For instance, for companies preparing their financial statements in accordance with the existing Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 shall consider those financial statements as previous GAAP financial statements.

Reason

The change makes it mandatory for Indian companies to consider the financial statements prepared in accordance with existing notified Indian accounting standards as was applicable to them as under Companies (Accounting Standards) Rule, 2006 as previous GAAP when it transitions to Ind AS as the law prevailing in India does not recognise the financial statements prepared in accordance with Accounting Standards other than those prescribed under the Companies Act.

(vii) Cost of Property, Plant and Equipment (PPE), Intangible Assets, Investment Property, on the date of transition of First-time Adoption of Indian Accounting Standards.

Ind AS 101 provides an entity an option to use carrying values of all assets as on the date of transition in accordance with previous GAAP as an acceptable starting point under Ind AS

Reasons

The existing Indian notified Accounting Standards are not significantly different from IFRS as all the standards have been based on IFRS. It will minimise the cost of convergence.

B.Carve-outs for specific industries

1. Ind AS 18*, Revenue*

As per IFRS

On the basis of principles of the IAS 18, IFRIC 15 on *Agreement for Construction of Real Estate, prescribes* that construction of real estate should be treated as sale of goods and revenue should be recognised when the entity has transferred significant risks and rewards of ownership and has retained neither continuing managerial involvement nor effective control.

Carve out

IFRIC 15 has not been included in Ind AS 18*, Revenue*. Such agreements have been scoped out from Ind AS 18 and have been included in Ind AS 11, *Construction Contracts.*

Reasons

(i) IFRIC 15, would have required the real estate developers to recognize the revenue in their financial statements based on the completion method i.e., only in the last year of the completion of the project. In that case, the profit and loss account of the developers will not truly reflect the performance of the business, as during the years the real estate project continues, no revenue will be recognised. In other words, profit and loss account will not reflect proper measure of performance of business.

(ii) Some countries such as Malaysia have also decided not to apply IFRIC 15 for the time being. Similarly, while Singapore has decided to issue IFRIC 15, it has provided specific guidance in the context of legal situations prevailing in that country.

2. Ind AS 18*, Revenue*

Carve out

A footnote has been added in paragraph 1 to Ind AS 18, *Revenue*, that for rate regulated entities, this standard shall stand modified, where and to the extent the recognition and measurement of revenue of such entities is affected by recognition and measurement of regulatory assets/liabilities as per the Guidance Note on the subject being issued by the Institute of Chartered Accountants of India.

Reason

Rate regulated entities such as electricity companies are subject to tariff fixation by the relevant authorities. Tariff is fixed on the basis of certain costs which are different from the expenses recognised in financial statements. Such differences may result into certain regulatory assets and regulatory liabilities which are presently not recognised as per the IFRS. Such entities feel that such assets and liabilities exist and, therefore, should be recognised in financial statements. IASB had earlier taken up a project on this subject which has been dropped from its Agenda. ICAI is developing a Guidance Note on the subject.

3. Indian Accounting Standard on *Agriculture* (Corresponding to IAS 41)

As per IFRS

IAS 41, *Agriculture*, requires measurement of biological assets, viz., living animals and plants at fair value and recognizing gains and losses arising on such measurement in profit or loss, unless ascertainment of fair value is unreliable.

Carve out

It has been decided to revise the Standard and not to issue the standard as it is.

Reasons

(i) There is difficulty in identifying the attributes of biological assets, the cost of fair valuation, and high volatility of significant qualitative factors (not within the control of the entity) leads to greater subjectivity in estimating fair value.

(ii) The quoted market price for bearer biological assets (e.g. long-term assets that produce each year such as tea, coffee, rubber and palm oil trees) is not easily available, since these are not traded in the open market.

(iii) Present value (PV) method is to be adopted for estimating fair value of biological assets such as forests. Making appropriate estimates of future price and costs levels are key factors for a reliable fair value measurement of standing forests. Due to the long-term nature of the period of cash flows, small fluctuations in the assumptions may have a significant effect on the calculated fair value.

(iv) Fair value of biological assets may not be relevant because most plantations are rarely sold. Fair valuation may give the impression that the value of the company increases when in reality nothing has changed.

(v) Considering the high volatility of prices for the end products, the fair value adopted as cost as per IAS 41, may result in very significant impact on the profitability of the companies.

III Other major changes in Indian Accounting Standards vis-a-vis IFRSs not resulting in carve-outs

Ind AS 1, *Presentation of Financial Statements*

1 With regard to preparation of Statement of profit and loss, IAS 1, *Presentation of Financial Statements*, provides an option either to follow the single statement approach or to follow the two statement approach. While in the single statement approach, all items of income and expense are recognised in the statement of profit and loss, in the two statements approach, two statements are prepared, one displaying components of profit or loss (separate income statement) and the other beginning with profit or loss and displaying components of other comprehensive income. Ind AS 1 allows only the single statement approach.

2 IAS 1 requires preparation of a Statement of Changes in Equity as a separate statement. Ind AS 1 requires the Statement of Changes in Equity to be shown as a part of the balance sheet.

3 IAS 1 gives the option to individual entities to follow different terminology for the titles of financial statements. Ind AS 1 is changed to remove alternatives by giving one terminology to be used by all entities.

4 IAS 1 permits the periodicity, for example, of 52 weeks for preparation of financial statements. Ind AS 1 does not permit it.

5 IAS 1 requires an entity to present an analysis of expenses recognised in profit or loss using a classification based on either their nature or their function within the equity. Ind AS 1 requires only nature-wise classification of expenses.

6 IAS 1 contains Implementation Guidance. Ind AS 1 does not include the same because various enactments have prescribed formats, e.g., Schedule VI to the Companies Act, 1956.

Ind AS 7, *Statement of Cash Flows*

1. In case of other than financial entities, IAS 7 gives an option to classify the interest paid and interest and dividends received as item of operating cash flows. Ind AS 7 does not provide such an option and requires these items to be classified as items of financing activity and investing activity, respectively.

2. IAS 7 gives an option to classify the dividend paid as an item of operating activity. However, Ind AS 7 requires it to be classified as a part of financing activity only.

Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*

Ind AS 8 has been amended to provide that in absence of specific Ind AS on the subject, management may also first consider the most recent pronouncements of International Accounting Standards Board and in absence thereof those of the other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practices.

Ind AS 16, *Property, Plant and Equipment*

Language of paragraph 8 has been changed to clarify more precisely that '*servicing equipment'* also qualifies as property, plant and equipment when an entity expects to use them during more than one period.

Ind AS 19, *Employee Benefits*

1. According to Ind AS 19 the rate to be used to discount post-employment benefit obligation shall be determined by reference to the market yields on government bonds, whereas under IAS 19, the government bonds can be used only where there is no deep market of high quality corporate bonds.

2. To illustrate treatment of gratuity subject to ceiling under Indian Gratuity Rules, an example has been added in Ind AS 19.

3. IAS 19 permits various options for treatment of actuarial gains and losses for post-employment defined benefit plans whereas Ind AS 19 requires recognition of the same in other comprehensive income, both for post-employment defined benefit plans and other long-term employment benefit plans. The actuarial gains recognised in other comprehensive income should be recognised immediately in retained earnings and should not be reclassified to profit or loss in a subsequent period.

Ind AS 20, *Accounting for Government Grants and Disclosure of Government Assistance*

1. IAS 20 gives an option to measure non-monetary government grants either at their fair value or at nominal value. Ind AS 20 requires measurement of such grants only at their fair value. Thus, the option to measure these grants at nominal value is not available under Ind AS 20.

2. IAS 20 gives an option to present the grants related to assets, including non-monetary grants at fair value in the balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Ind AS 20 requires presentation of such grants in balance sheet only by setting up the grant as deferred income. Thus, the option to present such grants by deduction of the grant in arriving at the carrying amount of the asset is not available under Ind AS 20.

Ind AS 21, *The Effects of Changes in Foreign Exchange Rates*

1 When there is a change in functional currency of either the reporting currency or a significant foreign operation, IAS 21 requires disclosure of that fact and the reason for the change in functional currency. Ind AS 21 requires an additional disclosure of the date of change in functional currency.

2 The following examples have been included in Ind AS 21, *The Effects of Changes in Foreign Exchange Rates*, as Appendix B:

   1) An example to clarify the provisions of paragraph 14.

   2) An example to clarify impairment loss in Paragraph 25.

   3) An example to clarify paragraphs 33 and 37.

4) The date of change of functional currency should also be disclosed in paragraph 57.

Ind AS 23, *Borrowing Costs*

IAS 23 provides no guidance as to how the adjustment prescribed in paragraph 6(e) is to be determined. Ind AS 23 provides guidance in this regard.

Ind AS 24, *Related Party Disclosures*

1. In Ind AS 24, disclosures which conflict with confidentiality requirements of statute/regulations are not required to be made since Accounting Standards cannot override legal/regulatory requirements.

2. Paragraph 24A (reproduced below) has been included in the Ind AS 24. It provides additional clarificatory guidance regarding aggregation of transactions for disclosure.

   "24A Disclosure of details of particular transactions with individual related parties would frequently be too voluminous to be easily understood. Accordingly, items of a similar nature may be disclosed in aggregate by type of related party. However, this is not done in such a way as to obscure the importance of significant transactions. Hence, purchases or sales of goods are not aggregated with purchases or sales of fixed assets. Nor a material related party transaction with an individual party is clubbed in an aggregated disclosure."

3 In the definition of the '***close members of the family of a person'***, relatives as specified under the meaning of 'relative' under the Companies Act, 1956, has been included.

Ind AS 27, *Consolidated and Separate Financial Statements*

1 Paragraphs 8, 10 and 42 have been deleted and paragraphs 9, 11, 39 and 43 have been modified as the applicability or exemptions to the Indian Accounting Standards is governed by the Companies Act and the Rules made thereunder.

2 A sentence has been added in paragraph 9 of Ind AS 27, *Consolidated and Separate Financial Statements* requiring that for companies the form of consolidated financial statements as given in Appendix C to this standard shall be applied to the extent circumstances admit.

Ind AS 29, *Financial Reporting in Hyperinflationary Economies*

Ind AS 29 requires an additional disclosure regarding the duration of the hyperinflationary situation existing in the economy.

Ind AS 33, *Earnings per Share*

1 IAS 33 provides that when an entity presents both consolidated financial statements and separate financial statements, it may give EPS related information in consolidated financial statements only, whereas, the Ind AS 33 requires EPS related information to be disclosed both in consolidated financial statements and separate financial statements.

2 Paragraph 2 of IAS 33 requires that the entire standard applies to :

(a) the separate or individual financial statements of an entity:

(i) whose ordinary shares or potential ordinary shares are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets) or

(ii) that files, or is in the process of filing, its financial statements with a Securities Regulator or other regulatory organisation for the purpose of issuing ordinary shares in a public market; and

(b) the consolidated financial statements of a group with a parent:

(i) whose ordinary shares or potential ordinary shares are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets) or

(ii) that files, or is in the process of filing, its financial statements with a Securities Regulator or other regulatory organisation for the purpose of issuing ordinary shares in a public market.

It also requires that an entity that discloses earnings per share shall calculate and disclose earnings per share in accordance with this Standard.

The above have been deleted in the Ind AS as the applicability or exemptions to the Indian Accounting Standards is governed by the Companies Act and the Rules made there under.

3 Paragraph 4 has been modified in Ind AS 33 to clarify that an entity shall not present in separate financial statements, earnings per share based on the information given in consolidated financial statements, besides requiring as in IAS 33, that earnings per share based on the information given in separate financial statements shall not be presented in the consolidated financial statements.

4 In Ind AS 33, a paragraph has been added after paragraph 12 on the following lines -

"Where any item of income or expense which is otherwise required to be recognized in profit or loss in accordance with accounting standards is debited or credited to securities premium account/other reserves, the amount in respect thereof shall be deducted from profit or loss from continuing operations for the purpose of calculating basic earnings per share."

5 In Ind AS 33 paragraph 15 has been amended by adding the phrase, **'irrespective of whether such discount or premium is debited or credited to securities premium account'** to further clarify that such discount or premium shall also be amortised to retained earnings.

Ind AS 34, *Interim Financial Reporting*

A footnote has been added to paragraph 1of Ind AS 34, *Interim Financial Reporting* that Unaudited Financial Results required to be prepared and presented under Clause 41 of Listing Agreement with stock exchanges is not an 'Interim Financial Report' as defined in paragraph 4 of this Standard.

Ind AS 40, *Investment Property*

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.

Ind AS 101 *First-time Adoption of Indian Accounting Standards*

1. Paragraph 3 of Ind AS 101 specifies that an entity's first Ind AS financial statements are the first annual financial statements in which the entity adopts Ind ASs in accordance with Ind ASs notified under the Companies Act, 1956 whereas IFRS 1 provides various examples of first IFRS financial statements.

2. Paragraph 4 of IFRS 1 provides various examples of instances when an entity does not apply this IFRS. Ind AS 101 does not provide the same.

3. IFRS 1 requires specific disclosures if the entity provides non-IFRS comparative information and historical summaries. Such disclosures are not required under Ind AS 101.

Ind AS 103, *Business Combinations*

IFRS 3 excludes from its scope business combinations of entities under common control. Appendix C of Ind AS 103 gives guidance in this regard.

Notes:

1. Differences between Indian Accounting Standards (Ind-ASs) and corresponding IFRSs are given in Appendix 1 at the end of each Indian Accounting Standard.

2. Apart from the changes in IFRSs as a result of carve-outs and other changes as described in above section, changes consequential thereto have also been made in all Ind ASs, wherever required.

IV. Comparison of IFRS as applicable on 1st April 2011 with Ind AS, placed at MCA's website

S No.	IFRS /IAS No.	Corresponding Indian Accounting Standard	Name
1.	IAS 1	Ind AS 1	*Presentation of Financial Statements*
2.	IAS 2	Ind AS 2	*Inventories*
3.	IAS 7	Ind AS 7	*Statement of Cash Flows*
4.	IAS 8	Ind AS 8	*Accounting Policies, Changes in Accounting Estimates and Errors*
5.	IAS 10	Ind AS 10	*Events after the Reporting Period*
6.	IAS 11	Ind AS 11	*Construction Contracts*
7.	IAS 12	Ind AS 12	*Income Taxes*
8.	IAS 16	Ind AS 16	*Property, Plant and Equipment*
9.	IAS 17	Ind AS 17	*Leases*
10.	IAS 18	Ind AS 18	*Revenue*
11.	IAS 19	Ind AS 19	*Employee Benefits*
12.	IAS 20	Ind AS 20	*Accounting for Government Grants and Disclosure of Government Assistance*
13.	IAS 21	Ind AS 21	*The Effects of Changes in Foreign Exchange Rates*
14.	IAS 23	Ind AS 23	*Borrowing Costs*
15.	IAS 24	Ind AS 24	*Related Party Disclosures*
16.	IAS 26	*	*Accounting and Reporting by Retirement Benefit Plans*
17.	IAS 27	Ind AS 27	*Consolidated and Separate Financial Statements*
18.	IAS 28	Ind AS 28	*Investments in Associates*
19.	IAS 29	Ind AS 29	*Financial Reporting in Hyperinflationary Economies*
20.	IAS 31	Ind AS 31	*Interests in Joint Ventures*
21.	IAS 32	Ind AS 32	*Financial Instruments: Presentation*
22.	IAS 33	Ind AS 33	*Earnings per Share*
23.	IAS 34	Ind AS 34	*Interim Financial Reporting*

24.	IAS 36	Ind AS 36	*Impairment of Assets*
25.	IAS 37	Ind AS 37	*Provisions, Contingent Liabilities and Contingent Assets*
26.	IAS 38	Ind AS 38	*Intangible Assets*
27.	IAS 39	Ind AS 39	*Financial Instruments: Recognition and Measurement*
28.	IAS 40	Ind AS 41	*Investment Property*
29.	IAS 41	**	*Agriculture*
30.	IFRS 1	Ind AS 101	*First-time Adoption of Indian Accounting Standards*
31.	IFRS 2	Ind AS 102	*Share-based Payment*
32.	IFRS 3	Ind AS 103	*Business Combinations*
33.	IFRS 4	Ind AS 104	*Insurance Contracts*
34.	IFRS 5	Ind AS 105	*Non-current Assets Held for Sale and Discontinued Operations*
35.	IFRS 6	Ind AS 106	*Exploration for and Evaluation of Mineral Resources*
36.	IFRS 7	Ind AS 107	*Financial Instruments: Disclosures*
37.	IFRS 8	Ind AS 108	*Operating Segments*
38.	IFRS 9	***	*Financial Instruments*

* Ind AS corresponding to IAS 26 *Accounting and Reporting by Retirement Benefit Plans* has not been placed on MCA's website as this standard is not applicable to companies

** Ind AS corresponding to IAS 41, *Agriculture,* is being redrafted.

*** It has been decided that Ind AS corresponding to IFRS 9, *Financial Instruments,* should not be issued since it was felt that it was incomplete; instead of this standard, Ind AS 39 has been issued.

Comparison of IFRICs/SICs as applicable on 1st April 2011 with corresponding Appendices to Ind ASs

S No.	IFRIC/SIC No.	Corresponding Appendix included in Ind AS	IFRIC/SIC
1.	IFRIC 1	Appendix A to Ind AS 16	Changes in Existing Decommissioning, Restoration and Similar Liabilities
2.	IFRIC 2	#	Members' Shares in Co-operative Entities and Similar Instruments
3.	IFRIC 4	Appendix C to Ind AS 17	Determining whether an Arrangement contains a Lease
4.	IFRIC 5	Appendix A to Ind AS 37	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
5.	IFRIC 6	Appendix B to Ind AS 37	Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment
6.	IFRIC 7	Appendix A to Ind AS 29	Applying the Restatement Approach under Ind AS 29 Financial Reporting in Hyperinflationary Economies
7.	IFRIC 9	Appendix C to Ind AS 39	Reassessment of Embedded Derivatives
8.	IFRIC 10	Appendix A to Ind AS 34	Interim Financial Reporting and Impairment
9.	IFRIC 12	Appendix A to Ind AS 11	Service Concession Arrangements
10.	IFRIC 13	Appendix B to Ind AS 18	Customer Loyalty Programmes
11.	IFRIC 14	Appendix A to Ind AS 19	Ind AS 19— The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
12.	IFRIC 15	##	Agreements for the Construction of Real Estate
13.	IFRIC 16	Appendix D to Ind AS 39	Hedges of a Net Investment in a Foreign Operation
14.	IFRIC 17	Appendix A to Ind AS 10	Distributions of Non-cash Assets to Owners
15.	IFRIC 18	Appendix C to Ind AS 18	Transfers of Assets from Customers
16.	IFRIC 19	Appendix A to Ind AS 32	Extinguishing Financial Liabilities with Equity Instruments

17.	SIC-7	###	Introduction of Euro
18.	SIC-10	Appendix A to Ind AS 20	Government Assistance—No Specific Relation to Operating Activities
19.	SIC-12	Appendix A to Ind AS 27	Consolidation—Special Purpose Entities
20.	SIC-13	Appendix A to Ind AS 31	Jointly Controlled Entities— Non-Monetary Contributions by Venturers
21.	SIC-15	Appendix A to Ind AS 17	Operating Leases—Incentives
22.	SIC- 21	Appendix A to Ind AS 12	Income Taxes—Recovery of Revalued Non-Depreciable Assets
23.	SIC-25	Appendix B to Ind AS 12	Income Taxes—Changes in the Tax Status of an Entity or its Shareholders
24.	SIC-27	Appendix B to Ind AS 17	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
25.	SIC-29	Appendix B to Ind AS 11	Service Concession Arrangements: Disclosures
26.	SIC-31	Appendix A to Ind AS 18	Revenue—Barter Transactions Involving Advertising Services
27.	SIC-32	Appendix A to Ind AS 38	Intangible Assets—Web Site Costs

Appendix corresponding to IFRIC 2 is not issued as it is not relevant for the companies

On the basis of principles of the IAS 18, IFRIC 15 on Agreement for Construction of Real Estate prescribes that construction of real estate should be treated as sale of goods and revenue should be recognised when the entity has transferred significant risks and rewards of ownership and retained neither continuing managerial involvement nor effective control. IFRIC 15 has not been included in Ind AS 18 to scope out such agreements and to include the same in Ind AS 11, *Construction Contracts*

Appendix corresponding to SIC 7 is not issued as it is not relevant in the Indian context.