<u>Differences between Ind AS 1</u> (*Presentation of Financial Statements*) <u>and Existing AS 1</u> (*Disclosure of Accounting Policies*)

Ind AS 1 generally deals with presentation of financial statements, whereas existing AS 1 (issued1979) deals only with the disclosure of accounting policies.
The scope of Ind AS 1 is thus much wider and line by line comparison of the difference with the present standard is not possible. **However, the major requirements as laid down in Ind AS 1 are as follows:**

(i) 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 ASs will be **misleading** and if the regulatory framework requires or does not prohibit such a departure.

(ii) Ind AS 1 requires **presentation** and provides criteria for classification of Current / Non- Current assets / liabilities.

(iii) Ind AS 1 **prohibits** presentation of any item as **extraordinary item** in the statement of profit and loss or in the notes.

(iv) 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 uncertainty that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within next financial year.

(v) Ind AS 1 **requires classification of expenses** to be presented based on nature of expenses.

(vi) 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.

(vii) In respect of reclassification of items, Ind AS 1 requires **disclosure** of nature, amount and reason for reclassification in the **notes to financial statements**.

(viii) Ind AS 1 **requires** the financial statements to include a **Statement of Changes in Equity** to be shown as a part of the balance sheet which, inter alia, includes reconciliation between opening and closing balance for each **component of equity**.

Source: <u>www.icai.org</u>