INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

AN OVERVIEW

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Contents

Brief History of IFRS

S.No	Section	Overview
1	Background	IFRS are standards and interpretations adopted by the International Accounting Standards Board (IASB) International Accounting Standards (IAS) were issued by the International Accounting Standard Committee (IASC) between 1973 and 2000.
2	Boards/Committees Involved	The IASB which is governed by IFRS Foundation replaced the IASC in 2001 and made a couple of changes - -Amended some IASs -Replaced some IASs with new IFRSs -Issued certain new IFRSs on topics for which there was no previous IAS. -Through IFRS Interpretations Committee, develops interpretations for approval by the IASB, and undertakes tasks at the request of the IASB.
3	Objective of IFRS	Financial Reports are the Key reports for investors to make investment decisions.The financial performance of the organisation is evaluated on the basis of financial reports. In order to analyse & compare the financial reports of multiple entities accurately, it is extremely important that the companies are following the same set of accounting standards while preparing their financial reports.Thats why, this was the key objbective to have general accepted set of reporting standards which was introduced as IFRS and IAS.
4	Uses of IFRS	Many Jurisdisctions have reporting requirements for listed and other types of entity that include presenting financial statements that are prepared in accordance with a set of generally accepted accounting principles.IFRS is increasingly that prescribed set of principles and is used extensively around the world and meeting its objectives.

Accounting principles and applicability of IFRS

IFRSs are intended to be applied by profit-orientated entities.These entities' financial statements give information about performance, position and cash flow that is useful to a range of users in making financial decisions. These users include shareholders, creditors, employees and the general public. A complete set of financial statements includes:

- • A statement of financial position;
- • A statement of profit or loss and other comprehensive income;
- • A statement of changes in equity;
- • A statement of cash flows;
- • Notes; and
- • A statement of financial position as at the beginning of the earliest comparative period, but only when an accounting policy has been applied retrospectively or items in the financial statements have been restated or reclassified.
- • Comparative information (i.e. minimum of two of each of the above statements – one for the current period and one for the preceding period plus related notes)

Current status of IFRS and IAS

S.No	Particulars	Descriptions
1	Status of issued IFRS, IAS, IFRIC interpretations and SIC interpretations till date	Till now, IASB, IFRIC and SIC has issued: ✓ 17 IFRS ✓ 28 IAS ✓ 20 interpretations by IFRIC (International Financial Reporting Interpretations Committee) ✓ 8 Interpretations by SIC (Standard Interpretations Committee)
2	Changes in IFRS	Mandatory new IFRS for Quarter-1 (at 31 March 2018) are: ✓ IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement. ✓ IFRS 15 Revenue from Contracts with Customers ✓ IFRS 16 Leases <u>Other new IFRS not mandatory</u> IFRS 17 Insurance contracts supersedes IFRS 4 Insurance Contracts as of 1 January 2021
3	Changes in IFRIC Interpretations	Mandatory new IFRIC for Quarter-1 (at 31 March 2018) are: ✓ IFRIC 22 Foreign Currency Transactions and Advance Consideration

OVERVIEW OF IFRS *(Contd.)*

S.No	Particulars	Overview
1	IFRS 1 First-time Adoption of International Financial Reporting Standards	a) It Prescribes the procedures when an entity adopts IFRSs for the first time as the basis for preparing its general purpose financial statements. b) Procedure involves Select accounting policies based on IFRS, retrospective restatement of Balance sheet with necessary adjustments, presenting of opening balance sheet as comparative with current period
2	IFRS 2 Share-based Payment	This standard prescribes the accounting for transactions in which an entity receives or acquires goods or services either as consideration for its equity instruments or by incurring liabilities for amounts based on the price of the entity's shares or other equity instruments of the entity.
3	IFRS 3 Business Combinations	a) Under this standard, an acquirer of a business recognises the assets acquired and liabilities assumed at their acquisition-date fair values and discloses information that enables users to evaluate the nature and financial effects of the acquisition. b) A business combination is a transaction or event in which an acquirer obtains control of one or more businesses.
4	IFRS 4 Insurance Contracts	a) It prescribes the financial reporting for insurance contracts and this standard applies to insurance contracts that an entity issues. b) Further, requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets.
5	IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	It sets out the accounting for non-current assets held for sale and the presentation and disclosure of discontinued operations.

OVERVIEW OF IFRS *(Contd.)*

S.No	Particulars	Overview
6	IFRS 6 Exploration for and Evaluation of Mineral Resources	Prescribes the financial reporting for the exploration for and evaluation of mineral resources until the IASB completes a comprehensive project in this area.
7	IFRS 7 Financial Instruments: Disclosures	Prescribes disclosures that enable financial statement users to evaluate the significance of financial instruments to an entity, the nature and extent of their risks, and how the entity manages those risks.
8	IFRS 8 Operating Segments	Requires entities to disclose segmental information that is consistent with how it is reported internally to the chief operating decision maker.
9	IFRS 9 Financial Instruments	Sets out requirements for recognition and measurement of financial instruments, including impairment, derecognition and general hedge accounting.
10	IFRS 10 Consolidated Financial Statements	This one sets out a single model for determining whether an entity controls one or more other entities. Control can be through voting rights of investors or through other contractual arrangements as is common in special purpose entities.
11	IFRS 11 Joint Arrangements	Prescribes out the principles for identifying whether an entity has a joint arrangement, and if it does whether it is a joint venture or joint operation
12	IFRS 12 Disclosure of Interests in Other Entities	Requires information to be disclosed in an entity's financial statements that will enable users of those statements to evaluate the nature of, and risks associated with, the entity's interests in other entities as well as the effects of those interests on the entity's financial position, financial performance and cash flows.

OVERVIEW OF IFRS *(Contd.)*

S.No	Particulars	Overview
13	IFRS 13 Fair Value Measurement	a) Defines fair value and provides guidance on how to estimate it. IFRS 13 also prescribes the required disclosures about fair value measurements. However, IFRS 13 does not stipulate which items should be measured or disclosed at fair value. b) Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date
14	IFRS 14 Regulatory Deferral Accounts	The standard permits an entity that is a first-time adopter of IFRSs to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRSs and in subsequent financial statements. IFRS 14 was issued as a temporary solution pending a more comprehensive review of rate regulation by the IASB (see the IASB project summary). Further, Regulatory deferral account balances are presented separately in the statement of financial position and movements in these account balances must alsobe presented separately in the statement of profit or loss and other comprehensive income. Specific disclosures are also required.
15	IFRS 15 Revenue from Contracts with Customers	Prescribes the accounting for revenue from sales of goods and rendering of services to a customer. The Standard applies only to revenue that arises from a contract with a customer. Other revenue such as from dividends received would be recognised in accordance with other standards. Annual periods beginning on or after 1 January 2018 with earlier application permitted.

SNAPSHOT OF IAS

S.No	Overview
1	IAS 1 Presentation of Financial Statements
2	IAS 2 Inventories
3	IAS 7 Statement of Cash Flows
4	IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
5	IAS 10 Events after the Reporting Period
6	IAS 11 Construction Contracts
7	IAS 12 Income Taxes
8	IAS 16 Property, Plant and Equipment
9	IAS 17 Leases
10	IAS 18 Revenue
11	IAS 19 Employee Benefits
12	IAS 20 Accounting for Government Grants and Disclosure of Government Assistance
13	IAS 21 The Effects of Changes in Foreign Exchange Rates

S.No	Overview
14	IAS 23 Borrowing Costs
15	IAS 24 Related Party Disclosures
16	IAS 26 Accounting and Reporting by Retirement Benefit Plans
17	IAS 27 Separate Financial Statements
18	IAS 28 Investments in Associates and Joint Ventures
19	IAS 29 Financial Reporting in Hyperinflationary Economies
20	IAS 32 Financial Instruments: Presentation
21	IAS 33 Earnings per Share
22	IAS 34 Interim Financial Reporting
23	IAS 36 Impairment of Assets
24	IAS 37 Provisions, Contingent Liabilities and Contingent Assets
25	IAS 38 Intangible Assets
26	IAS 39 Financial Instruments: Recognition and Measurement
27	IAS 40 Investment Property
28	IAS 41 Agriculture

Thank You