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Detailed Comparative Statement on Indian GAAP and IFRS

ContentS

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(As on 31st December, 2007)

Basic Standards

IFRS	Indian GAAP
First-time Adoption	
IFRS 1 gives guidance on preparation of the first IFRS financial statements. IFRS 1 grants four mandatory exceptions and limited voluntary exemptions from the full retrospective application.	No specific standard. Full retrospective application would be required.
Small and Medium Sized Entities (SMEs)	
A separate IFRS for SMEs is under formulation. An Exposure Draft of the proposed IFRS for SMEs has already been issued.	There is no separate standard for SMEs; however, exemptions / relaxations from the specific requirement of Standards have been provided. For providing exemptions / relaxations, the Companies (Accounting Standards) Rules classify all companies into two categories; whereas, for this purpose, the ICAI has classified all entities into three levels where Level 2 and Level 3 entities are considered to be SMEs.
Cash Flow Statement	
Cash and cash equivalents	
Cash comprises not only cash on hand but also demand deposits with banks or other financial institutions. An investment normally qualifies as a cash equivalent only when it has a maturity of three months or less from its acquisition date. Bank borrowings are normally part of financing activities. Nonetheless, bank overdrafts that are repayable on demand and that form an integral part of an entity's cash management are included in cash equivalents.	Similar to IFRS except that there is no provision in AS 3 for classification of bank overdrafts.
Format and content of cash flow statement	
The cash flow statement may be prepared using either the direct method (cash flows derived from aggregating cash receipts and payments associated with operating activities) or the indirect method (cash flows derived from adjusting net income for transactions of a non-cash nature such as depreciation). The latter is more common in practice. The cash flow should be classified into operating, investing and financing cash flow.	Similar to IFRS. However, in case of listed entities SEBI requires preparation of cash flow statement using indirect method only.

IFRS	Indian GAAP
Cash flows associated with extraordinary items	
Separate disclosure is prohibited. The concept of extra-ordinary items has been removed from IFRS.	The cash flows associated with extraordinary items should be classified as arising from operating, investing or financing activities as appropriate and separately disclosed.
Disclosure of interest paid and received	
Operating in case of financing entity. For other entities, interest paid should be disclosed as operating or financing. Interest received is disclosed as either operating or investing cash flow.	Operating in case of financing entity. For other entities, interest paid should be disclosed as financing cash flow and interest received should be disclosed as investing cash flow.
Disclosure of dividend paid	
Operating or financing.	Financing.
Disclosure of dividend received	
Operating in case of financing entity. Operating or investing in case of other entities.	Operating in case of financing entity. Investing in case of other entities.
Disclosure of taxes paid	
Operating – unless specific identification with financing or investing.	Similar to IFRS
Other disclosures	
IAS 7 requires additional disclosure of cash payments by a lessee relating to finance lease under financing activities, additional disclosures in CFS and for acquisition of subsidiaries.	No such requirement under AS 3.
Accounting Policies, Changes in Accounting Estimates and Errors	
Change in accounting policies	
When an entity changes an accounting policy upon initial application of a Standard or an Interpretation that does not include specific transitional provisions applying to that change, or changes an accounting policy voluntarily, it shall apply the change retrospectively. Comparative information is restated, and the amount of the adjustment relating to prior periods is adjusted against the opening balance of retained earnings of the earliest year presented.	Any change in an accounting policy which has a material effect should be disclosed. The impact of, and the adjustments resulting from, such change, if material, should be shown in the financial statements of the period in which such change is made, to reflect the effect of such change. If a change is made in the accounting policies which has no material effect on the financial statements for the current period but which is reasonably expected to have a material effect in later periods, the fact of such change should be appropriately disclosed in the period in which the change is adopted. There is no specific guidance on how changes in accounting policies are dealt with, except few specific items, like change in the method of depreciation or change arising out of a new standard.

IFRS	Indian GAAP
Prior period items	
An entity shall correct material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by restating the comparative amounts for the prior period(s) presented in which the error occurred; or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.	Reported as a prior period adjustment in current year results. Comparatives are not restated.
Definition of prior period items	
The definition of prior period items is much broader under IAS 8 as compared to AS 5 since IAS 8 covers all the items in financial statements.	AS 5 covers only items of income and expenses under the definition of prior period items. AS 5 does not include balance sheet misclassification, which do not have an income statement impact.
Changes in accounting estimates	
Changes in accounting estimates are accounted for prospectively in the income statement when identified. Change in the method of depreciation is regarded as a change in an accounting estimate and hence the effect is given prospectively.	Similar to IFRS except for change in the method of depreciation which is considered as a change in an accounting policy rather than a change in an accounting estimate.
Additional disclosure	
IAS 8 requires disclosure of an impending change in accounting policy when an entity is yet to implement a new Standard or Interpretation that has been issued but not yet come into effect.	No such specific requirement under AS 5.
Events after the Balance Sheet Date	
Adjusting and non-adjusting events	
Amounts recognised in the financial statements should be adjusted for events that provide additional evidence of conditions that existed at the balance sheet date and should not be adjusted for events that provide evidence of conditions that did not exist at the balance sheet date. Under IAS 10, material non-adjusting events are required to be disclosed in the financial statements.	Similar to IFRS, except that under AS 4, non-adjusting events are required to be disclosed in the report of the approving authority, for example, the board report.

IFRS	Indian GAAP
Authorisation date for issue of financial statements	
The date of authorisation for issue of financial statements and the authorising authority should be specifically mentioned in the financial statements itself as required by IAS 10.	No such requirement
Proposed dividend	
If dividends to holders of equity instruments are proposed or declared after the balance sheet date, an entity should not recognise those dividends as a liability at the balance sheet date. Entity to disclose the amount of dividends that were proposed or declared after the balance sheet date but before the financial statements were authorised for issue.	The companies are required to make provision for proposed dividend, even-though the same are proposed after the balance sheet date.

Assets & Liabilities

IFRS	Indian GAAP
Property, Plant and Equipment	
In 2005, the ICAI had issued the Exposure Draft of the revised AS 10, Tangible Fixed Assets, to bring the same in line with IAS 16.	
Cost of PPE	
Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other IFRS. The costs include a. the purchase price (less any discounts and rebates), import duties and non-refundable taxes; b. any directly attributable costs of bringing the asset to its working condition; and c. the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.	Similar to IFRS except the following: (i) Capitalisation of borrowing costs is mandatory if the appropriate recognition criteria are fulfilled. This treatment is in line with revised version of IAS 23 which applies to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. (ii) No general guidance is given for capitalisation of dismantling and site restoration cost. However, the *Guidance note on Accounting for Oil and Gas Producing Activities* states that entities involved in those activities should capitalise the dismantling and site restoration cost. (iii) There is no guidance under AS 10 specifying treatment of fixed assets acquired on deferred settlement terms. Generally, financing element is not separated from the total price paid even if payment is deferred beyond normal credit terms.

IFRS	Indian GAAP
In case an entity chooses to adopt the allowed alternative in IAS 23 *Borrowing Costs*, then borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalised as part of the cost of that asset. In 2007, the IASB revised IAS 23 *Borrowing Costs*. The main change in the revised IAS 23 from the previous version is the removal of the option to immediately recognise as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The revised standard applies to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. Earlier application is permitted. General and administrative overheads and start-up costs other than those necessary to bring the asset to its working condition cannot be capitalised. Where government grants have been received in connection with the acquisition of property, plant and equipment, the carrying amount may be reduced by the amount of the grant in accordance with the requirements of IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*. The cost of an item of property, plant and equipment is the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognised as interest over the period of credit unless such interest is recognised in the carrying amount of the item in accordance with the allowed alternative treatment in IAS 23.	
Component accounting	
IAS 16 mandates component accounting. Under component accounting approach, each major part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.	AS 10 does not require full adoption of the component approach. It merely recognises the said approach in one paragraph by stating that accounting for a tangible fixed asset may be improved if total cost thereof is allocated to its various parts.

IFRS	Indian GAAP
Subsequent costs	
IAS 16 requires the subsequent costs to be evaluated on the same recognition principles as the initial cost to determine whether the same should be expensed or recognised as an item of property, plant and equipment. By applying this principle, routine maintenance expenditure and costs of day-to-day servicing are expensed as incurred. An entity recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if the recognition criteria are met. The carrying amount of those parts that are replaced is derecognised simultaneously. When each major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is derecognised. This occurs regardless of whether the cost of the previous inspection was identified in the transaction in which the item was acquired or constructed. If necessary, the estimated cost of a future similar inspection may be used as an indication of what the cost of the existing inspection component was when the item was acquired or constructed.	Subsequent routine and non-routine maintenance expenditure, including replacement of parts and major inspect or overhaul, are normally expensed immediately. Only expenditure that increases the future benefits from the existing asset beyond its previously assessed standard of performance is included in the gross book value. There is no requirement as such for decapitalising the carrying amount of the replaced part under AS 10.
Revaluation of PPE	
IAS 16 requires an entity to choose either the cost model or the revaluation model as its accounting policy. If an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs shall be revalued.	AS 10 recognises revaluation of fixed assets. However, the revaluation approach adopted therein is adhoc in nature. It provides that when revaluations do not cover all the assets of the given class, it is appropriate that the selection of the asset to be revalued be made on systematic basis, e.g., an entity may revalue a class of assets within one unit and ignore assets in the same class at another unit.
Depreciation on revalued portion cannot be recouped out of revaluation reserve.	Depreciation on revalued portion can be recouped out of revaluation reserve.
The revaluations must be kept sufficiently up to date so that the carrying amount does not differ materially from the fair value. This requires regular revaluations of all PPE when the revaluation policy is adopted. Management must consider at each year end whether fair value is materially different from carrying value.	No such requirement to perform revaluation at regular intervals.

IFRS	Indian GAAP
Depreciation	
An item of property, plant and equipment should be depreciated over its estimated useful life, and the depreciation charge must be recognised as an expense unless it has to be included in the carrying amount of another asset. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item should be depreciated separately. On initial recognition, an entity allocates the amount recognised in respect of an item to its significant parts and depreciates separately each such part. A significant part of an item of property, plant and equipment may have a useful life and a depreciation method that are the same as the useful life and the depreciation method of another significant part of that same item. Such parts may be grouped in determining the depreciation charge. Though not required, an entity may choose to depreciate separately the parts of an item that do not have a cost that is significant in relation to the total cost of the item.	The depreciable amount of each asset should be allocated on a systematic basis over its useful life. All companies need to ensure that minimum depreciation is provided as per rates prescribed in Schedule XIV to the Companies Act, 1956. Further, top up depreciation should be charged to comply with AS 6 requirements in case the useful life of an asset is shorter than that envisaged in Schedule XIV. Apart from AS 10 recognising component approach in one paragraph by stating that accounting for a tangible fixed asset may be improved if total cost thereof is allocated to its various parts, there is no requirement under Indian GAAP for separate depreciation on significant parts of an asset.
The residual value and the useful life of an asset shall be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate.	There is no need for an annual review of estimates of useful life and residual value. An entity may review the same periodically.
A variety of depreciation methods can be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. These methods include the straight-line method, the diminishing balance method and the units of production method.	Permitted methods of depreciation are Straight Line Method and Written Down Value Method.
Periodic review of depreciation method required.	The depreciation method selected should be applied consistently from period to period. A change from one method of providing depreciation to another should be made only if the adoption of the new method is required by statute or for compliance with an accounting standard or if it is considered that the change would result in a more appropriate preparation or presentation of the financial statements of the enterprise.
Change in depreciation method is treated as change in accounting estimate and accounted for prospectively.	Change in depreciation method is treated as change in accounting policy.

IFRS	Indian GAAP
Spare parts, servicing equipment, etc.	
Spare parts are usually carried as inventory and recognised in profit or loss as consumed. However, major spare parts qualify as property, plant and equipment when an entity expects to use them during more than one period. Similarly, if the spare parts can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.	Machinery spares are usually charged to the profit and loss statement as and when consumed. However, if such spares can be used only in connection with an item of fixed asset and their use is expected to be irregular, it may be appropriate to allocate the total cost on a systematic basis over a period not exceeding the useful life of the principal item.
Major stand-by equipments qualify as property, plant and equipment when an entity expects to use them during more than one period.	Similar to IFRS.
Servicing equipments are usually carried as inventory and recognised in profit or loss as consumed.	Servicing equipments are normally capitalised.
Decommissioning and restoration	
To the extent it relates to the fixed asset, the changes are added/deducted (after discounting) from the asset. However, the amount deducted is restricted to the carrying value of the relevant asset. The unwinding of discount, is taken to the profit and loss account as a finance charge.	No guidance under Indian GAAP. The *Guidance Note on Accounting for Oil and Gas Activities* contains more specific provision relating to such costs, to the extent it relates to oil and gas producing entities.
Leases	
Initial direct costs	
IAS 17 prescribes initial direct cost incurred by lessor to be included in lease receivable amount in case of finance lease and in the carrying amount of the asset in case of operating lease and does not mandate any accounting policy related disclosure.	AS 19 requires initial direct cost incurred by lessor with respect to finance lease to be either charged off at the time of incurrence or to be amortised over the lease period and requires disclosure for accounting policy relating thereto in the financial statements of the lessor. Initial direct costs incurred specifically to earn revenues from an operating lease are either deferred and allocated to income over the lease term in proportion to the recognition of rent income, or are recognised as an expense in the statement of profit and loss in the period in which they are incurred.
Sale and leaseback	
If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount shall not be immediately recognised as income by a seller-lessee. Instead, it shall be deferred and amortised over the lease term.	Similar to IFRS, except that on sale and leaseback which results in a finance lease, AS 19 requires excess/deficiency both to be deferred and amortised over the lease term in proportion to the depreciation of the leased asset.

IFRS	Indian GAAP
If a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss shall be recognized immediately. If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the asset is expected to be used.	
Incentive on operating leases received by lessee	
Recognised over the term of the lease.	No guidance.
Lease of land	
IAS 17 deals with lease of land. As per IAS 17, leases of land are classified as operating or finance leases in the same way as leases of other assets. However, a characteristic of land is that it normally has an indefinite economic life and, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership, in which case the lease of land will be an operating lease.	AS 19 excludes lease of land (and therefore composite leases) from its scope. As per the recent Expert Advisory Committee opinion, lease of land which is for a period of 99 years and is renewable for a similar period has the effect of passing significant rights of ownership to the parties concerned. Thus, such a lease would be in the nature of sale of plots and should be accounted for accordingly.
Borrowing Costs	
In 2007, the IASB issued a revised version of IAS 23 *Borrowing Costs*. The main change in the revised IAS 23 from the previous version is the removal of the option to immediately recognise as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The revised IAS 23 applies to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. Earlier application is permitted. Keeping in view the current applicability, the comparison regarding borrowing costs, given below, is based on the existing IAS 23.	
Recognition	
The benchmark treatment prescribed in IAS 23 is that all borrowing costs should be recognised as an expense in the period in which they are incurred. As an allowed alternative to this, the entity, however, has an option to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.	Borrowing cost should be recognised as an expense in the period in which they are incurred. However, entity should capitalise borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset.

IFRS	Indian GAAP
Qualifying Assets	
Qualifying assets are those assets that require a substantial period of time to get ready for their intended use or sale; are not routinely produced in large quantities or on a repetitive basis over a short period of time; and are not ready for their intended use or sale when acquired.	Similar to IFRS. However, substantial period of time has been interpreted to generally mean more than 12 months.
Capitalisation rate	
The disclosure requirements of IAS 23 requires the entity to disclose separately the capitalisation rate used to determine the amount of borrowing costs.	No such separate disclosure is required under AS 16.
Impairment of Assets	
When should impairment review be conducted	
An entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity should estimate the recoverable amount of the asset. Irrespective of whether there is any indication of impairment, an entity shall test an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test may be performed at any time during an annual period, provided it is performed at the same time every year. Also goodwill acquired in a business combination is tested for impairment annually.	An entity should assess at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the entity should estimate the recoverable amount of the asset. However, intangible assets which are not yet available for use or intangible assets which are amortised for greater than 10 years are tested for impairment annually irrespective of whether there are any indications for impairment.
The impairment trigger under IAS 36 is the higher of an asset's fair value less costs to sell and value in use, which incorporates discounting.	Similar to IFRS, except that in AS 28, terminology used is 'net selling price' instead of 'fair value less costs to sell'. The two terms are, otherwise, defined in the same manner.
Reversal of impairment losses	
An impairment loss recognised in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss.	Similar to IFRS except for reversal relating to goodwill.
An impairment loss recognised for goodwill shall not be reversed in a subsequent period.	An impairment loss recognised for goodwill should not be reversed in a subsequent period unless the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

IFRS	Indian GAAP
Allocation of goodwill in case of Cash Generating Unit (CGU)	
For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's CGU, or groups of CGU, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes; and not be larger than a segment based on either the entity's primary or the entity's secondary reporting format determined in accordance with IAS 14 *Segment Reporting*.	In testing a CGU for impairment, an entity should identify whether goodwill that relates to this CGU is recognised in the financial statements. If this is the case, goodwill is allocated to CGU based on bottom-up approach, i.e. identify whether allocated to a particular CGU on consistent and reasonable basis and then, compare the recoverable amount of the CGU under review to its carrying amount and recognise impairment loss. However, if , in performing the 'bottom-up' test, the entity could not allocate the carrying amount of goodwill on a reasonable and consistent basis to the CGU under review, the entity should also perform a 'top-down' test, that is, the entity should identify the smallest CGU that includes the cash-generating unit under review and to which the carrying amount of goodwill can be allocated on a reasonable and consistent basis (the 'larger' CGU); and then, compare the recoverable amount of the larger CGU to its carrying amount and recognise impairment loss.
Non-current assets held for sale	
Under IFRS, these are measured at lower of carrying amount and fair value less cost to sell.	Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value.
Intangible Assets	
Intangibles acquired as a part of business combination	
In accordance with IFRS 3 *Business Combinations*, if an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date. The intangible asset is recorded by the acquirer irrespective of whether the asset had been recognised by the acquiree before the business combination. If the fair value is not reliably measurable, it is included as a part of goodwill.	If an intangible asset is acquired in an amalgamation in the nature of purchase, the same should be accounted at cost or fair value, depending upon cost/ fair value method for amalgamation under AS 14 and provided that cost/ fair value can be reliably measured. If the same is not reliably measurable, it is included as a part of goodwill. Where the consideration is allocated to individual identifiable assets and liabilities on the basis of their fair values at the date of amalgamation, then intangible asset is recorded even if that intangible asset had not been recognised in the financial statements of the transferor.
	Intangible assets acquired in an amalgamation in the nature of merger, or acquisition of a subsidiary are recorded at book values, which means that if the intangible asset was not recognised by the acquiree, the acquirer would not be able to record the same.

IFRS	Indian GAAP
Research and Development (R&D)	
No intangible asset arising from research shall be recognised. Expenditure on research shall be recognised as an expense when it is incurred. An intangible asset arising from development shall be recognised if, and only if, an entity can demonstrate all of the following: • the technical feasibility of completing the intangible asset so that it will be available for use or sale. • its intention to complete the intangible asset and use or sell it. • its ability to use or sell the intangible asset. • how the intangible asset will generate probable future economic benefits. • the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset. • its ability to measure reliably the expenditure attributable to the intangible asset during its development.	Similar to IFRS
Research or development expenditure that relates to an in-process research or development project acquired separately or in a business combination is recognised as an intangible asset.	No specific guidance on separately acquired in-process R&D. Since consolidation is based on book values rather than fair values, in-process R&D of an acquired subsidiary is not accounted for in the CFS.
Subsequent measurement	
An entity shall choose either the cost model or the revaluation model as its accounting policy. If an intangible asset is accounted for using the revaluation model, all the other assets in its class shall also be accounted for using the same model, unless there is no active market for those assets. Revaluation model is permitted only where there is an active market for the underlying intangibles.	After initial recognition, an intangible asset should be carried at its cost less any accumulated amortisation and any accumulated impairment losses. Revaluation is prohibited.
Useful life	
An entity shall assess whether the useful life of an intangible asset is finite or indefinite and, if finite, the length of, or number of production or similar units would constitute useful life.	There is a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use.

IFRS	Indian GAAP
Amortisation	
The depreciable amount of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life.	Amortisation is done over useful life but should not exceed 10 years, unless there is persuasive evidence for amortising over a longer period.
Impairment	
Intangible asset with finite life is required to be tested for impairment, if impairment indicator exists. An intangible asset with an indefinite useful life and which is not yet available for use should be tested for impairment annually and whenever there is an indication that the intangible asset may be impaired.	In addition to the requirements of AS 28, an entity should estimate the recoverable amount of the following intangible assets at least at each financial year end even if there is no indication that the asset is impaired: • an intangible asset that is not yet available for use; and • an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.
Investment Property	
Definition	
Investment property is property (land or a building-or part of a building-or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for: use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business.	An investment property is an investment in land or buildings that are not intended to be occupied substantially for use by, or in the operations of, the investing entity.
Initial measurement	
Self-constructed property must be accounted for as Property, Plant and Equipment until construction or development is complete. On completion, it should be regarded as an investment property.	No guidance in respect of self-constructed property.
A property interest that is held by a lessee under an operating lease may be classified and accounted for as investment property if, and only if, the property would otherwise meet the definition of an investment property and the lessee uses the fair value model for the asset recognised. This classification alternative is available on a property-by-property basis.	No guidance under Indian GAAP.

IFRS	Indian GAAP
Subsequent measurement	
An entity has an option to apply either cost model or fair value model. If fair value model is adopted, then changes in fair value are recognised in P&L A/c. In the fair value model, the carrying amount is not depreciated. In the cost model, the asset is carried at cost less depreciation.	AS 13 requires investment properties to be accounted for in the same manner as long term investments, i.e., these should be carried in the financial statements at cost, less provision for diminution to recognise other than temporary decline in the value. Depreciation on investment property is required to be provided as per DCA Circular (10) CL – VI/61 dated 27-9-1961 and as per AS 6. Hence, depreciated cost model is applied for subsequent measurement.
Frequency/ basis of revaluations	
The fair value model differs from the revaluation model that is permitted for some non-financial assets. The fair value of investment property must reflect the actual market conditions and circumstances as of the balance sheet date. The standard does not require an independent and qualified valuer, but it is encouraged. Revaluations must be made with sufficient regularity that the carrying amount does not differ materially from fair value at the balance sheet date.	Revaluation is not permitted.
Transfers to/from investment property	
IAS 40 provides detailed guidance for transfers to / from investment property.	No guidance.
Disposals	
An investment property shall be derecognised (eliminated from the balance sheet) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in profit or loss in the period of the retirement or disposal. Compensation from third parties for investment property that was impaired, lost or given up shall be recognised in profit or loss when the compensation becomes receivable.	No specific guidance, however, normally similar treatment is followed.

IFRS	Indian GAAP
Inventory	
Cost formulae	
Specific identification, FIFO and Weighted average are acceptable methods of determining cost. However, same cost formula should be used consistently for all inventories that have a similar nature and use to the entity. LIFO is prohibited.	Similar to IFRS except that it is not expressly mandated in AS 2 to use the same cost formula consistently for all inventories that have a similar nature and use to the entity. AS 2 provides that The formula used should reflect the fairest possible approximation to the cost incurred in bringing the items of inventory to their present location and condition.
Biological assets	
A biological asset should be measured on initial recognition and at each balance sheet date at its fair value less estimated point-of-sale costs. All changes in fair value should be recognised in the income statement in the period in which they arise.	No guidance available.
Inventories acquired on deferred settlement terms	
IAS 2 specifically requires that where inventory is acquired on deferred settlement terms, the excess over the normal price is to be accounted as interest over the period of financing.	There is no guidance under AS 2 for treatment of inventories acquired on deferred settlement terms. Recently, ICAI has issued Accounting Standard (AS) 30, *Financial Instruments: Recognition and Measurement* and has issued a Limited Revision to AS 2 which requires that where inventory is acquired on deferred settlement terms, the excess over the normal price is to be accounted as interest over the period of financing. The Limited Revision is applicable from 1 April 2009.
Commodity broker-traders	
IAS 2 does not apply to the measurement of inventories of commodity broker-traders to the extent that they are measured at fair value less costs to sell.	AS 2 applies to commodity broker-traders too.
Inventories of a service provider	
IAS 2 includes provisions relating to the work-in-progress of a service provider. Service providers generally accumulate costs in respect of each service for which a separate selling price will be charged.	AS 2 excludes work in progress arising in the ordinary course of business of service providers.
Non-current Assets Held for Sale and Discontinued Operations / Discontinuing Operations	
Scope	
IFRS 5 sets out requirements for the classification, measurement and presentation of non-current assets held for sale and the classification and presentation of discontinued operations.	There is no specific standard which prescribes classification, measurement and presentation for all non-current asset held for sale except for AS 10 which requires assets held for sale to be measured at lower of cost and net realisable value. AS 24 deals with disclosures relating to discontinuing operations.

IFRS	Indian GAAP
Discontinued/Discontinuing Operations	
A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and represents, or is a part of a single co-ordinated plan to dispose of, a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with a view to resale.	A discontinuing operation is a component of an entity that the entity, pursuant to a single plan, is disposing of substantially in its entirety, or disposing of piecemeal, or terminating through abandonment; and that represents a separate major line of business or geographical area of operations; and that can be distinguished operationally and for financial reporting purposes.
Period of disposal for Non-Current Assets Held for Sale	
Completed within a year, with limited exceptions.	No time-frame specified.
Measurement principles	
Lower of carrying value or fair value less costs to sell.	Apply the relevant standards, e.g., for fixed assets - AS10 for impairment - AS 28 is applied, for provisions- AS 29 is applied, etc.
Presentation	
A single amount is presented on the face of the income statement comprising the post tax profit or loss of discontinued operations and an analysis of this amount either on the face of the income statement or in the notes for both current and prior periods. Separate classification on the balance sheet for assets and liabilities for the current period only.	The following is separately disclosed on the face of the profit and loss account separately from continuing operations: • pre-tax profit or loss and related taxes • pre-tax gain or loss on disposal Income/expense line items from continuing and discontinuing operations are segregated and disclosed in the notes to account; but is presented on a combined basis in the income statement.
Provisions, Contingent Liabilities and Contingent Assets	
Applicability to financial instruments	
IAS 37 does not apply to financial instruments (including guarantees) that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement.*	AS 29 applies to financial instruments (including guarantees) that are not carried at fair value. ICAI has recently issued accounting standards on financial instruments and limited revision to AS 29. The limited revision brings the scope in line with IFRS. However, this limited revision is effective from accounting periods commencing on or after 1 April 2009.
Definitions	
IAS 37 defines the terms 'legal obligation', and 'constructive obligation' which are not there in AS 29.	AS 29 contains definitions of the terms 'present obligation' and 'possible obligation' which are not defined in IAS 37.

IFRS	Indian GAAP
Measurement	
The amount recognised as a provision should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Detailed guidance is available on measurement.	Provision based on best estimate. No detailed guidance is available.
IAS 37 employs statistical notion of expected value in estimating the settlement value of a provision. The provision is measured before tax, as the tax consequences of the provision, and changes in it, are dealt with under IAS 12 *Income Taxes*.	Provision based on best estimate. No detailed guidance is available.
Present value	
Where the effect of the time value of money is material, the amount of a provision should be the present value of the expenditures expected to be required to settle the obligation. The discount rate(s) should not reflect risks for which future cash flow estimates have been adjusted.	The amount of a provision should not be discounted to its present value.
Restructuring provision	
Restructuring provision should be made based on constructive obligation.	Restructuring provision should be made based on legal obligation.
Onerous contracts	
If an entity has a contract that is onerous, the present obligation under the contract should be recognised and measured as a provision.	Similar to IFRS, except that discounting of the onerous provision is prohibited.
Contingent assets	
A contingent asset is disclosed in financial statements where an inflow of economic benefits is probable.	A contingent asset should not be disclosed in financial statements. However, the same can be disclosed in Director's Report.

Revenue & Expenses

IFRS	Indian GAAP
Revenue	
Measurement	
Revenue should be measured at the fair value of the consideration received or receivable. Where the inflow of cash or cash equivalents is deferred, discounting to a present value is required to be done.	Revenue is measured by the charges made to customers or clients for goods supplied and services rendered to them and by the charges and rewards arising from the use of resources by them. Discounting of deferred revenue is normally not required. However, in case of instalment sales, discounting would be required.
Revenue recognition – services rendered	
When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction should be recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied: • the amount of revenue can be measured reliably; • it is probable that the economic benefits associated with the transaction will flow to the entity; • the stage of completion of the transaction at the balance sheet date can be measured reliably; and • the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.	AS 9 recognises both completed contract method and proportionate completion method to be used in measurement of performance while recognising revenue from rendering of services. Whichever method relates the revenue to the work accomplished should be used for recognition of revenue.

IFRS	Indian GAAP
Interest, royalties and dividend	
Revenue arising from the use by others of entity assets yielding interest, royalties and dividends should be recognised when: • it is probable that the economic benefits associated with the transaction will flow to the entity; and • the amount of the revenue can be measured reliably. Revenue shall be recognised on the following bases: • interest shall be recognised using the effective interest method • royalties shall be recognised on an accrual basis in accordance with the substance of the relevant agreement; and • dividends shall be recognised when the shareholder's right to receive payment is established.	Similar to IFRS except that interest is recognised based on time-proportion basis taking into account the amount outstanding and the rate applicable. As per the requirements of Schedule VI to the Companies Act, 1956, dividends from subsidiary companies are recognised even if the same are declared after the date of the balance sheet but pertain to the period ending on or before the date of the balance sheet.
Specific revenue recognition issues	
Accounting for multiple-element contracts	
No detailed guidance for multiple-element revenue recognition arrangements exits. The recognition criteria are usually applied separately to each transaction. However, they are applied to two or more transactions together when they are linked in such a way that the whole commercial effect cannot be understood without reference to the series of transactions as a whole.	No specific guidance other than the Expert Advisory Committee opinion (in the context of cargo handling) which requires revenue to be recognised by attributing the fair value to individual components.
Barter transactions	
When goods or services are exchanged or swapped for goods or services that are of a similar nature and value, the exchange is not regarded as a transaction which generates revenue. Revenue on exchanges of dissimilar goods or services is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. If the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.	No specific guidance other than in the *Guidance Note on Accounting by Dot-com Companies*. It deals with advertising barter transactions. Revenue from barter transactions should be recognised only when the fair values of similar transactions are readily determinable from the entity's history.

IFRS	Indian GAAP
Real estate sales	
Revenue is normally recognised when legal title passes to the buyer. However, in some jurisdictions the equitable interest in a property may vest in the buyer before legal title passes and therefore the risks and rewards of ownership have been transferred at that stage. In such cases, provided that the seller has no further substantial acts to complete under the contract, it may be appropriate to recognise revenue. In either case, if the seller is obliged to perform any significant acts after the transfer of the equitable and/or legal title, revenue is recognised as the acts are performed. An example is a building or other facility on which construction has not been completed. In some cases, real estate may be sold with a degree of continuing involvement by the seller such that the risks and rewards of ownership have not been transferred. In such cases, the nature and extent of the seller's continuing involvement determines how the transaction is accounted for. It may be accounted for as a sale, or as a financing, leasing or some other profit sharing arrangement. If it is accounted for as a sale, the continuing involvement of the seller may delay the recognition of revenue.	As per the *Guidance Note on Recognition of Revenue by Real Estate Developers*, issued by the ICAI, revenue in case of real estate sales should be recognised when all significant risks and rewards of ownership have been transferred to the buyer and other conditions for recognition of revenue as laid down in AS 9 are satisfied. When the seller has transferred to the buyer all significant risks and rewards of ownership and other conditions for recognition of revenue are satisfied, it would be appropriate for the seller to recognise provided that the seller has no further substantial acts to complete under the contract. As per the Guidance Note, if the seller has entered into a legally enforceable agreement for sale with the buyer, all significant risks and rewards of ownership are considered to be transferred even before passing the legal title and/ or the possession of the real estate to the buyer, if certain conditions laid down in the Guidance Note are satisfied. In case, seller is obliged to perform significant acts after the transfer of all significant risks and rewards, revenue should be recognised on proportionate basis as the acts are performed i.e. by applying percentage completion method as explained in AS 7.
A seller also considers the means of payment and evidence of the buyer's commitment to complete payment. For example, when the aggregate of the payments received, including the buyer's initial down payment, or continuing payments by the buyer, provide insufficient evidence of the buyer's commitment to complete payment, revenue is recognised only to the extent cash is received.	
Detailed guidance	
IFRS provides more detailed guidance in respect of franchise fees, licence fees, servicing fees included in the price of the product, fees from the development of customised software, etc.	Detailed guidance is not available.
Construction Contracts	
Estimated contract losses	
Recognised immediately, irrespective of stage of completion.	Similar to IFRS

IFRS	Indian GAAP
Type of construction contracts	
Provides different sets of conditions for determining whether the outcome of a contract can be estimated reliably, depending on whether it is a fixed-priced contract or a cost-plus contract.	Similar to IFRS
Reliable estimate of the outcome of a construction contract	
Requires that if a contract covers a number of assets, the construction of each asset should be treated as a separate construction contract if separate proposals have been submitted for each asset, each asset has been subject to separate negotiation, and the costs and revenues of each asset can be identified. Also requires that a group of contracts, whether with a single customer or with several customers, be treated as a single construction contract if the contracts are negotiated as a single package, closely interrelated, and performed concurrently or in a continuous sequence.	Similar to IFRS
Incentive revenue	
Incentive payments are recognised as contract revenue when "it is probable that they will result in revenue and are capable of being reliably measured". IAS 11, however, does not define the term 'probable'.	Similar to IFRS
Accounting for Government Grants	
The ASB of the ICAI has issued an Exposure Draft of revised AS 12, *Accounting for Government Grants and Disclosure of Government Assistance*, for comments. Since, the Exposure Draft has not been issued as final standard so far, the major differences between IAS 20 and the existing AS 12 are listed below.	
Grants in the form of non-monetary assets	
IAS 20 provides an option to entities to account for government grants in the form of non-monetary assets, given at a concessional rate, either at their fair value or at the acquisition cost.	AS 12 does not provide such option. It requires government grants in the form of non-monetary assets, given at a concessional rate, to be accounted for on the basis of their acquisition cost only. In case a non-monetary asset is given free of cost, it should be recorded at a nominal value.
Grants in the nature of promoter's contribution	
IAS 20 does not recognise the concept on recognising grants directly in reserves. Government grants shall be recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. They shall not be credited directly to shareholders' interests.	AS 12 requires certain grants, viz., grants in the nature of promoter's contribution and grants related to non-depreciable assets which do not have any conditions attached to them, to be recognised directly in 'capital reserve' which is a part of 'shareholders' funds'.

IFRS	Indian GAAP
Refundable grants	
In case government grant related to a specific fixed asset becomes refundable, IAS 20 requires retrospective re-computation of depreciation to be done. It also requires that cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant should be recognised immediately as an expense.	In case government grant related to a specific fixed asset becomes refundable, AS 12 requires depreciation on the revised book value to be provided prospectively over the remaining useful life of the asset.
Disclosures	
IAS 20 requires additional disclosure of unfulfilled conditions and other contingencies attached to government assistance that has been recognised.	AS 12 does not require any such additional disclosure.
Employee Benefits	
Discount rate	
Discount rate to be used for determining defined benefit obligation is by reference to market yields at the balance sheet date on high quality corporate bonds (or, in countries where there is no deep market in such bonds, government bonds) of a currency and term consistent with the currency and term of the post-employment benefit obligations.	Discount rate to be used for determining defined benefit obligation is by reference to market yields at the balance sheet date on government bonds of a currency and term consistent with the currency and term of the post-employment benefit obligations.
Actuarial gains and losses	
IAS 19 provides options to recognise actuarial gains and losses as follows: • all actuarial gains and losses can be recognised immediately in the income statement • all actuarial gains and losses can be recognised immediately in Statement of Recognised Income and Expenses • actuarial gains and losses below the 10% corridor need not be recognised and above the 10% corridor can be deferred over the remaining service period of employees or on accelerated basis.	Actuarial gain or loss should be recognised immediately in P&L A/c.

IFRS	Indian GAAP
Past service cost	
Recognise past service cost as an expense on a straight-line basis over the average period until the benefits become vested. If benefits are vested immediately following the changes to a defined benefit plan, an entity should recognise past service cost immediately.	Similar to IFRS.
Asset ceiling	
If the net amount determined to be recognised in the balance sheet is negative (an asset), recognition of the asset is limited to the lower of: (a) the asset resulting from applying the standard, and (b) the net total of any unrecognised actuarial losses and past service cost and the present value of any available refunds from the plan or reduction in future contributions to the plan.	If the net amount determined to be recognised in the balance sheet is negative (an asset), recognition of the asset is limited to the lower of: (a) the asset resulting from applying the standard, and (b) the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.
Termination benefits	
An entity should recognise termination benefits as a liability and an expense only when it is demonstrably committed to either: • terminate the employment of an employee before the normal retirement date; or • provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.	An entity should recognise termination benefits as a liability and an expense when, and only when (a) the entity has a present obligation as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation.
An entity is demonstrably committed to a termination when, and only when, the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. If the termination benefits fall due more than one year after the balance sheet date they should be discounted, using a rate determined by reference to the market yields on high quality corporate bonds at the balance sheet date. In countries where there is no deep market in such bonds, the market yields (at the balance sheet date) on government bonds should be used.	Where termination benefits fall due more than 12 months after the balance sheet date, they should be discounted using the discount rate determined by reference to market yields at the balance sheet date on government bonds of a currency and term consistent with the currency and term of the post-employment benefit.
Under IFRS, option to defer the termination befit expenditure is not available.	The transitional provision of AS 15 provides an option to defer termination benefits incurred before 1 April 2009 and amortise the same over the pay-back period. However, the expenditure cannot be carried forward to accounting periods commencing on or after 1 April 2010.

IFRS	Indian GAAP
Share-based Payment	
Scope	
IFRS 2 applies to both employee and non-employee stock based payments.	*The Guidance Note on Accounting for Employee Share-based Payments*, issued by the ICAI, covers only employee share based payments. Non-employee share based payments are covered by some other Accounting Standards, e.g., AS 10 deals with fixed assets acquired against issuance of shares. For listed entities, the *Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999*, prescribe the treatment to be followed for such schemes. Thus, listed entities are required to follow these Guidelines instead of the Guidance Note issued by the ICAI. Though, there is no major difference between the principle requirements of the SEBI Guidelines and ICAI Guidance, there are differences of detail between the two.
Measurement	
For equity-settled share-based payment transactions, the entity shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.	Similar to IFRS except that *Guidance Note on Accounting for Employee Share-based Payments* permits use of intrinsic value method also to account employee share-based payment.
For cash-settled share-based payment transactions, the entity shall measure the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the entity shall remeasure the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.	
Income Taxes	
Approach	
IAS 12 *Income Taxes* requires entities to account for taxation using the balance sheet liability method, which focuses on temporary differences in accounting for the expected future tax consequences of events.	Deferred tax is accounted using the Income statement approach, which focuses on timing differences.

IFRS	Indian GAAP
Recognition of deferred tax assets	
Deferred tax assets should be recognised to the extent that it is probable that future profits will be available against which the deductible temporary difference can be utilised. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, when an entity has a history of recent losses, the entity recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the entity.	Except when enterprise has unabsorbed depreciation or carry-forward of losses under tax laws, deferred tax assets should be recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, in case an entity has unabsorbed depreciation or carry forward of losses under tax laws, recognition of deferred tax assets is based on different criterion. In such a case, all deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.
Recognition of deferred tax on investment made in subsidiaries, branches, associates and joint ventures (undistributed profits)	
An entity should recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and it is probable that the temporary difference will not reverse in the foreseeable future.	Deferred tax is not recognised.
Deferred tax arising on business combination	
Deferred tax is provided on difference between fair value of assets recorded in books and tax base of those assets unless tax base is also stepped up to fair value.	There is no single standard that comprehensively deals with business combinations. AS 21, which deals with acquisition of a subsidiary, requires acquisition accounting in the CFS based on book values rather than fair values. Hence, question of re-measuring deferred tax in CFS does not arise . If the acquisition results in amalgamation, deferred taxes would be determined based on ASI 11.
If the potential benefit of the acquiree's income tax loss carry-forwards or other deferred tax assets does not satisfy the recognition criteria for separate recognition when a business combination is initially accounted for but is subsequently realised, the acquirer shall recognise that benefit as income in accordance with IAS 12 *Income Taxes*.	As per ASI 11, if any deferred tax asset was not recognised by the acquiree at the time of initial recognition because the recognition criteria was not met and the same is subsequently satisfied, the treatment of resulting deferred tax assets in the books of the amalgamating company would depend upon whether the amalgamation is in the nature of merger or in the nature of an acquisition and whether the criteria are satisfied by the first annual balance sheet date following the amalgamation or after the first annual balance sheet date.
Recognition of deferred tax on elimination of intra-group transactions	
Deferred tax should be recognised on temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.	Deferred tax is not recognised. The deferred taxes in the CFS are a simple aggregation of the deferred tax recognised by the group entities.

IFRS	Indian GAAP
Fringe Benefits Tax (FBT)	
Included as part of the related expense which gives rise to FBT.	Disclosed as a separate line item after PBT on the face of the P&L. In other words, FBT is treated at par with income-tax.
The Effects of Changes in Exchange Rates	
Integral and non-integral foreign operations	
No distinction is made between integral and non-integral foreign operations under IAS 21. All entities are required to prepare their financial statements in functional currency. Any exchange gain/loss to record a transaction in its functional currency is recognised in the Income statement. In translating the financial statements from functional currency to presentation currency, the reporting entity should use the following procedures: • assets and liabilities, both monetary and non-monetary, should be translated at the closing rate • income and expense items should be translated at exchange rates at the dates of the transactions, and • all resulting exchange differences should be accumulated in foreign currency translation reserve until the disposal of the net investment.	AS 11 distinguishes between integral and non-integral foreign operations and accordingly prescribes separate accounting treatment for integral operations and non-integral one. The financial statements of an integral foreign operation should be translated using the principles and procedures as if the transactions of the foreign operation had been those of the reporting entity itself. In translating the financial statements of a non-integral foreign operation for incorporation in its financial statements, the reporting entity should use the following procedures: • assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation should be translated at the closing rate • income and expense items of the non-integral foreign operation should be translated at exchange rates at the dates of the transactions, and • all resulting exchange differences should be accumulated in foreign currency translation reserve until the disposal of the net investment.
Concept of functional currency	
Functional currency is defined as the currency of the primary economic environment in which the entity operates. As per IAS 21, when a reporting entity prepares financial statements, each individual entity included in the reporting entity- whether it is a stand-alone entity, an entity with foreign operations (such as a parent) or a foreign operation (such as a subsidiary or branch) - has to determine its functional currency and measure its results and financial position in that currency.	There is no concept of determining the functional currency by the entities involved as per AS 11. The reporting entity here has to follow the prescribed methods given for conversion based on integral or non-integral operations of the respective entity. Foreign currency is defined as a currency other than the reporting currency of the entity.

Acquisition & Consolidation

IFRS	Indian GAAP
Business Combinations	
Scope	
IFRS 3 applies to most business combinations – both amalgamation (where acquiree loses its existence) and acquisition (where acquiree continues its existence). IFRS 3 does not apply to common control transactions, formation of Joint Ventures, combinations involving mutual entities and combinations through contract alone.	There is no comprehensive standard dealing with all business combinations. AS 14 applies only to amalgamation, i.e., where acquiree loses its identity. AS 21, 23, 27 applies to accounting for investments in subsidiaries, associates and joint ventures, respectively. AS 10 applies where a demerged division is acquired on a lump-sum basis by another entity.
Method of accounting	
Use of pooling of interest is prohibited. All business combinations should be accounted under purchase method. There is no guidance under IFRS 3 for business combination scoped out of IFRS 3and therefore these could be accounted for in a number of ways.	Amalgamations are accounted for by applying either purchase method or pooling of interest method. There are five conditions, all of which need to be fulfilled for application of the pooling method. In addition to amalgamation, one company may purchase the shares of another company. In the stand-alone accounts of the investor the same would be accounted for as an investment. In the CFS of the investor, the same would be accounted for as an investment, subsidiary, joint venture or associate as the case may be. Acquisition accounting under AS 21, 23 and 27 are done on book value basis. Acquisition accounting under AS 10 for lump-sum purchase is done on fair value basis. Acquisition accounting under AS 14 in respect of “amalgamation in the nature of purchase” is done on the basis of either fair value or book value. Pooling method is required in case of “amalgamation in the nature of merger”.
Acquisition date	
The date on which the acquirer effectively obtains control of the acquiree.	The date of amalgamation as defined in the Amalgamation/ acquisition scheme.
Cost of acquisition	
The acquirer shall measure the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree; plus any costs directly attributable to the business combination.	The consideration for the amalgamation may consist of securities, cash or other assets. In determining the value of the consideration, an assessment is made of the fair value of its elements.

IFRS	Indian GAAP
Contingent consideration	
When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the acquirer shall include the amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably. However, when a business combination agreement provides for such an adjustment, that adjustment is not included in the cost of the combination at the time of initially accounting for the combination, if it either is not probable or cannot be measured reliably. If that adjustment subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Any revision to the estimate is subsequently adjusted against goodwill. There is no time barring period for making this adjustment.	As per AS 14 "Many amalgamations recognise that adjustments may have to be made to the consideration in the light of one or more future events. When the additional payment is probable and can reasonably be estimated at the date of amalgamation, it is included in the calculation of the consideration. In all other cases, the adjustment is recognised as soon as the amount is determinable". There is no guidance relating to contingent consideration in situations other than amalgamation. However the practice is to adjust the goodwill amount.
Accounting for identifiable assets and liabilities taken over	
The acquirer shall, at the acquisition date, allocate the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at their fair values at that date, except for non-current assets (or disposal groups) that are classified as held for sale which shall be recognised at fair value less costs to sell. It is irrelevant if the acquiree had recorded those assets/ liabilities.	Under purchase method, the transferee entity accounts for the amalgamation either by incorporating the assets and liabilities at their existing carrying amounts or by allocating the consideration to individual identifiable assets and liabilities of the transferor entity on the basis of their fair values at the date of amalgamation. The identifiable assets and liabilities may include assets and liabilities not recorded in the financial statements of the transferor entity. No specific guidance is given for accounting of contingent liabilities and assets held for sale. However, the normal practice is not to record contingent liability in books of acquirer. Under pooling of interest method, the transferee accounts for the amalgamation by incorporating the assets/liabilities at their carrying values. Acquisition accounting under AS-21, 23 and 27 are done on book value basis. Acquisition accounting under AS 10 is done on fair value basis.
Step acquisitions	
Each step is treated separately for the purpose of determining the cost of acquisition and the amount of goodwill. The adjustment to fair values relating to previously held interests of the acquirer is accounted as a revaluation.	AS 21 recognises step acquisitions; however at each step the valuation is done on the basis of book values rather than fair values.

IFRS	Indian GAAP
Reverse Acquisitions	
Acquisition accounting is based on substance. Accordingly legal acquirer is treated as acquiree and legal acquiree is treated as acquirer for IFRS 3 purposes.	Acquisition accounting is based on legal form. Legal acquirer is treated as acquirer and legal acquiree is treated as acquiree for legal as well as accounting purposes.
Restructuring provisions	
The acquirer recognises the liability as part of the acquisition accounting only if the acquiree has an existing liability at the acquisition date in accordance with IAS 37.	Based on legal liability rather than constructive liability.
Contingent liabilities	
The acquiree's contingent liabilities are recognised separately by the acquirer at the acquisition date as part of acquisition accounting, provided their fair values can be measured reliably.	Contingent liabilities are not recognised.
Minority interests at acquisition	
Stated at minority's proportion of the net fair value of assets and liabilities assumed in an acquisition.	Valued at historical book value.
Accounting for goodwill	
At the acquisition date, the acquirer shall at the acquisition date recognise goodwill acquired in a business combination as an asset; and initially measure that goodwill at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. After initial recognition, the acquirer shall measure goodwill acquired in a business combination at cost less any accumulated impairment losses. Goodwill amortisation is prohibited.	Firstly, contingent liabilities are never considered for purposes of determining goodwill in business combinations. Secondly, treatment of goodwill differs in different accounting standards. Goodwill arising on amalgamation in nature of purchase is amortised to P&L A/c over 5 years. Goodwill arising under AS 10, AS 21, AS 23 and AS 27 need not be amortised though there is no prohibition. In case of amalgamation in nature of merger, excess amount over net assets taken over is adjusted against revenue reserves. After initial recognition, the acquirer shall measure goodwill acquired in a business combination at cost less any accumulated amortisation and accumulated impairment losses.
Accounting for negative goodwill	
If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the acquirer shall reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and recognise immediately in profit or loss any excess remaining after that reassessment.	If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess shall be disclosed as "capital reserve".

IFRS	Indian GAAP
Subsequent adjustments to assets and liabilities	
A 12 months' window period is allowed to get the acquisition accounting right.	No adjustment is permitted, except for certain deferred tax adjustment.
Deferred taxation	
A DTL/ DTA should be recognised for differences between the assigned values and the tax base of assets/ liabilities taken over. Under IAS 12, if DTA of an acquiree which was not recognised at the time of the combination is subsequently recognised, the resulting credit is taken to income for the period. The credit is offset by an expense to reduce the carrying amount of goodwill to the amount that would have been recognised had the DTA been recognised at the time of business combination.	In case of amalgamation, deferred taxes would be determined based on ASI 11, which prescribes separate treatment depending upon whether the amalgamation is in the nature of merger or in the nature of an acquisition.
Consolidated and Separate Financial Statements	
Presentation of Consolidated Financial Statements (CFS)	
Each parent shall present CFS in which it consolidates its subsidiaries except the parent which satisfies certain conditions.	It is not mandatory for entities to prepare CFS under AS 21. However, SEBI requires all listed entities to prepare and present CFS.
CFS includes all subsidiaries.	Preclude consolidation of a subsidiary when (i) control is intended to be temporary because it is acquired and held exclusively with a view to its subsequent disposal in the near future (i.e., twelve months); or (ii) it operates under severe long term restrictions, which significantly impair its ability to transfer funds to the parent. In the CFS, such subsidiaries are accounted as per AS 13 and the reasons for not consolidating are disclosed.
Meaning of subsidiary	
A subsidiary is an entity, including an unincorporated entity such as a partnership, that is controlled by another entity (known as the parent). Control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. As per IAS 27, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. The definition of 'control' is based on substance rather than form and an entity can obtain control over the other entity without holding more than one-half of the voting power of the other entity and without having control of the composition of the board of directors, e.g., it can have control pursuant to agreement with other shareholders.	A subsidiary is an entity that is controlled by another entity (known as the parent). Control means (a) the ownership, directly or indirectly through subsidiary(ies), of more than one-half of the voting power of an entity ; or (b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other entity so as to obtain economic benefits from its activities. As per ASI 24, an entity can be subsidiary of two entities when as per definition of the term 'control' the entity is controlled by both entities – one by control over the governing body and other through majority in voting power.

IFRS	Indian GAAP
SIC 12 states that a Special Purpose Entity (SPE) should be consolidated when the substance of the relationship between an entity and the SPE indicates that the SPE is controlled by that entity.	No specific guidance is available for consolidation of SPE.
Determination of control – potential voting rights	
The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether an entity has the power to govern the financial and operating policies of another entity. Potential voting rights are not currently exercisable or convertible when, for example, they cannot be exercised or converted until a future date or until the occurrence of a future event.	As per ASI 18, potential voting rights are not considered for determining significant influence in the case of an associate. An analogy can be drawn that they are not to be considered for determining control in the case of a subsidiary, as well.
Separate financial statements	
An entity which is exempt from preparing CFS is specifically required to prepare separate financial statements. IAS 27 requires that a parent's investment in a subsidiary be accounted for in the separate financial statements (a) at cost, or (b) as available-for-sale financial assets as described in IAS 39.	Under Indian GAAP, all entities are required to prepare and present separate financial statements, without any exception. As per AS 21, in a parent's separate financial statements, investments in subsidiary should be accounted for in accordance with AS 13, *Accounting for Investments*. AS 13 requires such investments to be valued at cost as adjusted for any diminution other than temporary in the value of those investments.
	Recently with the issuance of accounting standards on financial instruments, ICAI has also made a limited revision to AS 21. As per the revision, a parent's investment in a subsidiary be accounted for in the separate financial statements (a) at cost, or (b) as per AS 30. This revision is effective for periods beginning on or after April 1, 2009.
Consolidation procedures	
Intra-group elimination	
Intra-group balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intra-group transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full. Intra-group losses may indicate an impairment that requires recognition in the CFS. Deferred tax should be calculated on temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.	Similar to IFRS, except no deferred tax is recognised on elimination of intra-group transactions.

IFRS	Indian GAAP
Reporting periods	
The financial statements of the parent and its subsidiaries used in the preparation of the CFS shall be prepared as of the same reporting date. When the financial statements of a subsidiary used in the preparation of CFS are prepared as of a reporting date different from that of the parent, adjustments shall be made for the effects of significant transactions or events that occur between that date and the date of the parent's financial statements. In any case, the difference between the reporting date of the subsidiary and that of the parent shall be no more than three months.	Similar to IFRS except that the difference between reporting dates should not be more than six months.
Uniform accounting policies	
Compliance with uniform accounting policies is mandatory.	CFS should be prepared using uniform accounting policies for like transactions and other events in similar circumstances. If it is not practicable to use uniform accounting policies in preparing the CFS, that fact should be disclosed together with the proportions of the items in the CFS to which the different accounting policies have been applied.
Minority interest	
Minority interests shall be presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity. Minority interests in the profit or loss of the group shall also be separately disclosed.	Minority interests should be presented in the consolidated balance sheet separately from liabilities and the equity of the parent's shareholders. Minority interests in the income of the group should also be separately presented.
Investments in Associates	
Mutual funds and venture capital organisations	
IAS 28 does not apply to investments in associates held by (i) mutual funds or (ii) venture capital organisations, etc., that upon initial recognition are designated as at fair value through profit or loss or are classified as held for trading and accounted for in accordance with IAS 39.	There is no such exemption under AS 23. Thus, entities such as mutual funds and venture capital organisations would be required to account for their investments in associates as per AS 23 in their CFS. Recently, with the issuance of accounting standards on financial instruments, ICAI has also made a limited revision to AS 23. As per the revision, a similar exclusion has been provided in AS 23 also. This revision is effective for periods beginning on or after April 1, 2009.

IFRS	Indian GAAP
Significant influence	
Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. If an investor holds, directly or indirectly (e.g., through subsidiaries), 20 per cent or more of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case.	Under AS 23, significant influence is the power to participate in the financial and/or operating policy decisions of the investee but not control over those policies. The word 'or' is not there in IAS 28. Therefore, under IFRS, to have significant influence, the entity needs to have the power to participate in both the financial and operating policies; whereas under AS 23, either one would suffice to determine significant influence. The other aspects of definition are the same as IFRS.
The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether an entity has significant influence.	As per ASI 18, potential voting rights are not considered for determining significant influence in the case of an associate.
Method of accounting	
Investment in associate should be accounted using equity method of accounting. Goodwill determination is based on fair values of the assets and liabilities of the investee. Goodwill relating to associate is included in the carrying amount of investment.	Similar to IFRS, except that goodwill amount is not determined in accordance with IFRS 3. Goodwill determination is based on carrying values rather than fair values of the assets and liabilities of the investee.
Profits and losses resulting from transactions between an investor and an associate are recognised in the investor's financial statements only to the extent of unrelated investor's interest in the associate. Therefore, the investor's share in the associate's profits and losses resulting from these transactions is eliminated.	In using equity method for accounting for investment in an associate, unrealised profits and losses resulting from transactions between the investor (or its consolidated subsidiaries) and the associate should be eliminated to the extent of the investor's interest in the associate. Unrealised losses should not be eliminated if and to the extent the cost of the transferred asset cannot be recovered.
In separate financial statements, investments are carried at cost or in accordance with IFRS 39.	In separate financial statements, investments are carried at cost less other than temporary decline in value of investments. Recently, with the issuance of accounting standards on financial instruments, ICAI has also made a limited revision to AS 23. As per the revision, investment in an associate be accounted for in the separate financial statements either (a) at cost, or (b) in accordance with AS 30. This revision is effective for periods beginning on or after April 1, 2009.
After applying the equity method, the investor applies the requirements of IAS 39 to determine whether it is necessary to recognise any impairment loss with respect to the investor's net investment in the associate including goodwill.	There is no requirement for impairment testing of an investment in associate after applying the equity method.

IFRS	Indian GAAP
Exceptions to equity accounting	
An investment in an associate shall be accounted for using the equity method except when: • investments in associate held for sale is accounted in accordance with IFRS 5 • the reporting entity is also a parent and is exempt from preparing CFS under IAS 27 • where reporting entity is not a parent, and (a) the investor is a wholly owned subsidiary itself (or a partially owned subsidiary, and its other owners, including those not entitled to vote, have been informed about and do not object to the investor not applying the equity method) (b) the investor's debt/equity are not publicly traded (c) the investor is not planning a public issue of any of its class of instruments, and (d) the ultimate or any immediate parent of the investor produces CFS available for public use that comply with IFRS. Where the reporting entity is not a parent, but has associates, it will need to apply equity method to its associates in its own financial statements, if any of the above exemptions do not apply. These financial statements are not separate financial statements.	Equity method is required to be applied only if the entity prepares CFS. Where the reporting entity is not a parent, but has associates, it should not apply equity method to its associates. Equity method is also not applied when: • the investment is acquired and held with a view to its subsequent disposal in the near future, or • the associate operates under severe long term restrictions which significantly impair its ability to transfer funds to the investor. Investment in such associates is accounted for as per AS 13.
Reporting periods	
The most recent available financial statements of the associate are used by the investor in applying the equity method. When the reporting dates of the investor and the associate are different, the associate prepares, for the use of the investor, financial statements as of the same date as the financial statements of the investor unless it is impracticable to do so. The financial statements of an associate used in applying the equity method if prepared as of a different reporting date from that of the investor, adjustments shall be made for the effects of significant transactions or events that occur between that date and the date of the investor's financial statements. In any case, the difference between the reporting date of the associate and that of the investor shall be no more than three months. The length of the reporting periods and any difference in the reporting dates shall be the same from period to period.	The most recent available financial statements of the associate are used by the investor in applying the equity method. They are usually drawn up to the same date as the financial statements of the investor. When the reporting dates of the investor and the associate are different, the associate often prepares, for the use of the investor, statements as at the same date as the financial statements of the investor. When it is impracticable to do this, financial statements drawn up to a different reporting date may be used. The consistency principle requires that the length of the reporting periods, and any difference in the reporting dates, are consistent from period to period. When financial statements with a different reporting date are used, adjustments are made for the effects of any significant events or transactions between the investor (or its consolidated subsidiaries) and the associate that occur between the date of the associate's financial statements and the date of the investor's consolidated financial statements. Unlike IFRS, there is no limit of 3 months for difference between the reporting dates.

IFRS	Indian GAAP
Uniform accounting policies	
The investor's financial statements shall be prepared using uniform accounting policies for like transactions and events in similar circumstances.	Investor usually prepares CFS using uniform accounting policies for the like transactions and events in similar circumstances. If it is not practicable to do so, that fact is disclosed along with a brief description of the differences between the accounting policies.
Display of goodwill	
Goodwill or capital reserves within the investment amount are not required to be separately identified.	Goodwill or capital reserves within the investment amount are required to be separately identified.
Disposition of associate	
An investor shall discontinue the use of the equity method from the date that it ceases to have significant influence over an associate and shall account for the investment in accordance with IAS 39 from that date, provided the associate does not become a subsidiary or a joint venture.	
The carrying amount of the investment at the date that it ceases to be an associate shall be regarded as its cost on initial measurement as a financial asset in accordance with IAS 39.	Similar to IFRS. Investment in an entity that ceases to be an associate shall be accounted for in accordance with AS 13.
Financial Reporting of Interests in Joint Ventures	
Mutual funds and venture capital organisations	
IAS 31 does not apply to interests in joint ventures held by (i) mutual funds or (ii) venture capital organisations, etc., that upon initial recognition are designated as at fair value through profit or loss or are classified as held for trading and accounted for in accordance with IAS 39.	There is no such exemption under AS 27. Thus, entities such as mutual funds and venture capital organisations would be required to account for their interests in joint ventures as per AS 27 in their CFS. Recently, with the issuance of accounting standards on financial instruments, ICAI has also made a limited revision to AS 27. As per the revision, a similar exclusion has been provided in AS 27 also. This revision is effective for periods beginning on or after April 1, 2009.
Definition of joint venture	
A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Activities that have no contractual arrangement to establish joint control are not joint ventures.	Similar to IFRS. However, sometimes though a contractual arrangement may suggest a joint venture, the investee is accounted as a subsidiary if the investors share in the investee's equity is greater than 50%.

IFRS	Indian GAAP
Accounting for Jointly Controlled Entities (JCEs)	
IAS 31 prescribes proportionate consolidation method or equity method for recognising interest in a jointly controlled entity in CFS. Equity method prescribed in IAS 31 is similar to that prescribed in IAS 28. However, proportionate method of accounting is the more recommended.	Accounting for jointly controlled entities is required to be done using proportionate consolidation method.
Exceptions to JV accounting	
Where the reporting entity is not a parent, but has JCE, it will need to equity account or proportionately consolidate its joint ventures in its own financial statements.	Proportionate consolidation is required to be applied only if the entity prepares CFS. Where the reporting entity is not a parent, but has JCE, it should not apply proportionate consolidation to its JCE.
In separate financial statements, JCE are accounted at cost or in accordance with IAS 39.	In separate financial statements, JCE are accounted at cost less other than temporary decline in value of investments. Recently, with the issuance of accounting standards on financial instruments, ICAI has also made a limited revision to AS 27. As per the revision, interest in JCE be accounted for in the separate financial statements either (a) at cost, or (b) in accordance with AS 30. This revision is effective for periods beginning on or after April 1, 2009.
Reporting periods	
The most recent available financial statements of the JCE are used by the venturer. In any case, the difference between the reporting date of the JCE and that of the venturer shall be no more than three months.	The financial statements of the JCE used in applying proportionate consolidation are usually drawn up to the same date as the financial statements of the venturer. When it is impracticable to do this, financial statements drawn up to different reporting dates may be used provided the difference in reporting dates is not more than six months.
Uniform accounting policies	
The venturer's financial statements shall be prepared using uniform accounting policies for like transactions and events in similar circumstances.	The venturer usually prepares consolidated financial statements using uniform accounting policies for like transactions and events in similar circumstances. If it is not practicable to do so, that fact is disclosed together with the proportion of the items in the CFS to which different accounting policies have been applied.

Financial Instruments

IFRS	Indian GAAP
Financial Instruments	
Under Indian GAAP, till recently, there was no accounting standard dealing with accounting for financial instruments in a comprehensive manner. To deal with the accounting of such instruments, the ICAI has recently issued standards for recognition and measurement of financial instruments and their presentation and disclosure. These standards are effective from accounting period commencing on or after 1 April 2009 and will be recommendatory in nature for a period of two years. Keeping this in view, the comparison given below for financial instruments is without considering the impact of these Standards.	
Definition of financial instrument	
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset is any asset that is (a) cash, (b) an equity instrument of another entity; (c) contractual right to (i) to receive cash or another financial asset from another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or (d) a contract that will or may be settled in the entity's own equity instruments and is (i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.	No specific standard on Financial Instruments.
A financial liability is any liability that is: (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or (b) a contract that will or may be settled in the entity's own equity instruments and is (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.	

IFRS	Indian GAAP
Classification of financial instrument between liability and equity	
The issuer of a financial instrument shall classify the instrument, or its component parts, on initial recognition as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. The instrument is an equity instrument if, and only if, both conditions (a) and (b) below are met: (a) The instrument includes no contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer. (b) If the instrument will or may be settled in the issuer's own equity instruments, it is a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.	No specific standard on financial instruments. Classification based on form rather than substance. Preference shares are treated as capital, even though, in many cases, in substance, it may be a liability.
Treasury shares	
If an entity reacquires its own equity instruments, those instruments ('treasury shares') shall be deducted from equity. No gain or loss shall be recognised in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments. Such treasury shares may be acquired and held by the entity or by other members of the consolidated group. Consideration paid or received shall be recognised directly in equity.	No specific standard on financial instruments. When an entity's own shares are repurchased, the shares are cancelled and shown as a deduction from shareholders' equity (they cannot be held as treasury stock). If the buy-back is funded through free reserves, amount equivalent to buy-back should be credited to Capital Redemption Reserve. Various alternatives are available for accounting premium payable on buy-back – adjusting the same against securities premium, etc.
Financial assets	
Financial assets are classified in four categories: financial asset at Fair Value through Profit or Loss, (FVPL), Held - To - Maturity (HTM), Loans and Receivables (L&R) and Available-For-Sale (AFS).	No specific standard on financial instruments. AS 13 classifies investments into long-term and current investments.
For HTM investments, initial measurement is at fair value plus transaction cost. Subsequent measurement is at amortised cost using effective interest method.	No specific standard on financial instruments. Long-term investments are usually carried at cost. Interest is recognised on time proportion basis.

IFRS	Indian GAAP
For L&R, initial measurement is at fair value plus transaction cost. Subsequent measurement is at amortised cost using effective interest method.	No specific standard on financial instruments. Loans and receivables are stated at cost. Interest income on loans is recognised on time-proportion basis as per the rates mentioned in loan agreement.
For AFS investments, initial measurement is at fair value plus transaction cost. Subsequent measurement is at fair value. Changes in fair value are accounted in equity and is recycled to P&L A/c when it is realised or impaired.	No specific standard on financial instruments. No such classification. All investments are classified into long-term and current investments.
Reclassification of financial assets	
Reclassifications between categories are relatively uncommon under IFRS and are prohibited into and out of the FVTL category. Reclassifications from the held-to-maturity category as a result of a change of intent or ability are treated as sales and, other than in exceptional circumstances, result in the whole category being "tainted". The most common reason for a reclassification out of the category, therefore, is when the whole category is tainted and has to be reclassified as available-for-sale for two years.	No specific standard on financial instruments. Where long-term investments are reclassified as current investments, transfers are made at the lower of cost and carrying amount at the date of transfer. Where investments are reclassified from current to long-term, transfers are made at the lower of cost and fair value at the date of transfer.
Recognition of impairment	
An entity shall assess at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.	Current investments are recorded at lower of cost or market price. On long term investments, diminution other than temporary is provided for.
Reversal of impairment	
For assets carried at amortised cost and AFS debt securities, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed. IAS 39 prohibits the reversal of an impairment charge on AFS equity securities through profit or loss. IFRS prohibits reversal of impairment on unquoted equity instruments which are carried at cost because their fair value can not be measured reliably.	Any reversal of reduction in impairment loss are credited to the profit and loss account.

IFRS	Indian GAAP
Derecognition	
An entity shall derecognise a financial asset when, (a) the contractual rights to the cash flows from the financial asset expire; or (b) when the entity has transferred substantially all risks and rewards from the financial assets; or (c) when the entity has (1) neither transferred substantially all, nor retained substantially all, the risks and rewards from the financial asset but (2) at the same time has assumed an obligation to pay those cash flows to one or more entities and if the entity has not retained control of the asset.	The *Guidance Note on Accounting for Securitisation* requires derecognition of financial asset if the originator loses control of the contractual rights that comprise the securitised assets.
Financial liability	
Classification and measurement	
Financial liability is classified into two categories a) FVPL b) residual category. Initial measurement is at cost, being the fair value of a consideration received, less transaction costs. Financial liabilities at fair value through profit or loss are measured at fair value (the change is recognised in the income statement for the period). All other (non-trading) liabilities are carried at amortised cost. Gain or loss is recognised in the income statement through the amortisation process.	No specific standard on financial instruments. Liabilities are normally carried at amount received. Interest expense on liabilities is recognised on time-proportion basis as per the rates mentioned in the loan agreement.
Derecognition	
IAS 39 provides detailed guidance on derecognition of a financial liability.	No specific standard on financial instruments.
Derivatives and hedging	
Definition	
IAS 39 provides definition of derivative.	The Announcement on *Disclosures regarding Derivative Instruments*, issued by the ICAI, explains the meaning of derivatives in the same manner as IAS 39.
Measurement of derivatives	
Derivatives are initially recognised at fair value. After initial recognition, an entity shall measure derivatives at their fair values, without any deduction for transaction costs. Changes in fair value are recognised in income statement unless it satisfies hedge criteria. Embedded derivatives need to be separated and fair valued.	AS 11 deals with forward exchange contracts and the *Guidance Note on Accounting for Equity Index and Equity Stock Futures and Options*, deals with futures contracts and options on equity index and equity stock. No specific guidance on other derivatives.

IFRS	Indian GAAP
Hedge accounting	
Criteria for hedge accounting	
Hedge accounting is permitted if at the inception of the hedge and on an ongoing basis, the hedge will be highly effective within the 80-125% range. Stringent documentation criteria's have also been prescribed.	No specific standard on financial instruments. In India, presently, AS 11 deals with forward exchange contracts entered into for hedging foreign currency risk of foreign currency assets and liabilities. AS 11 does not lay down any specific guidelines for determining hedge effectiveness; rather, the treatment is based on the purpose for which such contracts are entered into.
Hedged items, hedging instruments and hedge relationships	
IAS 39 provides detailed guidance on hedged items, hedging instruments and hedge relationships.	No specific standard on financial instruments.
Measurement	
IAS 39 provides detailed guidance on hedge accounting.	As per AS 11, the premium or discount arising at the inception of a forward exchange contract entered into for hedging purposes should be amortised as expense or income over the life of the contract. Exchange differences on such a contract should be recognised in the statement of profit and loss of the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract should be recognised as income or as expense for the period. No specific guidance available for other derivatives.
Financial Instruments: Disclosures	
IFRS 7 require entities to provide detailed disclosures in their financial statements that enable users to evaluate: (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the reporting date, and how the entity manages those risks. The disclosures required under IFRS 7 include quantitative as well as qualitative information.	There is no accounting standard in India corresponding to IFRS 7 requiring such disclosures. However, the Announcement on *Disclosure regarding Derivative Instruments*, issued by the ICAI, requires the following disclosures to be made in the financial statements: (a) category-wise quantitative data about derivative instruments that are outstanding at the balance sheet date, (b) the purpose, viz., hedging or speculation, for which such derivative instruments have been acquired, and (c) the foreign currency exposures that are not hedged by a derivative instrument or otherwise.

Presentation & Disclosure

IFRS	Indian GAAP
Presentation of Financial Statements	
Revision of IAS 1 **The International Accounting Standards Board (IASB) has issued a revised version of IAS 1 *Presentation of Financial Statements*. The revision is intended to improve users' ability to analyse and compare the information given in financial statements.** **The revised IAS 1 will come into effect for the annual periods beginning on or after 1 January 2009, but early adoption is permitted.** **Keeping in view the Current applicability, this revision in IAS 1 has not been considered in the preparation of the below comparison.**	
Measurement basis	
Four bases: historical cost, current cost, realisable value and present value. Exceptions to historical cost are fair valuation of financial instruments, other biological assets, revaluation of tangible fixed assets/ intangible assets, impairment of assets, etc.	Indian GAAP is in line with IFRS, though in some situations it disregards fair valuation, for e.g., provisions are not allowed to be discounted or investments are valued at lower of cost or market value.
Component of financial statements	
Balance Sheet, Income Statement, Statement of Changes in Equity (SOCIE), Cash Flow and Notes to Accounts. Statement of Recognised Income and Expenses (SORIE) can be presented separately from SOCIE, if the entity so chooses.	Balance Sheet, Income Statement, Cash Flow and Notes to Accounts. The concept of SOCIE does not prevail; however, the information relating to appropriation of profits, movement in capital and reserves, etc., is presented on the face of the profit and loss account and/ or in the captions of share capital and reserves and surplus in the balance sheet.
Disclosure of critical judgements and capital disclosures	
IAS 1 requires disclosure of critical judgements made by management in applying accounting policies and key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. It also requires disclosure of information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.	There is no such specific disclosure requirement in AS 1 or Schedule VI.
Balance sheet and income statement format	
For balance sheet and income statement, there is no prescribed rigid format. Illustrative format of balance sheet has been provided under IFRS. IAS 1 prescribes minimum information to be presented on the face of the balance sheet and income statement.	Even though AS 1 does not prescribe any minimum structure of financial statements, Schedule VI of the Companies Act prescribes a detailed format for balance sheet. There is no format prescribed for P&L A/c. However, Schedule VI specifies disclosures to be made in the P&L A/c.

IFRS	Indian GAAP
Extraordinary items	
Disclosure of items as extraordinary items either on the face of the income statement or in the notes is prohibited.	These are defined as income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the entity and, therefore, are not expected to recur frequently or regularly. The nature and the amount of each extraordinary item should be separately disclosed in the statement of P&L in a manner that its impact on current profit or loss can be perceived.
Statement of Changes in Equity (SOCIE) and Statements of Recognised Income & Expense (SORIE)	
On the face of SOCIE, the following shall be disclosed: a) profit or loss for the period; b) each item and the total of income/expense that are required by IFRS to be recognised directly in equity; c) total of (a)+(b), with allocation to parent and minority interest; and d) the effects of changes in accounting policies/ corrections or errors as per IAS 8, for each equity component. The total of gains and losses recognised in the period comprises net income and the following gains and losses recognised directly in equity: • fair value gains (losses) on land and buildings, available-for-sale investments and certain financial instruments;	SOCIE/SORIE is not applicable under Indian GAAP. All items are recognised in the P&L A/c in accordance with AS 5, unless required otherwise by any other accounting standard. Credits for certain items are directly taken to reserves and surplus, for e.g., revaluation of fixed assets. The transitional provisions of certain standards require first time adjustment and their consequential tax effect to be made directly into reserves and surplus. A schedule is given for equity and reserves and surplus showing opening and closing position as on the balance sheet date and movements along with other disclosures prescribed by Schedule VI of the Companies Act. The information relating to appropriation of profit is presented on the face of the profit and loss account.
• foreign exchange translation differences; • the cumulative effect of changes in accounting policy; • changes in fair values on certain financial instruments if designated as cash flow hedges, net of tax, and cash flow hedges reclassified to income and/or the relevant hedged asset/liability; and • those required by the transitional provision of a standard and the consequential tax effect. A statement of changes in equity that comprises only these items shall be titled a statement of recognised income and expense. On the face of SOCIE or in the notes, an entity shall also present the following: (a) transactions with equity holders in their capacity as equity holders, showing separately distributions to them (b) retained earning at beginning and end of period, and changes during the period (c) reconciliation between closing and opening balance of each class of contributed equity and reserve, with separate disclosure of each change.	

IFRS	Indian GAAP
Segment Reporting	
IASB has recently issued IFRS 8 *Operating Segments* which would supersede IAS 14 *Segment Reporting* on which AS 17 is based. IFRS 8 would be applicable for accounting periods on or after 1 January 2009. Earlier application is permitted. Keeping in view the current applicability, the comparison give below with regard to segment information is based on IAS 14.	
Reportable Segment	
A business segment or geographical segment is a reportable segment when: (a) it derives the majority of its revenue from sales to external customers; (b) its internal and external revenue exceeds 10% of total revenue; (c) its segment result – as an absolute percentage – exceeds 10% of greater of (1) the combined results of all profitable segments or (2) the combined results of all segments in loss; (d) its assets are in excess of 10% of the total assets of all segments.	Similar to IFRS. If reported segments are below 75% of total, additional segments are reported till 75% threshold is reached. Additional operating segments may be considered reportable and separately disclosed where management believes that disclosure would be useful. AS 17 is stricter in this regard as the option to management to make an exception of the above provision based on its judgement on continuing significance of the segment is not available.
If reported segments are below 75% of total, additional segments are reported till 75% threshold is reached. Additional operating segments may be considered reportable and separately disclosed where management believes that disclosure would be useful. As per IAS 14 a segment identified as a reportable segment in the immediately preceding period because it satisfied the relevant 10% criteria should continue to be a reportable segment for the current period notwithstanding that its revenue, result and assets no longer exceed the 10% criteria, if the management of the entity judges the segment to be of continuing significance.	
Disclosures	
Under IAS 14 for changes in segment accounting policies, prior period segment information is required to be restated, unless impracticable to do so (benchmark treatment). When retroactive restatement is impracticable, the current period income statement is debited/credited (alternative treatment).	In Indian GAAP, for change in segment accounting policies, disclosure of the impact arising out of the change is required to be made as is the case for changes in accounting policies relating to the entity as a whole. Prior period figures are not restated; i.e. no retroactive restatement is required.

IFRS	Indian GAAP
Accounting policies	
Segment information should be prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the entity as a whole.	Segment information should be prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the entity as a whole.
Vertical segments	
By limiting reportable segments to those that earn a majority of their revenue from sales to external customers, IAS 14 does not require that the different stages of vertically integrated operations be identified as separate business segments. However, in some industries, current practice is to report certain vertically integrated activities as separate business segments even if they do not generate significant external sales revenue. For instance, many international oil entities report their upstream activities (exploration and production) and their downstream activities (refining and marketing) as separate business segments even if most or all of the upstream product (crude petroleum) is transferred internally to the entity's refining operation. Similarly in the case of electricity entities, the vertical segments that are disclosed are generation/production, transmission, and distribution. For textile entities, it may be spinning, weaving, dyeing, etc.	Under AS 17, the reporting threshold for a segment amongst other factors is based on revenue, which includes both internal and external revenue. The exemption from disclosing vertical segments under IAS 14 has been deliberately omitted under AS 17. Therefore, under AS 17, vertical segments are required to be disclosed.
IAS 14 encourages, but does not require, the voluntary reporting of vertically integrated activities as separate segments. Under IAS 14, if an entity's internal reporting system treats vertically integrated activities as separate segments and the entity does not choose to report them externally as business segments, the selling segment should be combined into the buying segment(s) in identifying externally reportable business segments unless there is no reasonable basis for doing so, in which case the selling segment would be included as an unallocated reconciling item.	

IFRS	Indian GAAP
Related Party Disclosures	
Identification of related parties	
IAS 24 uses the term 'financial and operating decisions' in defining related party.	AS 18 definition of related party is 'Parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions'. Therefore, it appears that AS 18 definition is more stringent in this regard.
IFRS include post employment benefit plans as related parties.	Unlike IFRS, AS 18 does not include post employment benefit plans as related parties.
IAS 24 includes close members of the families of KMPs as related party as well as of persons who exercise control/significant influence.	AS 18 covers only relatives of KMPs.
Definition of control	
IAS 24 contains principle based definition of the term 'Control'. As per IAS 24, control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.	AS 18 defines control as (i) ownership, directly, or indirectly, of more than one half of the voting power of an entity, (ii) control of composition of the board of directors or the governing body; or (iii) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/ or operating policies of an entity.
Significant influence	
As per IAS 24, significant influence is the power to participate in both financial and operating policy decisions of an entity, but is not control over those policies. Under IFRS, significant influence may be gained by share ownership, statute or agreement. IAS 24, however, does not specify any particular share holding or voting power which would result into significant influence.	As per AS 18, an entity is considered to have significant influence over the other entity even if it has the power to participate in either financial or operating policy decisions or both of the other entity, but not control of those policies. AS 18 specifies rebuttable presumptions that an entity is considered to have a substantial interest in another entity if that entity owns, directly or indirectly, 20 per cent or more interest in the voting power of the other entity.
Close relatives	
IAS 24 adopts a more 'substance over form' based approach in defining relatives as close members of the family, i.e., they are those who influence and can be influenced by the individual in his/ her dealings with the reporting entity. IAS 24 does not limit the same to any specific relations.	AS 18 includes specific relations as relatives.

IFRS	Indian GAAP
Information to be disclosed	
Relationships between parents and subsidiaries shall be disclosed irrespective of whether there have been transactions between those related parties. An entity shall disclose the name of the entity's parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.	Name of the related party and nature of the related party relationship where control exists should be disclosed irrespective of whether or not there have been transactions between the related parties.
If there have been transactions between related parties, an entity shall disclose the nature of the related party relationship as well as information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements. At a minimum, disclosures shall include: (a) the amount of the transactions; (b) the amount of outstanding balances and: (i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and (ii) details of any guarantees given or received; (c) provisions for doubtful debts related to the amount of outstanding balances; and (d) the expense recognised during the period in respect of bad or doubtful debts due from related parties.	If there have been transactions between related parties, during the existence of a related party relationship, the reporting entity should disclose the following: • the name of the transacting related party; • a description of the relationship between the parties; • a description of the nature of transactions; • volume of the transactions either as an amount or as an appropriate proportion; • any other elements of the related party transactions necessary for an understanding of the financial statements; • the amounts or appropriate proportions of outstanding items pertaining to related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date; and • amounts written-off or written-back in the period in respect of debts due from or to related parties.
IAS 24 provides that an entity discloses that the terms of related party transactions are equivalent to those that prevail in arm's length transactions only if such terms can be substantiated.	AS 18 has no such stipulation on substantiation of related party transactions when the same is disclosed to be on arm's length basis.
IAS 24 requires disclosure of terms and conditions of outstanding items pertaining to related parties	There is no such disclosure requirement under AS 18.
Definition of key management personnel	
The definition of KMP under IAS 24 includes any director whether executive or otherwise.	AS 18 read with ASI 18 excludes non-executive directors from the definition of KMP.
IFRS requires disclosure of the compensation of key management personnel in total and by category of compensation.	AS 18 does not require disclosure by category. However, more elaborate disclosures are required under Schedule VI.

IFRS	Indian GAAP
Exemption from disclosures	
There is no exemption provided for disclosure under IFRS in cases where disclosure of information would conflict with duties of confidentiality in terms of statute or regulating authority.	Related party disclosure requirements as laid down in AS 18 do not apply in circumstances where providing such disclosures would conflict with the reporting entity's duties of confidentiality as specifically required in terms of a statute or by any regulator or similar competent authority. Exemption is granted from disclosure in cases where such disclosure of information would conflict with confidentiality requirements in terms of statute or regulating authority.
No such exemption.	No disclosure is required in the financial statements of state-controlled enterprises as regards related party relationships with other state-controlled enterprises and transactions with such enterprises.
Earning Per Share (EPS)	
Basic EPS	
An entity shall calculate basic earnings per share amounts for profit or loss attributable to ordinary equity holders of the parent entity and, if presented, profit or loss from continuing operations attributable to those equity holders.	Basic earnings per share should be calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. There is no requirement for calculating basic EPS for separate calculation of profit or loss from continuing operations.
Treatment of preference dividend	
(i) The after-tax amount of preference dividends that is deducted from profit or loss is (a) the after-tax amount of any preference dividends on non-cumulative preference shares declared in respect of the period; and (b) the after-tax amount of the preference dividends for cumulative preference shares required for the period, whether or not the dividends have been declared. The amount of preference dividends for the period does not include the amount of any preference dividends for cumulative preference shares paid or declared during the current period in respect of previous periods.	The amount of preference dividends for the period that is deducted from the net profit for the period is (a) the amount of any preference dividends on non-cumulative preference shares provided for in respect of the period; and (b) the full amount of the required preference dividends for cumulative preference shares for the period, whether or not the dividends have been provided for. The amount of preference dividends for the period does not include the amount of any preference dividends for cumulative preference shares paid or declared during the current period in respect of previous periods. AS 20 does not provide any specific guidance on points (ii) to (v). However, normally, such practices are not followed under Indian GAAP.

IFRS	Indian GAAP
(ii) Preference shares that provide for a low initial dividend to compensate an entity for selling the preference shares at a discount, or an above-market dividend in later periods to compensate investors for purchasing preference shares at a premium, are sometimes referred to as increasing rate preference shares. Any original issue discount or premium on increasing rate preference shares is amortised to retained earnings using the effective interest method and treated as a preference dividend for the purposes of calculating earnings per share. (iii) Preference shares may be repurchased under an entity's tender offer to the holders. The excess of the fair value of the consideration paid to the preference shareholders over the carrying amount of the preference shares represents a return to the holders of the preference shares and a charge to retained earnings for the entity. This amount is deducted in calculating profit or loss attributable to ordinary equity holders of the parent entity. (iv) Early conversion of convertible preference shares may be induced by an entity through favourable changes to the original conversion terms or the payment of additional consideration. The excess of the fair value of the ordinary shares or other consideration paid over the fair value of the ordinary shares issuable under the original conversion terms is a return to the preference shareholders, and is deducted in calculating profit or loss attributable to ordinary equity holders of the parent entity. (v) Any excess of the carrying amount of preference shares over the fair value of the consideration paid to settle them is added in calculating profit or loss attributable to ordinary equity holders of the parent entity.	
Shares issued as part of cost of business combination, etc.	
Ordinary shares issued as part of the cost of a business combination are included in the weighted average number of shares from the acquisition date. This is because the acquirer incorporates into its income statement the acquiree's profits and losses from that date.	AS 20 deals only with treatment of equity shares issued as part of consideration in an amalgamation. As per AS 20, equity shares issued as part of the consideration in an amalgamation in the nature of purchase are included in the weighted average number of shares as of the date of the acquisition because the transferee incorporates the results of the operations of the transferor into its statement of profit and loss as from the date of acquisition.

IFRS	Indian GAAP
	Equity shares issued during the reporting period as part of the consideration in an amalgamation in the nature of merger are included in the calculation of the weighted average number of shares from the beginning of the reporting period because the financial statements of the combined entity for the reporting period are prepared as if the combined entity had existed from the beginning of the reporting period. Therefore, the number of equity shares used for the calculation of basic earnings per share in an amalgamation in the nature of merger is the aggregate of the weighted average number of shares of the combined entities, adjusted to equivalent shares of the entity whose shares are outstanding after the amalgamation.
Treatment of share application money	
No specific guidance	Share application money pending allotment or any advance share application money as at the balance sheet, which is not statutorily required to be kept separately and is being utilised in the business of the entity, is treated in the same manner as dilutive potential equity shares for the purpose of calculation of diluted earnings per share.
Written put option	
Contracts that require the entity to repurchase its own shares, such as written put options and forward purchase contracts, are reflected in the calculation of diluted earnings per share if the effect is dilutive. If these contracts are 'in the money' during the period (i.e., the exercise or settlement price is above the average market price for that period), the potential dilutive effect on earnings per share shall be calculated.	No specific guidance.
Disclosures	
In addition to disclosure of EPS on continuing operations, an entity that reports a discontinued operation shall disclose the basic and diluted amounts per share for the discontinued operation either on the face of the income statement or in the notes to the financial statements. Under IFRS, disclosure of extraordinary items is prohibited.	Disclosure of basic and diluted EPS with and without extra-ordinary items is required. Basic and diluted EPS may also be provided voluntarily based on other measurements. AS 20 does not require any separate EPS disclosure for continuing and discontinued operations.
Interim Financial Reporting	
Basis	
Primarily discrete approach, though integral approach is followed in a few cases	Similar to IFRS

IFRS	Indian GAAP
Compliance with requirements of law, etc.	
Does not recognise law/ regulator prescribing format of financial statements. If an entity's interim financial report is described as complying with IAS 34, it must comply with all of the requirements of this Standard, including requirements relating to presentation and disclosure.	A statute governing an entity or a regulator may require an entity to prepare and present certain information at an interim date which may be different in form and / or content as required by AS 25. In such a case, the recognition and measurement principles as laid down in AS 25 are applied in respect of such information, unless otherwise specified in the statute or by the regulator.
Minimum content of Interim financial reporting	
Condensed Balance Sheet, Condensed Income Statement, Condensed Statement of Changes in Equity, Condensed Cash Flow, Explanatory Notes and disclosures like EPS etc. is required.	Similar to IFRS, except that Statement of Changes in Equity is not applicable.
Disclosure of compliance with IFRS / Indian GAAP	
If an entity's interim financial report is in compliance with IAS 34, that fact should be disclosed. An interim financial report should not be described as complying with IAS 34 unless it complies with all of the requirements of each applicable Standard/IFRIC.	No such requirement even though interim financial statements should comply with all Accounting Standards.
Change in accounting policy	
A change in accounting policy, other than one for which the transition is specified by a new Standard or Interpretation, shall be reflected by restating the financial statements of prior interim periods of the current financial year and the comparable interim periods of any prior financial years that will be restated in the annual financial statements in accordance with IAS 8.	Revised Clause 41 of the Listing Agreement and AS 25 requires retrospective restatement only for all interim periods of the current year.
Accounting for leave benefits in interim financial statements	
IAS 34 provides detailed guidance for accounting for leave benefits and manufacturing cost variances in interim financial statements.	No specific guidance.

Industry Related

IFRS	Indian GAAP
Accounting for Agricultural Produce or Biological Asset	
IAS 41 provides detailed guidance on recognition of agricultural produce or biological asset, their measurement and gains and losses on initial recognition.	No specific guidance.
Exploration for and Evaluation of Natural Resources	
Measurement at cost	
Exploration and evaluation assets shall be measured at cost. An entity shall determine a policy specifying which expenditures are recognised as exploration and evaluation assets and apply the policy consistently.	No specific standard apart from the *Guidance Note on Accounting for Oil and Gas Producing Activities*.
Measurement after recognition	
After recognition, an entity shall apply either the cost model or the revaluation model to the exploration and evaluation assets. If the revaluation model is applied it shall be consistent with the classification of the assets.	No specific standard apart from *Guidance Note on Accounting for Oil and Gas Producing Activities*.

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