Key Differences between Ind AS and IFRS

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General Differences between Ind AS and IFRS

1. Different terminology is used in Ind AS 1 eg, the term 'balance sheet' is used instead of 'Statement of financial position' and 'Statement of Profit and Loss' is used instead of 'Statement of profit and loss and other comprehensive income'.

2. The words 'approval of the financial statements for issue' has been used instead of authorization of the financial statements for issue' in the context of financial statements considered for the purpose of events after the reporting period.

3. The words 'true and fair view' have been used instead of 'fair presentation'.

4. The transitional provisions given in individual standards/ interpretations have not been given in corresponding Ind AS, since all transitional provisions related to Ind ASs, wherever considered appropriate, have been included in Ind AS 101, *First-time Adoption of Indian Accounting Standards* corresponding to IFRS 1, *First-time Adoption of International Financial Reporting Standards.*

Presentation of Financial statements		
Particulars	INDAS	IFRS
Classification of Expenses recognised in profit or loss	Entities should present an analysis of expenses recognised in profit or loss using a classification based only on the nature of expense.	Entities can present an analysis of expenses recognised in profit or loss using either nature, or functional classification, whichever provides information that is reliable and more relevant.
Presentation of Statement of other comprehensive income (SOCI)	SOCI is presented only in a single statement.	SOCI can be presented either in a single statement or two separate statements.
Different terminologies for the tittles of financial statements	No alternatives options. All entities are required to use one terminologies.	Option is there to use different terminologies for tittles of FS.
Preparation of financial statements on periodicity	Prohibition on periodicity (52 weeks) for preparation of financial statements.	Periodicity is allowed.
Materiality and aggregation	Paragraph 29 and 31 dealing with materiality and aggregation has been modified to include words 'except when required by law' *"An entity shall present separately each material class of similar items. An entity shall present separately items of a dissimilar nature or function unless they are immaterial* ***except when required by law."***	*"An entity shall present separately each material class of similar items. An entity shall present separately items of a dissimilar nature or function unless they are immaterial."*
Classification of long term loan arrangement where there is a breach of a material provision	Paragraph 74 has been modified to clarify that long term loan arrangement need not be classified as current on account of breach of a material provision, for which the lender has agreed to waive before the approval of financial statements for issue.	When an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period it classifies the liability as current, even if the lender agreed, after the reporting period and before the authorization of the financial statements for issue, not to demand payment as a consequence of the breach.

Presentation of Financial statements		
Particulars	INDAS	IFRS
Disclosures regarding reconciliation between the carrying amount at the beginning and the end of the period for each component of equity	Paragraph dealing with disclosures has been amended to include disclosure regarding recognition of bargain purchase gain arising on business combination in line with treatment prescribed in this regard in Ind AS 103. (Any item recognised directly in equity such as amount recognised directly in equity as capital reserve)	No requirement in IFRS as bargain purchase gain is recorded directly in the profit and loss account and not in equity as capital reserve.

Inventories		
Particulars	INDAS	IFRS
Recognition of inventories as an expense based on function-wise classification	Option is deleted as Ind AS 1 requires only nature-wise classification of expenses.	IAS 1 provides an option to present an analysis of expenses recognised in profit or loss using a classification based on their function within the entity.

Statement of cash flows		
Particulars	INDAS	IFRS
Classification of interest and dividends paid and received for entities other than financial institution	Interest and dividends paid is classified as financing activity only. Interest and dividends received is classified as investing cash flows.	Interest and dividends paid and received shall be disclosed separately, and each shall be classified in a consistent manner from period to period as operating cash flows, investing cash flows or financing cash flows.

Accounting Policies, Changes in Accounting Estimates and Errors		
Particulars	INDAS	IFRS
Guidance (Integral and Non integral) accompanied the standards	Paragraph 9 dealing with status of guidance given along with the Ind ASs forming integral and non-integral part of the standard, has been modified to delete the text given in the context of the Guidance forming non-integral part of the Standard as such guidance has not been included in the Standards.	IFRSs are accompanied by guidance to assist entities in applying their requirements. All such guidance states whether it is an integral part of IFRSs. Guidance that is an integral part of the IFRSs is mandatory. Guidance that is not an integral part of the IFRSs does not contain requirements for financial statements.
In the absence of an IFRS/IND AS that specifically applies to a transaction, other event or condition.	In the absence of an Ind AS, management may first consider the most recent pronouncements of International Accounting Standards Board and then consider the most recent pronouncements of other standard setting bodies.	In the absence of an IFRS, management may consider the most recent pronouncements of other standard setting bodies.

Events after the Reporting Period		
Particulars	INDAS	IFRS
Adjusting Event in case of breach of a material provision a long -term loan	In case of breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, if the lender, before the approval of the financial statements for issue, agrees to waive the breach, ***it shall be considered as an adjusting event.***	Not such provision under IFRS.

Employee benefits		
Particulars	INDAS	IFRS
Discount rate for employee benefit obligations	Discount rate used to discount employee benefit obligations shall be determined by reference to market yields at the end of the reporting period on government bonds only.	Discount rate used to discount employee benefit obligations shall be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. In countries, where there is no deep market in such bonds, the market yields (at the end of the reporting period) on government bonds shall be used.
Treatment of gratuity	To illustrate treatment of gratuity subject to ceiling under Indian Gratuity Rules, an example has been added in paragraph 73.	No such example exist in IFRS.

Government Grants		
Particulars	INDAS	IFRS
Non-monetary grants	Grants are recognised only at their fair value.	Grants can be recognized either at their fair value or at nominal value.
Presentation of grant related assets	Grant related assets are presented only by setting up the grant as deferred income.	Grant related assets can be presented either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Investments in associates		
Particulars	INDAS	IFRS
Uniform accounting policies	Ind AS provides an exemption from the use of uniform accounting policies for like transactions and events in similar circumstance if it is impracticable to do so.	The investor's financial statements should be prepared using uniform accounting policies for like transactions and events in similar circumstances.
Gain on bargain purchase	Gain on bargain purchase on acquisition of investment in associates should be recognised in capital reserve.	Gain on bargain purchase on acquisition of investment in associates should be recognised in profit or loss.

The Effects of Changes in Foreign Exchange Rates		
Particulars	INDAS	IFRS
Long-term foreign currency monetary items	Paragraph 7AA has been inserted to scope out the long-term foreign currency monetary items for which an entity has opted for the exemption given in paragraph D13AA of Appendix D to Ind AS 101 allowing to continue the policy adopted for accounting for exchange differences arising from translation of such long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before beginning of the first Ind AS financial reporting period as per the previous GAAP.	No such requirement in IFRS.
Change in functional currency of either the reporting currency or a significant foreign operation,	Ind AS 21 requires an additional disclosure of the date of change in functional currency.	No such requirement in IFRS.

Borrowing Costs		
Particulars	INDAS	IFRS
Guidance on capitalisation of exchange differences.	Paragraph 6A is added in Ind AS 23 to provide the guidance on capitalisation of exchange differences. With regard to exchange difference required to be treated as borrowing costs in accordance with paragraph 6(e), the manner of arriving at the adjustments stated therein shall be as follows: (i) the adjustment should be of an amount which is equivalent to the extent to which the exchange loss does not exceed the difference between the cost of borrowing in functional currency when compared to the cost of borrowing in a foreign currency. (ii) where there is an unrealised exchange loss which is treated as an adjustment to interest and subsequently there is a realised or unrealised gain in respect of the settlement or translation of the same borrowing, the gain to the extent of the loss previously recognised as an adjustment should also be recognised as an adjustment to interest.	IAS 23 provides no guidance as to how the adjustment prescribed in paragraph 6(e) is to be determined.

Related Party Disclosures		
Particulars	INDAS	IFRS
Disclosures which conflict with confidentiality requirements	In the Ind AS 24, disclosures which conflict with confidentiality requirements of statute/regulations are not required to be made since Accounting Standards can not override legal/regulatory requirements.	No such requirement under IFRS.
Guidance regarding aggregation of transactions for disclosure.	Paragraph 24A has been included in the Ind AS 24. It provides guidance regarding aggregation of transactions for disclosure. *"Disclosure of details of particular transactions with individual related parties would frequently be too voluminous to be easily understood. Accordingly, items of a similar nature may be disclosed in aggregate by type of related party. However, this is not done in such a way as to obscure the importance of significant transactions. Hence, purchases or sales of goods are not aggregated with purchases or sales of fixed assets. Nor a material related party transaction with an individual party is clubbed in an aggregated disclosure."*	No such clause in IFRS.
New example of related party transaction	In paragraph 21, clause (k) management contracts including for deputation or employees' has been added.	No such clause in IFRS.
Definition of close members of the family of a person	Definition has been amended to include brother, sister, father and mother in the category of family members .	Brother, sister, father and mother not covered in the definition of close members under IFRS.

Separate Financial Statements		
Particulars	INDAS	IFRS
Disclosure of the reason for preparing separate financial statements	As the Companies Act mandates preparation of separate financial statements, paragraph 17 (a) has been modified to remove such requirement.	Paragraph 17 (a) of IAS 27 requires to disclose the reason for preparing separate financial statements if not required by law
Use of Equity method	Such option is not given in Ind AS 27, as the equity method is not a measurement basis like cost and fair value but is a manner of consolidation and therefore would lead to inconsistent accounting conceptually.	IAS 27 allows the entities to use the equity method to account for investment in subsidiaries, joint ventures and associates in their Separate Financial Statements (SFS).

Investments in Associates and Joint Ventures		
Particulars	INDAS	IFRS
Use of uniform accounting policies	Paragraph 35 of Ind AS 28 requires use of uniform accounting policies, unless, in case of an associate, it is impracticable. This change has been made because the investor does not have 'control' over the associate, it may not be able to influence the associate to prepare additional financial statements or to follow the accounting policies that are followed by the investor. .	IAS 28 does not provide such option of not following uniform accounting policies in case of it is impracticable.
Excess of the investor's share of net assets over the cost of investment	Paragraph 32 (b) has been modified on the lines of Ind AS 103, *Business Combinations*, to transfer excess of the investor's share of the net fair value of the investee's identifiable assets and liabilities over the cost of investment in capital reserves.	Under IAS 28, it is recognized in profit or loss.

Reporting in Hyperinflationary Economies		
Particulars	INDAS	IFRS
Additional disclosure regarding duration.	Requires an additional disclosure regarding the duration of the hyperinflationary situation existing in the economy	No such requirement in IFRS.

Financial Instruments: Presentation		
Particulars	INDAS	IFRS
An exception to the definition of ‘financial liability’	As an exception to the definition of ‘financial liability’ in paragraph 11 (b) (ii), Ind AS 32 considers the equity conversion option embedded in a convertible bond denominated in foreign currency to acquire a fixed number of entity’s own equity instruments is considered an equity instrument if the exercise price is fixed in any currency.	This exception is not provided in IAS 32.

Earnings per share		
Particulars	INDAS	IFRS
Presentation of earnings per share (EPS)	EPS is required to be presented in both, consolidated as well as separate financial statements.	When an entity presents both consolidated financial statements and separate financial statements, EPS is required to be presented only in the consolidated financial statements. An entity may disclose EPS in its separate financial statements voluntarily.
Disclosure of EPS in separate financial statement	Paragraph 4 has been modified in Ind AS 33 to clarify that an entity shall not present in separate financial statements, earnings per share based on the information given in consolidated financial statements.	In IAS 33, earnings per share based on the information given in consolidated financial statements can be presented in the separate financial statements also.
Item of income or expense which is otherwise required to be recognized in profit or loss in accordance with accounting standards is debited or credited to securities premium account/other reserves	In Ind AS 33, a paragraph has been added after paragraph 12 on the following lines: “Where any item of income or expense which is otherwise required to be recognized in profit or loss in accordance with accounting standards is debited or credited to securities premium account/other reserves, the amount in respect thereof shall be deducted from profit or loss from continuing operations for the purpose of calculating basic earnings per share.”	No such requirement in IFRS

Interim Financial Reporting		
Particulars	INDAS	IFRS
Requirement to present interim financial report	Should be governed by the relevant law or regulation and not by way of an encouragement through an Accounting Standard.	Encouragement of The International Accounting Standards Committee exists to provide interim financial reports.

Impairment of Assets		
Particulars	INDAS	IFRS
Impairment of the Investment property measured at fair value	Not applicable as option of fair value does not exist.	Impairment under IAS 36 is not applicable of investment property that is measured at fair value under IAS 40.

Intangible Assets		
Particulars	INDAS	IFRS
Acquisition of an intangible asset by way of a government	Allows only fair value for recognising the intangible asset and grant	Provides the option to an entity to recognise both asset and grant initially at fair value or at a nominal amount plus any expenditure that is directly attributable to preparing the asset for its intended use.
Amortization of intangible assets arising from service concession arrangements in respects of toll roads	Intangible assets recognised for service concession arrangements in respect of toll roads under IGAAP up to the period ending immediately before the beginning of the first Ind AS reporting period can be amortised as per the policy adopted under IGAAP.	Not Applicable under IFRS.

Investment property		
Particulars	**INDAS**	**IFRS**
Measurement after initial recognition	Investment properties are measured using only cost model.	Investment properties can be measured using either cost model or fair value model.
Treatment of property interest held in an operating lease as investment property	Since Ind AS 40 prohibits the use of fair value model, this treatment is prohibited in Ind AS 40.	IAS 40 permits treatment of property interest held in an operating lease as investment property, if the definition of investment property is otherwise met and fair value model is applied. In such cases, the operating lease would be accounted as if it were a finance lease.

First-time adoption		
Particulars	INDAS	IFRS
First Financial Ind AS/ IFRS Statements	An entity's first Ind AS financial statements are the first annual financial statements in which the entity adopts Ind ASs in accordance with Ind ASs notified under the Companies Act, 2013.	IFRS 1 provides various examples of first IFRS financial statements.
Choice of previous GAAP, and option for entities already filing IFRS financial statements	It is mandatory for entities to consider existing Indian GAAP as the previous GAAP for the purpose of transition to Ind AS.	It is not mandatory for entities to consider existing Indian GAAP as the previous GAAP for the purpose of transition to Ind AS and can use other GAAP financial statements being presented by them to transition to IndAS.
Exemption to consider previous GAAP carrying value of property, plant and equipment (PPE) as deemed cost	Entities have an option to use previous GAAP carrying values of PPE as of the date of transition as deemed cost under Ind AS. A similar exemption is available for intangible assets and investment properties.	There is no exemption permitting previous GAAP carrying value of PPE as deemed cost under IFRS (except for certain specific oil and gas assets, and rate regulated assets).
Transitional relief while applying Ind AS 17: *Leases*.	An entity to use the transition date facts and circumstances for lease arrangements which includes both land and building elements to assess the classification of each element as finance or an operating lease at the transition date to Ind ASs. Also, if there is any land lease newly classified as finance lease then the first time adopter may recognize assets and liability at fair value on that date; any difference between those fair values is recognised in retained earnings.	No Such exemption available under IFRS.
Service concession arrangements relating to toll roads.	Optional exemptions is provided in relation to service concession arrangements relating to toll roads. *"Intangible assets recognised for service concession arrangements in respect of toll roads under IGAAP up to the period ending immediately before the beginning of the first Ind AS reporting period can be amortised as per the policy adopted under IGAAP."*	No such exemption under IFRS.

First-time adoption		
Particulars	**INDAS**	**IFRS**
Exemption for unrealised foreign Currency exchange differences on long-term monetary assets and liabilities	A first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP. However, for new long term monetary assets and liabilities, any gains or losses will be accounted for in the profit and loss account	No such exemption available under IFRS. IFRS requires all foreign currency exchange gains and losses on restatement or settlement to be accounted for in profit and loss account

Business combinations		
Particulars	**INDAS**	**IFRS**
Common control transactions	Common control transactions are included in the scope; and additional guidance is provided. The additional guidance provides that business combination transactions between entities under common control should be accounted for using the "pooling of interest" method.	Common control transactions are excluded from the scope.
Gain on bargain purchase	Gain on bargain purchase is recognised in (Other Comprehensive Income) OCI and accumulated in equity as capital reserve if there is a clear evidence of the underlying reason for classification of the business combination as a bargain purchase; otherwise, the resulting gain is recognized directly in equity as capital reserve.	Gain on bargain purchase is recognised in profit or loss after reassessment of the fair value of assets acquired and liabilities assumed.

Non-current Assets Held for Sale and Discontinued Operations		
Particulars	**INDAS**	**IFRS**
Presentation of Discontinued operations in separate income statement.	Requirements regarding presentation of discontinued operations in the separate income statement, where separate income statement is presented under paragraph 33A of IFRS 5 have been deleted. This change is consequential to the removal of option regarding two statement approach in Ind AS 1.	Option to present separate income statement and other comprehensive income statement or one single statement containing both.
Conditions for classification of a non current asset (or disposal group) as held for sale	A clarification has been added in Paragraph 7 that the non-current asset (or disposal group) cannot be classified as held for sale, if the entity intends to sell it in a distant future.	No Such clarification exist in IFRS

IFRS 9, *Financial Instruments*		
Particulars	INDAS	IFRS
Fair Value hedge	Option to apply requirements of IAS 39 for fair value hedge of the interest rate exposure of a portfolio of financial assets or financial liabilities as provided in IFRS 9 has been removed in Ind AS 109.	Option to apply requirements of IAS 39 for fair value hedge of the interest rate exposure of a portfolio of financial assets or financial liabilities as exist in IFRS 9

Consolidated Financial Statements		
Particulars	INDAS	IFRS
Exemption from consolidation for investment entities.	IFRS 10 requires all investments to be measured at fair value to qualify for the exemption from consolidation available to an investment entity. Since, Ind AS 40, *Investment Properties* requires all investment properties to be measured at cost initially and cost less depreciation subsequently, option have been deleted as this is not relevant in the Indian context.	Exemption is available under IFRS for entities measuring investment at fair value.

Regulatory Deferral Accounts		
Particulars	INDAS	IFRS
Previous GAAP definition	Guidance Note of Accounting for Rate Regulated Activities *issued by the Institute of Chartered Accountants of India (ICAI)* would be considered as the previous GAAP for the purpose of Ind AS 114.	Previous GAAP has been defined as the basis of accounting that a first-time adopter used immediately before adopting IFRS.

Joint Arrangements		
Particulars	INDAS	IFRS
Common Control	Paragraph B33D refers to the accounting specified in Appendix C 'Business Combinations under Common Control' of Ind AS 103 for the acquisition of an interest in a joint operation when the parties sharing joint control, including the entity acquiring the interest in the joint operation, are under the common control of the same ultimate controlling party or parties both before and after the acquisition, and that control is not transitory.	IFRS 11 scopes out the same as IFRS 3, Business Combinations, does not deal with business combinations under common control.