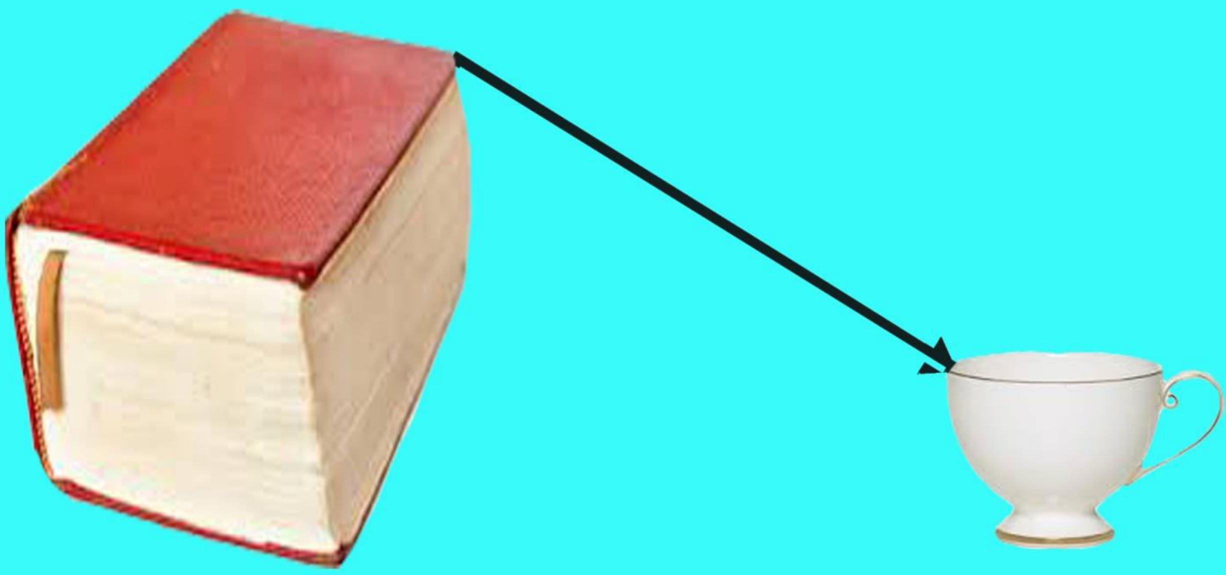
CA FINAL my notes

A book my MD IMRAN.
An author, translated the Sea in to just a cup of Tea.



Difference between IndAS & AS

A STEP TOWARDS 100% CA FINAL RESULT.

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Difference between AS and indas

Generally used sentence

1. There no such provision in the existing accounting standards.
2. Existing AS doesn't contain any Specific explanation in respect of such.
3. Existing AS doesn't deal with the same.
4. It is differ from treatment provided under the existing accounting standards.
5. Disclosure requirement given in indas is more detailed as compare to existing accounting standards.

INDIAN ACCOUNTING STANDARDS	ACCOUNTING STANDARDS
Ind AS 1 and AS 1 : DISCLOSURE OF ACCOUNTING POLICIES	
Explicit Statement of Compliance:	
Whether comply with all Ind AS	Existing AS doesn't contain any Specific explanation in respect of such
Current and Non-current Classification:	
It provides criteria of classification	There no such provision in the existing accounting standards. It is provided in Schedule III.
Disclosure of Judgments and Assumptions made:	
Require disclose of judgement of management and key assumption.	Existing AS doesn't contain any Specific explanation in respect of such
Classification of Expenses:	
It require nature wise classification.	Existing AS doesn't contain any Specific explanation in respect of such
Presentation of Balance Sheet:	
At the beginning of earlier period when entity apply an accounting policies retrospectively.	Existing AS doesn't contain any Specific explanation in respect of such
Disclosure of Reclassified of Items:	
Requires disclosure of nature, amount and reason for reclassification in the notes to financial statements.	Existing AS doesn't contain any Specific explanation in respect of such
Statement of Other Comprehensive Income:	
Follow single statement approach in two section, statement of profit and loss & other comprehensive income.	Existing AS doesn't contain any Specific explanation in respect of such
Classification of Long-term Loan Arrangement:	
If there is breach of provision with respect to long term loan arrangement & lender agreed to waive and not to recall or demand payment before the approval of financial statement, then such will continue to classify as non- current liabilities.	There no such provision in the existing accounting standards.
Ind AS 8 and AS 5: PRIOR PERIOD ITEM AND CHANGE IN ACCOUNTING POLICIE	
Extraordinary Items:	
Prohibit disclosure of Extraordinary Items	Existing AS doesn't deal with the same.
Definition of Accounting Policies:	
Accounting policies means accounting principle and method of applying those principles, **base, conversion, rules & practice** adopted in the preparation and presentation of financial statement	Accounting policies means accounting principle and method of applying those principles adopted in the preparation and presentation of financial statement
Accounting for Changes in Accounting Policies:	
Accounting policies should be applied consistently from one year to next year for similar transactions, other events and conditions.	Existing AS doesn't contain any Specific explanation in respect of such
Exceptions in Retrospective Accounting of Changes in Accounting Policies:	
Accounted retrospectively.	Existing AS doesn't contain any Specific explanation in respect of such
Prior Period Items:	
Ind AS 8 uses the term 'errors' and relates it to	Income or expenses recognised in current year

errors or omissions arising from a failure to use or misuse of reliable information	due to error or omission in preparation of financial statement of earlier period, it should be provided prospectively. It should be disclosed separately.
Rectification of Material Prior Period Errors:	
Ind AS 8 requires rectification of material Prior period errors with retrospective effect	Existing AS 5 requires the rectification of prior period items with prospective effect.
Ind AS 10 and AS 4: EVENT OCCURRING AFTER THE BALANCE SHEET DATE	
Non Adjusting Events if Material:	
Material non-adjusting events are required To be disclosed in the financial statements	The same to be disclosed in the report of approving authority.
Proposed Dividend:	
Dividend declared after reporting period but before approval of account cannot be recognised as a liability in the financial statements, because no obligation exists at that time.	Same is required to be recognised in financial statements
Accounting Treatment and Disclosure in case of Inappropriateness of Fundamental Accounting Assumption of Going Concern:	
Requires a fundamental change in the basis of accounting.	If it is not expected to continue for foreseeable future depreciation and provision not provided, assets is disclosed at realisable value and liabilities at payable value
In case of breach of a material provision of a long-term loan arrangement:	
If there is breach of provision with respect to long term loan arrangement & lender agreed to waive and not to recall or demand payment before the approval of financial statement, then such will continue to classify as non- current liabilities.	There no such provision in the existing accounting standards.
Ind AS 34 and AS 25	
Contents of Interim Report:	
In case of interim financial reporting, Condensed Statement of profit and loss, Condensed Balance sheet and Condensed Cash flow statement **and** in addition to the above, **a condensed statement of changes in equity**. Should be presented	In case of interim financial reporting, Condensed Statement of profit and loss, Condensed Balance sheet and Condensed Cash flow statement should be presented.
Reversal of Impairment Loss:	
Prohibits reversal of impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.	There is no such specific prohibition in the Existing standard.
Accounting Policies:	
Same accounting policies & method of computation should be followed in interim period.	Same accounting policies should be followed.
Contingent Liabilities and Contingent Assets:	
Requires furnishing of information on both contingent liabilities and contingent assets, if they are significant	Furnishing of information on contingent liabilities only
Change in Accounting Policy:	
Apportioned over interim period proportionately. Ind AS 34 additionally requires restatement of the comparable interim periods of prior financial years	Apportioned over interim period proportionately.
Ind AS 12 and AS 22	
Approach for creating Deferred Tax:	

Balance sheet approach	Statement of Profit and loss approach.
Recognition of Current and Deferred Tax:	
Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised	Para 15- Recognise deferred tax assets only when reasonable certainty that there will be sufficient future taxable income against which it can be realised
Recognition of Current and Deferred Tax for unabsorbed losses and depreciation	
Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised	Para 17 Deferred tax will be created on unabsorbed depreciation only when there is virtual certainty supported by convincing evidence that there will be future income against which such deferred tax assets can be realised.
Disclosure of DTA and DTL in Balance Sheet:	
Ind AS 12 does not deal with this aspect except that it requires that income tax relating to each component of other comprehensive income shall be disclosed as current or non-current asset/liability in accordance with the requirements of Ind AS 1.	It require disclosure of deferred tax assets and deferred tax liabilities in the balance sheet.
Disclosure Requirements:	
Disclosure requirement given in indas is more detailed as compare to existing accounting standards.	Limited disclosure
Ind AS 2 and AS 2 : VALUATION OF INVENTORIES	
Machinery Spares:	
Inventories do not include machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular;	Existing AS doesn't contain any Specific explanation in respect of such
Inventories Acquired on Deferred Settlement Terms:	
If it is acquired in deferred credit term then the difference between the purchase price in case of normal credit term and the amount paid, is recognised as interest expenses.	Existing AS doesn't contain any Specific explanation in respect of such
Cost Formulae:	
Use of consistent cost formula for all inventory.	Specifically provides that the formula used in determining the cost of an item of inventory should reflect the fairest possible approximation to the cost incurred in bringing the items of inventory to their present location and condition.
Ind AS 37 and AS 29	
Discounting Provisions:	
Require discounting	Prohibit discounting
Disclosure of Contingent Assets:	
Requires disclosure of contingent assets in the financial statements when the inflow of economic benefits is probable.	Prohibit disclosure in financial statement only disclosure in report of approving authority.
Ind AS 16 and AS 10	
Criteria for Recognition of Fixed Assets:	
Recognise fixed assets when (a) It is probable that future economic benefits associated with the item will flow to the entity,	There no such provision in the existing accounting standards.

And (b) The cost of the item can be measured reliably.	
Major Spare-parts:	
Spare parts, stand-by equipment and servicing equipment are recognised in accordance with this Ind AS when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.	Only those spares are required to be capitalised which can be used only in connection with a fixed asset and whose use is expected to be irregular.
Component Approach:	
Require component approach that each major part of item of property plant and equipment recognised separately and depreciated separately.	It does not mandatorily require full adoption of the component approach.
Cost of Major Inspections:	
To be capitalised	Existing AS doesn't deal with the same.
Cost of Dismantling and Removal of the Item of PPE and Restoring the Site:	
Included in the cost of the respective item of property plant and equipment.	Existing AS doesn't deal with the same.
Cost Model or Revaluation Model as its Accounting Policy:	
Allow to choose either **cost model** or the **revaluation model**.	Revaluation be made with reference to the **fair value** of items of property plant and equipment.
Transfers from Revaluation Surplus:	
Revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred to the retained earnings when the asset is derecognised.	Existing AS doesn't deal with the same.
Discounting in Case Payment is Deferred Beyond Normal Credit Terms:	
If it is acquired in deferred credit term then the difference between the purchase price in case of normal credit term and the amount paid, is recognised as interest expenses.	Existing AS doesn't contain any Specific explanation in respect of such
Review of Residual Value and Useful Life:	
At lease at each financial year end.	Review periodically.
Review of Depreciation Method:	
Depreciation method applied to an asset should be reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method should be changed to reflect the changed pattern.	Change in accounting policies allowed only when it result in more appropriate presentation or it is required by law.
Change in Depreciation Method:	
It is change in accounting estimate. It should be provided prospectively.	It is change in accounting policies. It should be provided retrospectively.
Compensation from Third Parties for Items of PPE that were Impaired, Lost or Given Up:	
Include in the statement of profit and loss when the compensation becomes receivable.	Existing AS doesn't deal with the same.
PPE acquired in Exchange for a Non-monetary Asset:	
Recognised at fair value.	Fair value of assets given or obtained whichever is more clearly evident.
Ind AS 38 and AS 26 : INTANGIBLE ASSETS	
Definition of Intangible Assets:	
Identifiable non-monetary assets without physical substance, ~~used for production of goods, rendering of services or for administrative purpose.~~	Identifiable non-monetary assets without physical substance, used for production of goods, rendering of services or for administrative purpose.
Revenue Based Amortisation Method:	

Amortise intangible assets on the basis of revenue generated by an activity.	Existing AS doesn't deal with the same.
Payment Deferred beyond Normal Credit Terms:	
If it is acquired in deferred credit term then the difference between the purchase price in case of normal credit term and the amount paid, is recognised as interest expenses.	Existing AS doesn't contain any Specific explanation in respect of such
Intangible Assets Acquired in Exchange:	
Recognised at fair value.	Recognised at fair market value of book value.
Intangible Assets acquired Free of Charge or for a Nominal Consideration by way of Government Grant:	
Recognised at fair value	Recognised at nominal value or acquisition cost.
Useful Life of an Intangible Asset:	
It may be indefinite	Either finite or 10 year.
Valuation Model as Accounting Policy:	
Either cost model or revaluation model	Revaluation model is not permitted.
Change in Method of Amortization:	
It is change in accounting estimate.	It is change in accounting policies
Ind AS 40 and AS 13 : ACCOUNTING FOR INVESTMENT	
Disclosure requirement given in indas is more detailed as compare to existing accounting standards. It is detail standards dealing with various aspect.	Limited guidance on investment propeties
Ind AS 36 and AS 28: IMPAIRMENT OF ASSETS	
Financial Assets:	
Also applies to financial assets such as investment in subsidiary, associate and joint venture.	Doesn't apply on such assets.
Biological Assets:	
Specifically excludes biological assets related to agricultural activity.	Does not specifically exclude biological assets.
Impairment Testing for an Intangible Asset with an Indefinite Useful Life:	
Annual impairment testing for intangible assets.	Not require the annual impairment testing for goodwill.
Reversal of Goodwill:	
Prohibits the recognition of reversals of impairment loss for goodwill.	May be in exceptional circumstances.
Bottom up and Top Down Test:	
There is no bottom-up or top-down approach for allocation of goodwill.	Impairment loss for non-cash generating unit is calculated in two steps, first bottom up approach and second top down approach.
Ind AS 17 and AS 19 : LEASE	
Land:	
Dealing with leases of land and building applicable.	Excludes leases of land from its scope
Treatment of Initial Direct Costs:	
It is differ from treatment provided under the existing accounting standards.	
Current/Non-current Classification of Lease Liabilities:	
Requires current/noncurrent classification of lease Liabilities if such classification is made for other liabilities.	Existing AS doesn't contain any Specific explanation in respect of such.
Sale and Leaseback Transaction:	

Not specified the method of amortisation.	Contain detailed defer and amortisation method.
Recognition of Lease Payments:	
In case of operating lease, where escalation of lease rentals is in line with the expected general inflation so as to compensate the lessor for expected inflationary cost increases shall not be straight lined.	Existing AS doesn't contain any Specific explanation in respect of such.
Ind AS 105 and AS 24: DISCONTINUING OPERATION	
Scope and Objective:	
Deals with accounting for non-current assets held for sale, and the presentation and disclosure of *discontinued operations*.	Deals only with Discontinuing operation.
Discontinued vs Discontinuing Operations:	
A discontinued operation is a component of an entity that either has been disposed off or is classified as held for sale.	DISCONTINUING OPERATION: An operation is said to be discontinuing operation: 1. Which is being disposed off pursuant to a single plan. 2. That is a reportable segment in accordance with AS-17. 3. That financially and operationally separable?
Time Period:	
The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification with certain exceptions	Does not specify any time period in this regard as it relates to discontinuing operations.
Initial Disclosure Event:	
Not mention.	Reporting of discontinuing operation is required to be made when initial disclosure event takes place
Measurement:	
Lower of carrying amount and fair value less costs to sell, and are presented separately in the balance sheet.	AS 10 deal with it Profit or loss on sale of fixed assets is recognised in Statement of Profit and loss.
Ind AS 24 and AS 18: RELATED PARTY TRANSACTION	
Definition of Relative:	
"a close member of the family of a person" Who may be expected to influence, or be influenced by, that person in their dealings with the entity, including: A. That person's children, spouse or domestic partner, brother, sister, father and mother; B. Children of that person's spouse or domestic partner; and C. Dependants of that person or that person's spouse or domestic partner.	"relatives of an individual
State Controlled Enterprise:	
"an entity that is controlled, jointly controlled or significantly influenced by a government."	*"an enterprise which is under the control of the Central Government and/or any Stat Government(s)"*.
Key Management Personnel:	
Includes KMP of entity and parent.	KMP of entity only.
Next Most Senior Parent:	
Requires an additional disclosure as to the name of the next most senior parent which produces consolidated financial statements for public use	There no such provision in the existing accounting standards

Ind AS 108 and AS 17	
Identification of Segments:	
It is based on 'management approach' i.e. Operating segments are identified based on the internal reports regularly reviewed by the entity's chief operating decision maker.	Segment is identified as business segment or geographical segment. Business segment identified on the basis of production of good or rendering of services. Geographical segment identified on the basis of situated in different geographical location.
Single Reportable Segment:	
Requires certain disclosures even in case of entities having single reportable segment	There is not such requirement.
Interest Expense:	
Requires the separate disclosures about interest revenue and interest expense of each reportable segment	Excludes interest
Disclosures:	
Disclosure requirement given in indas is more detailed as compare to existing accounting standards.	
Ind AS 7, AS 3 : CASH FLOW STATEMENT	
Bank Overdraft Repayable on Demand:	
Includes bank overdrafts which are repayable on demand as a part of cash and cash equivalents.	Existing AS doesn't contain any Specific explanation in respect of such.
Treatment of Cash Payments to property dealer who held for sale, as Rent.	
Cash flows from operating activities	Existing AS doesn't contain any Specific explanation in respect of such.
Cash Flows associated with Extraordinary Activities:	
Separate disclosure.	Existing AS doesn't contain any Specific explanation in respect of such.
Ind AS 20, AS 12 : GOVERNMENT GRANT	
Grant in respect of Non Depreciable Assets:	
Grants should be recognised as income over the periods which bear the cost of meeting the obligation. It, therefore, specifically prohibits recognition of grants directly in the shareholders' funds.	Credited to capital reserve
Government Grants in the Nature of Promoters Contribution:	
Grants should be recognised as income over the periods which bear the cost of meeting the obligation. It, therefore, specifically prohibits recognition of grants directly in the shareholders' funds.	Credited to capital reserve
Valuation of Non-monetary Grants given Free or at a Concessional Rate:	
Fair value.	Nominal value.
Accounting for Grant Related to Assets including Non-monetary Grant:	
Only deferred income.	Either deferred income or reduced from cost of assets.
Ind AS 21, AS 11 : THE AFFECT OF CHNAGE IN FOREIGN EXCHANGE RATE	
Forward Exchange Contracts and other similar Financial Instruments:	
Excludes from its scope forward exchange	There is no such exclusion.

contracts and other similar financial instruments, which are treated in accordance with Ind AS 109.	
Exchange Differences arising on Translation of Certain Long-term Monetary Items From Foreign Currency to Functional Currency:	
Dealt in accordance with indas 101. Such an entity may continue to apply the accounting policy so opted for such long-term foreign currency monetary items as per the previous GAAP.	PARA-46 Depreciable Assets: Exchange difference related to depreciable assets, Capitalised to assets and depreciate It over life of assets. Non depreciable assets: Exchange difference shown as FOREIGN CURRENCY MONETARY ITEM (FCMIT) Difference account under head of RESEREVE AND SURPLUS if credit balance and under head of non-current assets if Debit balance. It is written off over life of LTFCMI but not beyond 31st March 2020.
Approach for Translation:	
Functional currency approach.	Determine the foreign operations as non –integral foreign operations
Ind AS 23, AS 16: BORROWING COST	
Qualifying Asset measured at Fair Value:	
Does not require an entity to apply this standard to borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset measured at fair value,	AS 16 does not provide for such scope relaxation.
Applicability to Inventories:	
Not apply to inventory which are repetitive in nature.	Existing AS doesn't contain any Specific explanation in respect of such.
Explanation of Substantial Period of Time:	
It doesn't contain any Specific explanation in respect of such.	Qualifying assets means, Assets which takes substantial period of time to get ready to use or sale, that is exceeding 12 month.
Disclosure of Capitalisation Rate:	
Require disclosure,	Not require any disclosure.
Ind AS 19, AS 15 : EMPLOYEE BENEFITS	
Constructive Obligations:	
It cover .	It doesn't cover.
Definition of Employee:	
Includes all director.	Includes only whole time director.
Qualified Actuary:	
It specifically encourage the valuation by qualified actuary.	Does not specifically encourage the same
Recognition of Actuarial Gains and Losses:	
In other comprehensive income.	In SPL.
Financial Assumptions:	
Based on market expectation.	Not clarify the same.
Discounting of Post-employment Benefit Obligations:	
Require discounting with reference to market yields at the end of the reporting period on high quality corporate bonds	The rate used to discount post-employment benefit obligations should always be determined by reference to market yields at the balance sheet date on government bond.
Ind AS 33 and AS 20 EARNING PER SHARE	
Presentation of Basic and Diluted EPS from Continuing and Discontinued Operations:	

Disclosure of EPS with and without Extraordinary Items:	
Requires presentation of basic and diluted EPS from continuing and discontinued operations separately.	Existing AS doesn't contain any Specific explanation in respect of such.
Ind AS 103 and AS 14	
Scope	
Defines a business combination which has a wider scope.	Deals only with amalgamation.
Methods for Accounting:	
Only the acquisition method for every business combination	An amalgamation may be either in the nature of merger of nature of purchase.
Assets and Liabilities:	
At fair value.	At book value or fair value.
Amortisation of Goodwill:	
The goodwill is not amortised but tested for impairment on annual basis in accordance with Ind AS 36	The goodwill arising on amalgamation in the nature of purchase is amortised over a period snot exceeding five years
Reverse Acquisitions:	
Deal with the same.	Does not deal with the same.
Bargain Purchase Gain:	
Recognised in other comprehensive income and accumulated in equity as capital reserve,	It shall be recognised directly in equity as capital reserve
Ind AS 110 and AS 21	
Mandatory preparation of Consolidated Financial Statements:	
Makes the preparation of Consolidated Financial Statements mandatory for a parent	Not mandatory.
Control:	
	More than one-half of the voting power of an enterprise or control of the composition of the board of directors or governing body
Clarification on more than one Parent of a Subsidiary:	
Doesn't provide clarification	Provides clarification.
Difference in Reporting Dates:	
Not exceeding 3 month.	Not exceeding 6 month.
Uniform accounting policies:	
Require the use of uniform accounting policies.	Require the use of uniform accounting policies. Unless it is impracticable.
Presentation of Non-controlling Interest in CFS:	
Non-controlling interests shall be presented in the consolidated balance sheet within equity separately from the parent shareholders' equity.	Minority interest should be presented in the consolidated balance sheet separately from liabilities and equity of the parent's shareholders.
Exclusion from Consolidation:	
No such exclusion	Excludes from consolidation when investment is temporary.
Ind AS 110 andas 27	
Types of Joint Arrangement/Joint Venture:	
A joint arrangement is either a joint operation or a joint venture.	Recognises three forms of joint venture namely: (a) jointly controlled operations, (b) jointly controlled assets and (c) jointly controlled entities.
Equity method:	
Provides that a venturer can recognise its interest in joint venture using only equity method	Prescribes the use of proportionate consolidation method only.