Technical Summary of Ind-AS

Major Differences between Ind AS and AS notified under Companies (Accounting Standards) Rules,2006 read with Companies (Accounting Standards)Amendment Rules, 2016

Ind AS 1, *Presentation of Financial Statements*, and existing AS 1, *Disclosure of Accounting Policies*

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

i. An enterprise shall make an explicit statement in the financial statements of compliance with all the Indian Accounting Further, Ind AS 1 allows deviation from a requirement of an accounting standard in case the management concludes that compliance with Ind AS will be misleading and if the regulatory framework requires or does not prohibit such a departure.
ii. Ind AS 1 requires presentation and provides criteria for classification of Current / Non- Current assets /
iii. Ind AS 1 prohibits presentation of any item as 'Extraordinary Item' in the statement of profit and loss or in the
iv. Ind AS 1 requires disclosure of judgments made by management while framing of accounting Also, it requires disclosure of key assumptions about the future and other sources of measurement uncertainty that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within next financial year.
v. Ind AS 1 requires classification of expenses to be presented based on nature of
vi. Ind AS 1 requires presentation of balance sheet as at the beginning of the earliest period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in the financial statements, or when it reclassifies items in its financial

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

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

ix. Ind AS 1 requires that an entity shall present a single statement of profit and loss, with profit or loss and other comprehensive income presented in two The sections shall be presented together, with the profit or loss section presented first followed directly by the other comprehensive income section.

x. As per Ind AS 1, an entity shall include certain comparative information for understanding the current period's financial

xi. Ind AS 1 clarifies 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 (Paragraph 74)

Ind AS 2, *Inventories* and existing AS 2, *Valuation of Inventories*

i. Ind AS 2 deals with the subsequent recognition of cost/carrying amount of inventories as an expense, whereas the existing AS 2 does not provide the same (refer paragraphs 1 and 34 of Ind AS 2).

ii. Ind AS 2 provides explanation with regard to inventories of service providers whereas the existing AS 2 does not contain such an explanation (refer paragraphs 8, 19 and 29 of Ind AS 2).

iii. The existing AS 2 explains that inventories do not include spare parts, servicing equipment and standby equipment which meet the definition of property, plant and equipment as per AS 10, *Property, Plant and Equipment*. Such items are accounted for in accordance with Accounting Standard (AS) 10, *Property, Plant and* Ind AS 2 does not contain specific explanation in respect of such spares as this aspect is covered under Ind AS 16.

iv. Ind AS 2 does not apply to measurement of inventories held by commodity broker-traders, who measure their inventories at fair value less costs to However, this aspect is not there in the existing AS 2. Accordingly, Ind AS 2 defines fair value and provides an explanation in respect of distinction between 'net realisable value' and 'fair value'. The existing AS 2 does not contain the definition of fair value and such explanation.

v. Ind AS 2 provides detailed guidance in case of subsequent assessment of net realisable value (refer paragraph 33 of Ind AS 2). It also deals with the reversal of the write-down of inventories to net realisable value to the extent of the amount of original write-down, and the recognition and disclosure thereof in the financial the existing AS 2 does not deal with such reversal.

vi. Ind AS 2 excludes from its scope only the measurement of inventories held by producers of agricultural and forest products, agricultural produce after harvest, and minerals and mineral products though it provides guidance on measurement of such inventories (refer paragraphs 4 and 20 of Ind AS 2). However, the existing AS 2 excludes from its scope such types of

vii. The existing AS 2 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 whereas Ind AS 2 does not specifically state so and requires the use of consistent cost formulas for all inventories having a similar nature and use to the entity (refer paragraphs 25 and 26)**.**

viii. Ind AS *2* requires more disclosures as compared to the existing AS 2 (refer paragraph 36 of the Ind AS *2*).

Ind AS 7, *Statement of Cash Flows* and the existing AS 3, *Cash Flow Statements*

i. Ind AS 7 specifically includes bank overdrafts which are repayable on demand as a part of cash and cash equivalents, whereas the existing AS 3 is silent on this aspect (refer paragraph 8 of Ind AS7).

ii. Ind AS 7 provides the treatment of cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale in the ordinary course of business as cash flows from operating Further, treatment of cash receipts from rent and subsequent sale of such assets as cash flow from operating activity is also provided (refer paragraph 14 of Ind AS 7). The existing AS 3 does not contain such requirements.

iii. Ind AS 7 includes the following new examples of cash flows arising from financing activities (refer paragraph 17 of Ind AS 7):

   a. cash payments to owners to acquire or redeem the entity’s shares
   b. cash proceeds from mortgages
   c. Cash payments by a lessee for the reduction of the outstanding liability relating to a finance lease**.**

iv. As compared to the existing AS 3, Ind AS 7 specifically requires adjustment of the profit or loss for the effects of ‘undistributed profits of associates and non-controlling interests’ while determining the net cash flow from operating activities using the indirect method (refer paragraph 20(b) of the Ind AS 7).

v. The existing AS 3 requires cash flows associated with extraordinary activities to be separately classified as arising from operating, investing and financing activities, whereas Ind AS 7 does not contain this

vi. As compared to the existing AS 3, Ind AS 7 requires an entity (except an investment entity) to disclose the amount of cash and cash equivalents and other assets and liabilities in the subsidiaries or other businesses over which control is obtained or lost (refer paragraph 40(c) and (d) of Ind AS 7). Ind AS 7 also requires to report the aggregate amount of the cash paid or received as consideration for obtaining or losing control of subsidiaries or other businesses in the statement of cash flows, net of cash and cash equivalents acquired or disposed of as a part of such transactions, events or changes in circumstances (refer paragraph 42 of Ind AS 7). The existing AS 3 does not contain such

vii. Ind AS 7 requires to classify cash flows arising from changes in ownership interests in a subsidiary that do not result in a loss of control as cash flows from financing activities (refer paragraphs 42A and 42B of Ind AS 7). The existing AS 3 does not contain such a

viii. Ind AS 7 mentions the use of equity or cost method while accounting for an investment in an associate, joint venture or a subsidiary (refer paragraph 37 of Ind AS 7). It also specifically deals with the reporting of interest in an associate or a joint venture using equity method (refer paragraph 38 of Ind AS 7). The existing AS 3 does not contain such

ix. Ind AS 7 uses the term ‘functional currency’ instead of ‘reporting currency’ (as used in the existing AS 3). Ind AS 7 also deals with translation of cash flows of a foreign subsidiary (refer paragraphs 25 to 27 of Ind AS 7) whereas in the existing AS 3, it is not dealt

x. Ind AS 7 requires more disclosures as compared to the existing AS 3

(Refer paragraph 50 of the Ind AS 7).

Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* and existing AS 5 (Revised 1997) *Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies*

i. Objective of existing AS 5 is to prescribe the classification and disclosure of certain items in the statement of profit and loss for uniform preparation and presentation of financial Objective of Ind AS 8 is to prescribe the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. Ind AS 8 intends to enhance the relevance and reliability of an entity’s financial statements and the comparability of those financial statements over time and with the financial statements of other entities.

ii. Keeping in view that Ind AS 1, *Presentation of Financial Statements*, prohibits the presentation of any items of income or expense as extraordinary items, Ind AS 8 does not deal with the

iii. Existing AS 5 restricts the definition of accounting policies to specific accounting principles and the methods of applying those principles while Ind AS 8 broadens the definition to include bases, conventions, rules and practices (in addition to principles) applied by an entity in the preparation and presentation of financial

iv. In addition to the situations allowed under Ind AS 8 for changing an accounting policy, existing AS 5 allows change in accounting policy if required by

v. Ind AS 8 specifically states that an entity shall select and apply its accounting policies consistently for similar transactions, other events and conditions, unless an Ind AS specifically requires or permits categorisation of items for which different policies may be Neither existing AS 5 nor any other existing Standard specifically requires accounting policies to be consistent for similar transactions, other events and conditions.

vi. Ind AS 8 requires that changes in accounting policies should be accounted for with retrospective effect subject to limited exceptions viz., where it is impracticable to determine the period specific effects or the cumulative effect of applying a new accounting On the other
hand, existing AS 5 does not specify how change in accounting policy should be accounted for.

vii. Existing AS 5 defines prior period items as incomes or expenses which arise in the current period as a result of errors or omissions in the preparation of financial statements of one or more prior Ind AS 8 uses the term 'errors' and relates it to errors or omissions arising from a failure to use or misuse of reliable information (in addition to mathematical mistakes, mistakes in application of accounting policies etc.) that was available when the financial statements of the prior periods were approved for issuance and could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. Ind AS 8 specifically states that errors include frauds, which is not covered in existing AS 5.

viii. Ind AS 8 requires rectification of material prior period errors with retrospective effect subject to limited exceptions, where it is impracticable to determine the period specific effects or the cumulative effect of applying a new accounting policy. On the other hand, existing AS 5 requires the rectification of prior period items with prospective effect.

ix. Disclosure requirements given in Ind AS 8 are more detailed as compared to the disclosure requirements given in the existing AS

Ind AS 10, *Events after the Reporting Period,* and existing AS 4*, Contingencies and Events occurring after the Balance Sheet Date*

1. In Ind AS 10, material non-adjusting events are required to be disclosed in the financial statements, whereas the existing AS 4 requires the same to be disclosed in the report of approving

2. If, after the reporting date, it is determined that the fundamental accounting assumption of going concern is no longer appropriate, Ind AS 10 requires a fundamental change in the basis of Whereas existing AS 4 requires assets and liabilities to be adjusted for events occurring after the balance sheet date that indicate that the fundamental accounting assumption of going concern is not appropriate.
   In this regard, Ind AS 10 refers to Ind AS 1, which requires an entity to make the following disclosures:
   - disclose the fact that the financial statements are not prepared on a going concern basis together with the basis on which the financial statements are prepared
   - state the reason why the entity is not regarded as a going
     Existing AS 4 does not require any such disclosure, However, existing AS 1 requires the disclosure of the fact in case going concern assumption is not followed.
3. Consequent to changes made in Ind AS 1, it has been provided in the definition of 'Events after the reporting period' that 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
4. Ind AS 10 includes an Appendix *Distribution of Non-cash Assets toOwners* which deals, inter alia, with when to recognise dividends payable to its

Ind AS 12, *Income Taxes* and existing AS 22, *Taxes on Income*

i. Ind AS 12 is based on balance sheet it requires recognition of tax consequences of differences between the carrying amounts of assets and liabilities and their tax base. Existing AS 22 is based on income statement approach. It requires recognition of tax consequences of differences between taxable income and accounting income. For this purpose differences between taxable income and accounting income are classified into permanent and timing differences.

ii. As per Ind AS 12, subject to limited exceptions, 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 The criteria for recognising deferred tax assets arising from the carry forward of unused tax losses and tax credits are the same that for recognising deferred tax assets arising from deductible temporary differences. However, 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
As per the existing AS 22, deferred tax assets are 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. Where deferred tax asset is recognised against unabsorbed depreciation or carry forward of losses under tax laws, it is 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.

iii. As per Ind AS 12, current and deferred tax are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognised outside profit or loss, either in other comprehensive income or directly in equity, in those cases tax is also recognised in other comprehensive income or in equity, as Existing AS 22 does not specifically deal with this aspect.

iv. Existing AS 22 deals with disclosure of deferred tax assets and liabilities in the balance 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.

v. Disclosure requirements given in the Ind AS 12 are more detailed as compared to existing AS

vi. Ind AS 12 requires that deferred tax asset/liability arising from revaluation of non-depreciable assets shall be measured on the basis of tax consequences from the sale of asset rather than through Existing AS 22 does not deal with this aspect.

vii. Ind AS 12 provides guidance as to how an entity should account for the tax consequences of a change in its tax status or that of its Existing AS 22 does not deal with this aspect.

viii. Existing AS 22 explains virtual certainty supported by convincing since the concept of virtual certainty does not exist in Ind AS 12, this explanation is not included.

ix. Existing AS 22 specifically provides guidance regarding recognition of deferred tax in the situations of Tax Holiday under Sections 80-IA and 80-IB and Tax Holiday under Sections 10A and 10B of the Income Tax Act,
Similarly, existing AS 22 provides guidance regarding recognition of deferred tax asset in case of loss under the head ‘capital gains’.
Ind AS 12 does not specifically deal with these situations.

x. Existing AS 22 specifically provides guidance regarding tax rates to be applied in measuring deferred tax assets/liabilities in a situation where a company pays tax under section Ind AS 12 does not specifically deal with this aspect.

Ind AS 16, *Property, Plant and Equipment*, and existing AS 10, *Property, Plant and Equipment*

i. Ind AS 16 does not deal with the assets 'held for sale' because the treatment of such assets is covered in Ind AS 105, *Non-current AssetsHeldforSaleand Discontinued Operations*. Existing AS 10 deals with accounting for items of fixed assets retired from active use and held for

ii. Ind AS 16 provides guidance on measuring 'Stripping Costs in the Production Phase of a Surface Mine'. Existing AS does not contain this

Ind AS 17, *Leases* and AS 19, *Leases*

i. The existing standard excludes leases of land from its Ind AS 17 does not have such scope exclusion. It has specific provisions dealing with leases of land and building applicable. Further, Ind AS 17 is not applicable as the basis of measurement for
   - property held by lessees/provided by lessors under operating leases but treated as investment property and
   - Biological assets held by lessees/provided by lessors under operating leases that are covered in the Standard on

   The existing standard does not contain such provisions.

ii. The definition of residual value appearing in the existing standard has been deleted in Ind AS

iii. Consequent upon the difference between the existing standard and Ind AS 17 in respect of treatment of initial direct costs incurred by a non- manufacturer/non-dealer-lessor in respect of a finance lease (see point 5 below), the term 'initial direct costs' has been specifically defined in Ind AS 17 and definition of the term 'interest rate implicit in the lease' as per the existing standard has been modified in Ind AS

iv. Ind AS 17 makes a distinction between inception of lease and commencement of in the existing standard, though both the terms are used at some places, these terms have not been defined and distinguished. Further, Ind AS 17 deals with adjustment of lease payments during the period between inception of the lease and the commencement of the lease term. This aspect is not dealt with in the existing standard. Also, as per Ind AS 17, the lessee shall recognise finance leases as assets and liabilities in balance sheet at the commencement of the lease term whereas as per the existing standard such recognition is at the inception of the lease.

v. Treatment of initial direct costs under Ind AS 17 differs from the treatment prescribed under the existing This is tabulated below:

Subject	***Existing standard***	***Ind AS 17***
Finance lease-lessee accounting	Added to the amount recognised as asset.	Same as per the existing standard.
Non-manufacturer/Non-dealer:	Either recognised as expense immediately or allocated against the finance income over the lease term.	Interest rate implicit in the lease is defined in such a way that the initial direct costs included automatically in the finance lease receivable; there is no need to add them separately.
Manufacturer/dealer:	Recognised as expense at the commencement of the lease term.	Same as per the existing standard.
Operating lease- Lessee accounting	No discussion	No discussion
Operating lease- Lessor accounting	Either deferred and allocated to income over the lease term in proportion to the recognition of rent income, or recognized as expense in the period in which incurred.	Added to the carrying amount of the leased asset and recognized as expense over the lease term on the same basis as lease income

vi. Ind AS 17 requires current/non-current classification of lease Liabilities if such classification is made for other Also, it makes reference to Ind AS 105, *Non-current Assets Held for Sale and Discontinued Operations*. These matters are not addressed in the existing standard.

vii. As per the existing standard, if a sale and leaseback transaction results in a finance lease, excess, if any, of the sale proceeds over the carrying amount shall be deferred and amortised by the seller-lessee over the lease term in proportion to depreciation of the leased asset. While Ind AS 17 retains the deferral and amortisation principle, it does not specify any method of amortisation.

viii. Ind AS 17 provides guidance on accounting for incentives in the case of operating leases, evaluating the substance of transactions involving the legal form of a lease and determining whether an arrangement contains a The existing standard does not contain such guidance.

ix. Ind AS 17 requires that 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 AS 19 does not provide for the same.

x. There are some differences in disclosure requirements as per the existing standard and disclosure requirements as per Ind AS

Ind AS 115, *Revenue from Contracts with customers* and existing AS 7, *Construction Contracts*, AS 9, *Revenue recognition*

i. Ind AS 115 gives a framework of revenue recognition within a standard. It specifies the core principle for revenue recognition which requires the 'revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services'. AS 7 and AS 9 do not provide any such overarching principle to fall upon in case of doubt.

ii. Ind AS 115 gives comprehensive guidance on how to recognise and measure multiple elements within a contract with customer. AS 7 and AS 9 do not provide comprehensive guidance on this aspect.

iii. AS 7 covers only revenue from construction contracts which is measured at consideration received/receivable. AS 9 deals only with recognition of revenue from sale of goods, rendering of services, interest, royalties and dividends. On the other hand, Ind AS 115 comprehensively deals with all types of performance obligation contract with customer However, it does not deal with revenue from 'interest' and 'dividend' which are covered in financial instruments standard.

iv. As per AS 9, Revenue is the gross inflow of cash, receivables or other consideration arising in the course of the ordinary activities. 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. As per AS 7, revenue from construction contracts is measured at consideration received/receivable and to be recognised as revenue as construction progresses, if certain conditions are met. As per Ind AS 115, revenue is measured at transaction price, i.e., the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

v. As per AS 9, revenue is recognised when significant risks and rewards of ownership is transferred to the buyer. As per AS 7, revenue is recognised when the outcome of a construction contract can be estimated reliably, contract revenue should be recognised by reference to the stage of completion of the contract activity at the reporting date. As per Ind AS 115, revenue is recognised when the control is transferred to the customer.
vi. Ind AS 115 provides guidance on recognition of costs to obtain and fulfill a contract, as asset, whereas AS 7 and AS 9 do not deal with such capitalisation of costs.
vii. Ind AS 115 gives guidance on service concession arrangements and disclosures thereof. Existing standard does not provide such guidance.
viii. Ind AS 115 contains detailed disclosure requirements as compared to AS 9 and AS 7.

Ind AS 19, *Employee Benefits*, and existing AS 15 (revised 2005) *Employee Benefits*

i. In Ind AS 19, employee benefits arising from constructive obligations are also covered whereas the existing AS 15 does not deal with the (Paragraph 4(c) of Ind AS 19)
ii. As per the existing standard, the term ‘employee’ includes whole-time directors whereas under Ind AS 19 the term includes (Paragraph 7 of Ind AS 19)
iii. Definitions of short-term employee benefits, other long-term employee benefits, and past service cost as per the existing AS 15 have been changed in Ind AS (Paragraph 8 of Ind AS 19)
iv. Ind AS 19 deals with situations where there is a contractual agreement between a multi-employer plan and its participants that determines how the surplus in the plan will be distributed to the participants (or the deficit funded). (Paragraph 37 of Ind AS 19). The existing AS 15 does not deal with
    i. As per Ind AS 19, participation in a defined benefit plan sharing risks between various entities under common control is a related party transaction for each group entity and some disclosures are required in the separate or individual financial statements of an entity whereas the existing AS 15 does not contain similar (Paragraph 42 of Ind AS 19).
v. Ind AS 19 encourages, but does not require, an entity to involve a qualified actuary in the measurement of all material post-employment benefit obligations whereas the existing standard, though does not require involvement of a qualified actuary, does not specifically encourage the sam (Paragraph 59 of Ind AS 19)
vi. Actuarial valuation is based on certain Changes in these assumptions give rise to actuarial gains and losses, for example, changes in estimates of salary or medical cost. Existing AS 15 requires recognition of actuarial gains and losses immediately in the profit and loss but Ind AS 19 requires that the same shall be recognised in other comprehensive income and should not be recognised in profit or loss.

vii. Ind AS 19 makes it clear that financial assumptions shall be based on market expectations, at the end of the reporting period, for the period over which the obligations are to be settled whereas the existing standard does not clarify the (Paragraph 80 of Ind AS 19).

viii. As per Ind AS 19, subsidiaries, associates, joint ventures and branches domiciled outside India shall discount post-employment benefit obligations arising on account of post-employment benefit plans using the rate determined by reference to market yields at the end of the reporting period on high quality corporate In case, such subsidiaries, associates, joint ventures and branches are domiciled in countries where there is no deep market in such bonds, the market yields (at the end of the reporting period) on government bonds of that country shall be used.

As per existing AS 15, 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

ix. Under Ind AS 19, more guidance has been given for timing of recognition of termination Recognition criteria for termination benefits under the revised standard differ from the criteria prescribed in the existing standard. (Paragraph 165 of Ind AS 19).

x. Ind AS 19 gives guidance on the interaction of ceiling of asset recognition and minimum funding requirement in the case of defined benefit obligations, whereas this guidance is not available in the existing (Appendix B of Ind AS 19)

Ind AS 20, *Accounting for Government Grants and Disclosure of Government Assistance* and AS 12, *Accounting for Government Grants*

i. Ind AS 20 deals with the other forms of government assistance which do not fall within the definition of government it requires that an indication of other forms of government assistance from which the entity has directly benefited should be disclosed in the financial statements. However, AS 12 does not deal with such government assistance.

ii. AS 12 requires that in case the grant is in respect of non-depreciable assets, the amount of the grant should be shown as capital reserve which is a part of shareholders' It further requires that if a grant related to a non-depreciable asset requires the fulfilment of certain obligations, the grant should be credited to income over the same period over which the cost of meeting such obligations is charged to income. AS 12 also gives an alternative to treat such grants as a deduction from the cost of such asset.

As compared to the above, Ind AS 20, is based on the principle that all government grants would normally have certain obligations attached to them and these 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.

iii. AS 12 recognises that some government grants have the characteristics similar to those of promoters' It requires that such grants should be credited directly to capital reserve and treated as a part of shareholders' funds. Ind AS 20 does not recognise government grants of the nature of promoters' contribution. As stated at (ii) above, Ind AS 20 is based on the principle that all government grants would normally have certain obligations attached to them and it, accordingly, requires all grants to be recognised as income over the periods which bear the cost of meeting the obligation.

iv. AS 12 requires that government grants in the form of non-monetary assets, given at a concessional rate, should be accounted for on the basis of their acquisition In case a non-monetary asset is given free of cost, it should be recorded at a nominal value. Ind AS 20 requires to value non-monetary grants at their fair value, since it results into presentation of more relevant information and is conceptually superior as compared to valuation at a nominal amount.

v. Existing AS 12 gives an option to present the grants related to assets, including non-monetary grants at fair value in the balance sheet either by setting up the grant as deferred income or by deducting the grant from the gross value of asset concerned in arriving at its book Ind AS 20 requires presentation of such grants in balance sheet only by setting up the grant as deferred income. Thus, the option to present such grants by deduction of the grant in arriving at its book value is not available under Ind AS 20.

vi. Ind AS 20 includes Appendix A which deals with *Government Assistance—NoSpecificRelationtoOperating*

vii. Ind AS 20 requires that loans received from a government that have a below-market rate of interest should be recognised and measured in accordance with Ind AS 109 (which requires all loans to be recognised at fair value, thus requiring interest to be imputed to loans with a below- market rate of interest) whereas AS 12 does not require

Ind AS 21, *The Effects of Changes in Foreign Exchange Rates* and existing AS 11, *The Effects of Changes in Foreign Exchange Rates*

i. Ind AS 21 excludes from its scope forward exchange contracts and other similar financial instruments, which are treated in accordance with Ind AS The existing AS 11 does not such exclude accounting for such contracts.

ii. Existing AS 11, gives an option to recognise exchange differences arising on translation of certain long-term monetary items from foreign currency to functional currency directly in equity, to be transferred to profit or loss over the life of the relevant liability/asset if such items are not related to acquisition of fixed assets;

where such items are related to acquisition of fixed assets, the foreign exchange differences can be recognised as part of the cost of the asset (paras 46 and 46A of AS 11).

Ind AS 21 does not give the above option. However, Ind AS 21 does not apply to long-term foreign currency monetary items recognised in the financial statements before the beginning of the first Ind AS financial reporting period as per the previous GAAP, i.e. AS 11. However, as provided in Ind AS 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.

iii. The existing AS 11 is based on integral foreign operations and non- integral foreign operations approach for accounting for a foreign operation, whereas Ind AS 21 is based on the functional currency

iv. As per Ind AS 21, presentation currency can be different from local currency and it gives detailed guidance in this regard, whereas the existing AS 11 does not explicitly state

Ind AS 23, *Borrowing Costs* and existing AS 16, *Borrowing Costs*

i. Ind AS 23 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, for example, a biological asset whereas the existing AS 16 does not provide for such scope

ii. Ind AS 23 excludes the application of this Standard to borrowing costs directly attributable to the acquisition, construction or production of inventories that are manufactured, or otherwise produced, in large quantities on a repetitive basis whereas existing AS 16 does not provide for such scope relaxation and is applicable to borrowing costs related to all inventories that require substantial period of time to bring them in saleable

iii. As per existing AS 16, *Borrowing Costs*, inter alia, include the following:

- interest and commitment charges on bank borrowings and other short-term and long-term borrowings;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
- Ind AS 23 requires to calculate the interest expense using the effective interest rate method as described in Ind AS 109. Items (b) and (c) above have been deleted, as some of these components of borrowing costs are considered as the components of interest expense calculated using the effective interest rate method.

iv. Existing AS 16 gives explanation for meaning of ‘substantial period of time’ appearing in the definition of the term ‘qualifying asset’. This explanation is not included in Ind AS

v. Ind AS 23 provides that when Ind AS 29, *Financial Reporting inHyperinflationaryEconomies*, is applied, part of the borrowing costs that compensates for inflation should be expensed as required by that Standard (and not capitalised in respect of qualifying assets). The existing AS 16 does not contain a similar clarification because at present, in India, there is no Standard on *Financial Reporting in Hyperinflationary Economies.*

vi. Ind AS 23 specifically provides that in some circumstances, it is appropriate to include all borrowings of the parent and its subsidiaries when computing a weighted average of the borrowing costs while in other circumstances, it is appropriate for each subsidiary to use a weighted average of the borrowing costs applicable to its own This specific provision is not there in the existing AS 16.

vii. Ind AS 23 requires disclosure of capitalisation rate used to determine the amount of borrowing costs eligible for the existing AS 16 does not have this disclosure requirement.

Ind AS 24, *Related Party Disclosures*, and the existing AS 18 (Issued 2000), *Related Party Disclosures*

i. Existing AS 18 uses the term **"relatives of an individual"**, whereas Ind AS 24 uses the term "**a close member of the family of a person".** Existing AS 18 covers the spouse, son, daughter, brother, sister, father and mother who may be expected to influence, or be influenced by, that individual in his/her dealings with the reporting

   However, definition of close members of family as per Ind AS 24 includes those family members, 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. Dependents of that person or that person's spouse or domestic

      Hence, the definition as per Ind AS 24 is much wider.

ii. Existing AS-18 defines state-controlled enterprise as *"an enterprisewhichis under the control of the Central Government and/or any State Government(s)*"**.** However, in Ind AS 24, there is extended coverage of Government Enterprises, as it defines a government-related entity as "an entity that is controlled, jointly controlled or significantly influenced by a government." Further, "Government refers to government, government agencies and similar bodies whether local, national or international."

iii. Existing AS 18 covers key management personnel (KMP) of the entity only, whereas, Ind AS 24 covers KMP of the parent as Ind AS 24 also covers the entity, or any member of a group of which it is a part, providing key management personnel services to the reporting entity or to the parent of the reporting entity
iv. Under Ind AS 24 there is extended coverage in case of joint Two entities are related to each other in both their financial statements, if they are either co-venturers or one is a venturer and the other is an associate. Whereas as per existing AS 18, co-venturers or co- associates are not related to each other.
v. Existing AS 18 mentions that where there is an inherent difficulty for management to determine the effect of influences which do not lead to transactions, disclosure of such effects is not required whereas Ind AS 24 does not specifically mention (paragraph 18 of existing AS 18)
vi. Existing AS 18 does not specifically cover entities that are post-employment benefit plans, as related However, Ind AS 24 specifically includes post-employment benefit plans for the benefit of employees of an entity or its related entity as related parties.
vii. Ind AS 24 requires an additional disclosure as to the name of the next most senior parent which produces consolidated financial statements for public use, whereas the existing AS 18 has no such (paragraph 13 of Ind AS 24)
viii. Ind AS 24 requires extended disclosures for compensation of KMP under different categories, whereas the existing AS 18 does not specifically
ix. Ind AS 24 requires *"the amount of the transactions"* need to be disclosed, whereas existing AS 18 gives an option to disclose the *"Volume of the transactions either as an amount or as an appropriate proportion"*. (paragraph 23(iv) of existing AS 18 and paragraph 18 (a) of Ind AS 24)
x. Ind AS 24 requires disclosures of certain information by the government related entities, whereas the existing AS 18 presently exempts the disclosure of such information**.**
xi. Existing AS 18 includes definition and clarificatory text, primarily with regard to control, substantial interest (including 20% threshold), significant influence (including 20% threshold). However, Ind AS 24 neither defines these terms nor it includes such clarificatory text and allows respective standards to deal with the same.

Ind AS 28, *Investments in Associates and Joint ventures* and existing AS 23 (issued 2001), *Accounting for Investments in Associates in Consolidated Financial Statements*

i. In the existing AS 23, 'Significant Influence' has been defined as 'power to participate in the financial and/or operating policy decisions of the investee but is not control over those policies'. In Ind AS 28, the same has been defined as ‘power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies’. Ind AS 28 defines joint control

ii. For considering share ownership for the purpose of significant influence, potential equity shares of the investee held by investor are not taken into account as per the existing AS As per Ind AS 28, existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether an entity has significant influence or not.

iii. Existing AS 23 requires application of the equity method only when the entity has subsidiaries and prepares Consolidated Financial Ind AS 28 requires application of equity method in financial statements other than separate financial statements even if the investor does not have any subsidiary.

iv. One of the exemptions from applying equity method in the existing AS 23 is where the associate operates under severe long-term restrictions that significantly impair its ability to transfer funds to the No such exemption is provided in Ind AS 28.

    An explanation has been given in existing AS 23 regarding the term ‘near future’ used in another exemption from applying equity method, i.e., where the investment is acquired and held exclusively with a view to its subsequent disposal in the near future. This explanation has not been given in the Ind AS 28 as such situations are covered by Ind AS 105, *Non-currentAssetsHeldforSaleand Discontinued Operations*.

v. Ind AS 28 now permits an entity that has an investment in an associate, a portion of which is held indirectly through venture capital organisations, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, to elect to measure that portion of the investment in the associate at fair value through profit or loss in accordance with Ind AS 109 regardless of whether these entities have significant influence over that portion of the investment.

vi. Ind AS 28 requires a portion of an investment in an associate or a joint venture to be classified as held for sale if the disposal of that portion of the interest would fulfill the criteria to be classified as held for sale in accordance with Ind AS 23 does not specifically deal with this aspect.

vii. As per the existing AS 23, in separate financial statements, investment in an associate is not accounted for as per the equity method, the same is accounted for in accordance with existing AS 13, Accounting for As per Ind AS 28, the same is to be accounted for at cost or in accordance with Ind AS 109, *Financial Instruments*.

viii. The existing AS 23 permits the use of financial statements of the associate drawn up to a date different from the date of financial statements of the investor when it is impracticable to draw the financial statements of the associate up to the date of the financial statements of the There is no limit on the length of difference in the reporting dates of the investor and the associate. As per Ind AS 28, length of difference in the reporting dates of the associate or joint venture should not be more than three months unless.

ix. Both the existing AS 23 and Ind AS 28 require that similar accounting policies should be used for preparation of investor's financial statements and in case an associate uses different accounting policies for like transactions, appropriate adjustments shall be made to the accounting policies of the existing AS 23 provides exemption to this that if it is not possible to make adjustments to the accounting policies of the associate, the fact shall be disclosed along with a brief description of the differences between the accounting policies. Ind AS 28 provides that the entity's financial statements shall be prepared using uniform accounting policies for like transactions and events in similar circumstances unless, in case of an associate, it is impracticable to do so.

x. As per existing AS 23, investor's share of losses in the associate is recognised to the extent of carrying amount of investment in the As per Ind AS 28, carrying amount of investment in the associate or joint venture determined using the equity method together with any long term interests that, in substance form part of the entity's net investment in the associate or joint venture shall be considered for recognising entity's share of losses in the associate or joint venture.

xi. With regard to impairment, the existing AS 23 requires that the carrying amount of investment in an associate should be reduced to recognise a decline, other than temporary, in the value of the Ind AS 28 requires that after application of equity method, including recognising the associate's or joint venture's losses, the requirements of Ind AS 109 shall be applied to determine whether it is necessary to recognise any additional impairment loss.

Ind AS 33, *Earnings per Share*, and existing AS 20, *Earnings per Share*

i. Existing AS 20 does not specifically deal with options held by the entity on its shares, g., purchased options, written put option etc. Ind AS 33 deals with the same.

ii. Ind AS 33 requires presentation of basic and diluted EPS from continuing and discontinued operations However, existing AS 20 does not require any such disclosure.

iii. Existing AS 20 requires the disclosure of EPS with and without extraordinary since as per Ind AS 1, *Presentation of Financial Statements*, no item can be presented as extraordinary item, Ind AS 33 does not require the aforesaid disclosure.

Ind AS 34, *Interim Financial Reporting*, and existing AS 25, *Interim Financial Reporting*

i. Under the existing AS 25, if an entity is required or elects to prepare and present an interim financial report, it should comply with that Ind AS 34 applies only if an entity is required or elects to prepare and present an interim financial report in accordance with Accounting Standards. Consequently, it is specifically stated in Ind AS 34 that the fact that an entity may not have provided interim financial reports during a particular financial year or may have provided interim financial reports that do not comply with Ind AS 34 does not prevent the entity's annual financial statements from conforming to Ind AS if they otherwise do so. (Paragraph 2 of Ind AS 34)

ii. In Ind AS 34, the term 'complete set of financial statements' appearing in the definition of interim financial report has been expanded as compared to AS 25. Accordingly, the said term (as described in Ind AS 1, *Presentation of Financial Statements*) includes balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements and comparative information in respect of the preceding period as specified in paragraphs 38 and 38A of Ind AS 1. (Paragraph 5 of Ind AS 34)

iii. As per the existing standard, the contents of an interim financial report include, at a minimum, a condensed balance sheet, a condensed statement of profit and loss, a condensed cash flow statement and selected explanatory Ind AS 34 requires, in addition to the above, a condensed statement of changes in equity. (Consequential to change in Ind AS 1)

iv. Ind AS 34 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 There is no such specific prohibition in the existing standard. Ind AS 34 includes Appendix A which addresses the interaction between the requirements of Ind AS 34 and the recognition of impairment losses on goodwill in Ind AS 36 and certain financial assets in Ind AS 109, and the effect of that interaction on subsequent interim and annual financial statements

v. Under the existing standard, if an entity's annual financial report included the consolidated financial statements in addition to the separate financial statements, the interim financial report should include both the consolidated financial statements and separate financial statements, complete or Ind AS 34 states that it neither requires nor prohibits the inclusion of the parent's separate statements in the entity's interim report prepared on a consolidated basis.

vi. The existing standard requires the Notes to interim financial statements, (if material and not disclosed elsewhere in the interim financial report), to contain a statement that the same accounting policies are followed in the interim financial statements as those followed in the most recent annual financial statements or, in case of change in those policies, a description of the nature and effect of the Ind AS 34 additionally requires the above information in respect of methods of computation followed. (Paragraph 16A(a) of Ind AS 34)

vii. The existing standard requires furnishing information, in interim financial report, of dividends, aggregate or per share (in absolute or percentage terms), for equity and other shares. Ind AS 34 requires furnishing of information, in interim financial report, on dividends paid, aggregate or per share separately for equity and other shares. (Paragraph 16A(f) of revised Ind AS 34)

viii. While the existing standard requires furnishing of information on contingent liabilities only, Ind AS 34 requires furnishing of information on both contingent liabilities and contingent assets, if they are (Paragraph 15B(m) of Ind AS 34)

ix. In comparison to AS 25, reference to extraordinary items (in the context of materiality) is deleted in Ind AS 34 in line with the Ind AS (Paragraph 23 of existing AS 25)

x. Ind AS 34 requires that, where an interim financial report has been prepared in accordance with the requirements of Ind AS 34, that fact should be Further, an interim financial report should not be described as complying with Ind AS unless it complies with all of the requirements of Ind AS. (The latter statement is applicable when interim financial statements are prepared on complete basis instead of 'condensed basis'). The existing standard does not contain these requirements. (Paragraph 19 of Ind AS 34)

xi. Under the existing standard, a change in accounting policy, other than the one for which the transitional provisions are specified by a new Standard, should be reflected by restating the financial statements of prior interim periods of the current financial Ind AS 34 additionally requires restatement of the comparable interim periods of prior financial years that will be restated in annual financial statements in accordance with Ind AS 8, subject to specific provisions when such restatement is impracticable.

xii. Convergence of all other standards with IFRS also has impact on interim financial For example, treatment of constructive obligation in Ind AS 37, etc. will have impact in interim financial reporting which could be different in the context of relevant existing standards. There are other consequential impacts also. For example, existing AS 20 requires EPS with and without extraordinary items. Since the concept of extraordinary items is no longer valid in the context of Ind AS 1 the question of EPS with and without extraordinary items does not arise in the context of Ind AS 33. This changed requirement of Ind AS 33 is equally applicable to interim financial reporting under Ind AS 34.

xiii. Under the existing standard, when an interim financial report is presented for the first time in accordance with that Standard, an entity need not present, in respect of all the interim periods of the current financial year, comparative statements of profit and loss for the comparable interim periods (current and year-to-date) of the immediately preceding financial year and comparative cash flow statement for the comparable year-to-date period of the immediately preceding financial year. Ind AS 34 does not have this transitional provision.

Ind AS 36, *Impairment of Assets*, and existing AS 28, *Impairment of Assets*

i. Ind AS 36 applies to financial assets classified as:
   a. subsidiaries, as defined in Ind AS 110,
   b. associates as defined in Ind AS 28,
   c. Joint ventures as defined in Ind AS 111
   the existing AS 28 does not apply to the above assets.
ii. Ind AS 36 specifically excludes biological assets related to agricultural Existing AS 28 does not specifically exclude biological assets.
iii. Ind AS 36 requires annual impairment testing for an intangible asset with an indefinite useful life or not yet available for use and goodwill acquired in a business The existing AS 28 does not require the annual impairment testing for the goodwill unless there is an indication of impairment.
iv. Ind AS 36 gives additional guidance on, *inter alia*, the following aspects compared to the existing AS 28:
   a. estimating the value in use of an asset;
   b. for managements to assess the reasonableness of the assumptions on which cash flows are based; and
   c. using present value techniques in measuring an asset's value in
v. The existing AS 28 requires that the impairment loss recognised for goodwill should be reversed in a subsequent period when it was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events that have occurred that reverse the effect of that event whereas Ind AS 36 prohibits the recognition of reversals of impairment loss for
vi. In the existing AS 28, goodwill is allocated to CGUs only when the allocation can be done on a reasonable and consistent basis. If that requirement is not met for a specific CGU under review, the smallest CGU to which the carrying amount of goodwill can be allocated on a reasonable and consistent basis must be identified and the impairment test carried out at this level. Thus, when all or a portion of goodwill cannot be allocated reasonably and consistently to the CGU being tested for impairment, two levels of impairment tests are carried out, viz., bottom-up test and top-down test.
   In Ind AS 36, goodwill is allocated to cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the business combination from which it arose. There is no bottom-up or top-down approach for allocation of goodwill.
vii. Ind AS 36 requires certain extra disclosures as compared to the existing AS 28.

Ind AS 37, *Provisions, Contingent Liabilities and Contingent Assets* and Existing AS 29, *Provisions, Contingent Liabilities and Contingent Assets*

i. Unlike the existing AS 29, Ind AS 37 requires creation of provisions in respect of constructive obligations also. [However, the existing standard requires creation of provisions arising out of normal business practices, custom and a desire to maintain good business relations or to act in an equitable manner]. This has resulted in some consequential changes For example, definitions of provision and obligating event have been revised in Ind AS 37, while the terms ‘legal obligation’ and ‘constructive obligation’ have been inserted and defined in Ind AS 37. Similarly, the portion of existing AS 29 pertaining to restructuring provisions has been revised in Ind AS 37.
ii. The existing AS 29 prohibits discounting the amounts of provisions except in case of decommissioning, restoration and similar liabilities that are recognised as cost of Property, Plant and Ind AS 37 requires discounting the amounts of provisions, if effect of the time value of money is material.
iii. The existing AS 29 notes the practice of disclosure of contingent assets in the report of the approving authority but prohibits disclosure of the same in the financial Ind AS 37 requires disclosure of contingent assets in the financial statements when the inflow of economic benefits is probable. The disclosure, however, should avoid misleading indications of the likelihood of income arising.
iv. Ind AS 37 makes it clear that before a separate provision for an onerous contract is established, an entity should recognise any impairment loss that has occurred on assets dedicated to that contract in accordance with Ind AS There is no such specific provision in the existing standard.
v. The existing AS 29 states that identifiable future operating losses up to the date of restructuring are not included in a Ind AS 37 gives an exception to this principle viz. such losses related to an onerous contract.
vi. Ind AS 37 gives guidance on:
    a. Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
    b. Liabilities arising from Participating in a Specific Market— Waste Electrical and Electronic Equipment
    c. Levies (imposed by government)
    Existing AS 29 does not give such guidance.

Ind AS 38, *Intangible Assets*, and the existing AS 26, *Intangible Assets*

i. The existing standard (paragraph 5), does not apply to accounting issues of specialised nature that arise in respect of accounting for discount or premium relating to borrowings and ancillary costs incurred in connection with the arrangement of borrowings, share issue expenses and discount allowed on the issue of Ind AS 38 does not include any such exclusion specifically as these are covered by other accounting standards.
   Ind AS 38 contains a scope exclusion with regard to the amortisation method for intangible assets arising from service concession arrangements in respect of toll roads recognised in the financial statements before the beginning of the first Ind AS financial reporting period as per the previous GAAP, i.e., Schedule II to the Companies Act, 2013.
ii. The existing standard defines an intangible asset as an identifiable non- monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes whereas in Ind AS 38, the requirement for the asset to be held for use in the production or supply of goods or services, for rental to others, or for administrative purposes has been removed from the definition of an intangible asset. (Paragraph 8 of Ind AS 38)
iii. The existing standard does not define 'identifiability', but states that an intangible asset could be distinguished clearly from goodwill if the asset was separable, but that separability was not a necessary condition for Ind AS 38 provides detailed guidance in respect of identifiability. (Paragraphs 11 and 12 of Ind AS 38)
iv. As per Ind AS 38, in the case of separately acquired intangibles, the criterion of probable inflow of expected future economic benefits is always considered satisfied, even if there is uncertainty about the timing or the amount of the However, there is no such provision in the existing standard. (Paragraph 25 of Ind AS 38).
v. In Ind AS 38 there is a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is Ind AS 38 allows use of revenue based method of amortisation of intangible asset, in a limited way. Existing AS 26 does not specifically deal with revenue based amortisation method.
vi. Under Ind AS 38, if payment for an intangible asset is deferred beyond normal credit terms, the difference between this amount and the total payments is recognised as interest expense over the period of credit unless it is capitalised as per Ind AS However, there is no such provision in the existing standard. (Paragraph 32 of Ind AS 38)
vii. Ind AS 38 deals in detail in respect of intangible assets acquired in a business On the other hand, the existing standard refers only to intangible assets acquired in an amalgamation in the nature of purchase and does not refer to business combinations as a whole.

viii. The existing standard is silent regarding the treatment of subsequent expenditure on an in-process research and development project acquired in a business combination whereas Ind AS 38 gives guidance for the treatment of such expenditure (Paragraphs 42 and 43 of Ind AS 38)

ix. Ind AS 38 requires that if an intangible asset is acquired in exchange of a non-monetary asset, it should be recognised at the fair value of the asset given up unless (a) the exchange transaction lacks commercial substance or (b) the fair value of neither the asset received nor the asset given up is reliably However, the existing standard requires the principles of existing AS 10 to be followed which require that when an asset is acquired in exchange for another asset, its cost is usually determined by reference to the fair market value of the consideration given. It may be appropriate to consider also the fair market value of the asset acquired if this is more clearly evident. An alternative accounting treatment to record the asset acquired at the net book value of the asset given up; in each case an adjustment is made for any balancing receipt or payment of cash or other consideration also.

x. As per Ind AS 38, when intangible assets are acquired free of charge or for nominal consideration by way of government grant, an entity should, in accordance with Ind AS 20, record both the grant and the intangible asset at fair As per the existing standard, intangible assets acquired free of charge or for nominal consideration by way of government grant is recognised at nominal value or at acquisition cost, as appropriate plus any expenditure that is attributable to making the asset ready for intended use.(Paragraph 33 of existing AS 26) (Paragraph 44 of Ind AS 38)

The existing standard is based on the assumption that the useful life of an intangible asset is always finite, and includes a rebuttable presumption that the useful life cannot exceed ten years from the date the asset is available for That rebuttable presumption is not there in Ind AS 38. Ind AS 38 recognizes that the useful life of an intangible asset can even be indefinite subject to fulfillment of certain conditions, in which case it should not be amortised but should be tested for impairment.

xi. In Ind AS 38, guidance is available on cessation of capitalisation of expenditure (Paragraph 30 of Ind AS 38), de-recognition of a part of an intangible asset (Paragraph 115 of Ind AS 38) and useful life of a reacquired right in a business combination (Paragraph 94 of Ind AS 38). There is no such guidance in the existing standard on these

xii. Ind AS 38 permits an entity to choose either the cost model or the revaluation model as its accounting policy, whereas in the existing standard, revaluation model is not

xiii. Ind AS 38 provides more guidance on recognition of intangible items recognised as Ind AS 38 clarifies that in respect of prepaid expenses, recognition of an asset would be permitted only up to the point at which the entity has the right to access the goods or up to the receipt of services. Further, unlike the existing standard, mail order catalogues have been specifically identified as a form of advertising and promotional activities which are required to be expensed.

xiv. Paragraph 94 of Ind AS 38 acknowledges that the useful life of an intangible asset arising from contractual or legal rights maybe shorter than the legal the existing standard does not include such a provision.

xv. As per the existing standard (Paragraph 73), there will rarely, if ever, be persuasive evidence to support an amortisation method for intangible assets that results in a lower amount of accumulated amortisation than under straight-line Ind AS 38 does not contain any such provision.

xvi. Under Ind AS 38, the residual value is reviewed at least at each financial year-end. If it increases to an amount equal to or greater than the asset's carrying amount, amortisation charge is zero unless the residual value subsequently decreases to an amount below the asset's carrying However, the existing standard specifically requires that the residual value is not subsequently increased for changes in prices or value.

xvii. As per the existing standard, change in the method of amortisation is a change in accounting policy whereas as per Ind AS 38 (paragraph 104), this would be a change in accounting

xviii. The existing standard also requires annual impairment testing of an intangible asset not yet available for There is no such requirement in Ind AS 38.

xix. Ind AS 38 also requires certain additional disclosures as compared to existing AS

xx. Intangible assets retired from use and held for sale are covered by the existing However, Ind AS 38 does not include such intangible assets since they would be covered by Ind AS 105.

Ind AS 40, *Investment Property* and existing AS 13, *Accounting for Investments*

AS 13 provides limited guidance on investment properties, as per the existing standard enterprise holding investment properties should account for them as per cost model prescribed in AS 10, Property, Plant and Equipment. However Ind AS 40 is a detailed standard dealing with various aspects of investment property accounting.

Ind AS 103, *Business Combinations*, and existing AS 14, *Accounting for Amalgamations*

i. Ind AS 103 defines a business combination which has a wider scope whereas the existing AS 14 deals with amalgamation and

ii. Under the existing AS 14 there are two methods of accounting for the pooling of interest method and the purchase method. Ind AS 103 prescribes only the acquisition method for every business combination. (Paragraph 7 of existing AS 14 and paragraph 4 of revised AS 14)

iii. Under the existing AS 14, the acquired assets and liabilities are recognised at their existing book values or at fair values under the purchase Ind AS 103 requires the acquired identifiable assets liabilities and non-controlling interest to be recognised at fair value under acquisition method. (Paragraph12 of existing AS 14 and paragraphs 18-19 of Ind AS 103)

iv. Ind AS 103 requires that for each business combination, the acquirer shall measure any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. On other hand, the existing AS 14 states that the minority interest is the amount of equity attributable to minorities at the date on which investment in a subsidiary is made and it is shown outside shareholders' equity. (Paragraph 13 (e) of existing AS 21 and paragraph 19of Ind AS 103)

v. Under Ind AS 103, the goodwill is not amortised but tested for impairment on annual basis in accordance with Ind AS 36.The existing AS 14 requires that the goodwill arising on amalgamation in the nature of purchase is amortised over a period not exceeding five years.

vi. Ind AS 103 deals with reverse acquisitions whereas the existing AS 14 does not deal with the same.

vii. Ind AS 103 deals with the contingent consideration in case of business combination, e., and an obligation of the acquirer to transfer additional assets or equity interests to the former owners of an acquiree as part of the exchange for control of the acquiree if specified future events occur or conditions are met. The existing AS 14 does not provide specific guidance on this aspect.

viii. Ind AS 103 requires bargain purchase gain arising on business combination to be recognised in other comprehensive income and accumulated in equity as capital reserve, unless there is no clear evidence for the underlying reason for classification of the business combination as a bargain purchase, in which case, it shall be recognised directly in equity as capital reserve. Under existing AS 14 the excess amount is treated as capital reserve. (Paragraph 34 of Ind AS 103 and paragraph 17 of the existing AS 14).

ix. Appendix C of Ind AS 103 deals with accounting for common control transactions, which prescribes a method of accounting different from Ind AS 103. Existing AS 14 does not prescribe accounting for such transactions different from other amalgamations.

Ind AS 105, *Non-current Assets Held for Sale and Discontinued Operations* and the existing AS 24, *Discontinuing Operations*

i. Ind AS 105 specifies the accounting for non-current assets held for sale, and the presentation and disclosure of *discontinued operations*. The existing AS 24 establishes principles for reporting information about *discontinuing operations*. It does not deal with the non-current assets held for sale; fixed assets retired from active used and held for sale, are dealt in existing AS 10, *Accounting for Fixed* (Paragraph 1 of Ind AS 105 and 'Objective' of existing AS 24)

ii. In the existing AS 24, requirements related to cash flow statement are applicable when the enterprise presents a cash flow Ind AS 105 does not mention so. (Paragraph 2 of existing AS 24)

iii. Under Ind AS 105, a discontinued operation is a component of an entity that either has been disposed of or is classified as held for in the existing AS 24, there is no concept of discontinued operations but it deals with discontinuing operations.

iv. As per Ind AS 105, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification with certain The existing AS 24 does not specify any time period in this regard as it relates to discontinuing operations

v. The existing AS 24 specifies about the initial disclosure event in respect to a discontinuing Ind AS 105 does not mention so as it relates to discontinued operation. (Paragraph 15 of existing AS 24)

vi. Under Ind AS 105, non-current assets (disposal groups) held for sale are measured at the lower of carrying amount and fair value less costs to sell, and are presented separately in the balance The existing AS 24 requires to apply the principles set out in other relevant Accounting Standards, e.g., the existing AS 10 requires that the fixed assets retired from active use and held for disposal should be stated at the lower of their net book value and net realisable value and shown separately in the financial statements.

vii. Ind AS 105 specifically mentions that abandonment of assets should not be classified as held for In the existing AS 24, abandonment of assets is classified as a discontinuing operation; however, changing the scope of an operations or the manner in which it is conducted is not abandonment and hence not a discontinuing operation. (Paragraph 7 of existing AS 24 and paragraph 13 of Ind AS 105).

viii. Ind AS 105 provides guidance regarding changes to the plan to sell non-current assets (or disposal groups) which are classified as held for the existing AS 24 does not give any specific guidance regarding this aspect. (Paragraphs 26-29 of Ind AS 105).

ix. As per Ind AS 105, a discontinued operation is a component of an entity that represents a separate major line of business or geographical area, or is a subsidiary acquired exclusively with a view to Under the existing AS 24, a discontinuing operation is a component of an entity that represents the major line of business or geographical area of operations and that can be distinguished operationally and for financial reporting purposes. (Paragraph 3 of existing AS 24 and paragraph 32 of Ind AS 15).

Ind AS 108, *Operating Segments* and the existing AS 17, *Segment Reporting*

i. Identification of segments under Ind AS 108 is based on ‘management approach’ e. operating segments are identified based on the internal reports regularly reviewed by the entity’s chief operating decision maker. Existing AS 17 requires identification of two sets of segments; one based on related products and services, and the other on geographical areas based on the risks and returns approach. One set is regarded as primary segments and the other as secondary segments.
ii. Ind AS 108 requires that the amounts reported for each operating segment shall be measured on the same basis as that used by the chief operating decision maker for the purposes of allocating resources to the segments and assessing its Existing AS 17 requires segment information to be prepared in conformity with the accounting
policies adopted for preparing and presenting the financial statements. Accordingly, existing AS 17 also defines segment revenue, segment expense, segment result, segment assets and segment liabilities.
iii. Ind AS 108 specifies aggregation criteria for aggregation of two or more segments and also requires the related disclosures in this Existing AS 17 does not deal specifically with this aspect.
iv. An explanation has been given in the existing AS 17 that in case there is neither more than one business segment nor more than one geographical segment, segment information as per this standard is not required to be however, this fact shall be disclosed by way of footnote. Ind AS 108 requires certain disclosures even in case of entities having single reportable segment.
v. An explanation has been given in the existing AS 17 that interest expense relating to overdrafts and other operating liabilities identified to a particular segment should not be included as a part of the segment It also provides that in case interest is included as a part of the cost of inventories and those inventories are part of segment assets of a particular segment, such interest should be considered as a segment expense. These aspects are specifically dealt with keeping in view that the definition of ‘segment expense’ given in AS 17 excludes interest. Ind AS 108 requires the separate disclosures about interest revenue and interest expense of each reportable segment, therefore, these aspects have not been specifically dealt with.
vi. Ind AS 108 requires disclosures of revenues from external customers for each product and With regard to geographical information, it requires the disclosure of revenues from customers in the country of domicile and in all foreign countries, non-current assets in the country of domicile and all foreign countries. It also requires disclosure of information about major customers. Disclosures in existing AS 17 are based on the classification of the segments as primary or secondary segments. Disclosure requirements for primary segments are more detailed as compared to secondary segments.

Ind AS 110, *Consolidated Financial Statements* and existing AS 21, *Consolidated Financial Statements*

i. Ind AS 110 makes the preparation of Consolidated Financial Statements mandatory for an Existing AS 21 does not mandate the preparation of Consolidated Financial Statements by a parent. As per AS 21, control is the ownership of more than one-half of the voting power of an enterprise or control of the composition of the board of directors or governing body. However, unlike rule based definition given in AS 21, definition of control in Ind AS 110 is principle based which states that, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

ii. Existing AS 21 provides clarification regarding inclusion of notes appearing in the separate financial statements of the parent and its subsidiaries in the consolidated financial However, Ind AS 110 does not provide any clarification in this regard.

iii. Under AS 21 there can be more than one parent of a subsidiary therefore existing AS 21 provides clarification regarding consolidation in case an entity is controlled by two No clarification has been provided in this regard in Ind AS 110, keeping in view that as per the definition of control given in Ind AS 110, control of an entity could be with one entity only.

iv. As per AS 21, difference between the date of the subsidiary's financial statements and that of the consolidated financial statements shall not exceed 6 However, as per Ind AS 110 the difference shall not be more than three months.

v. Ind AS 110 provides detailed guidance as compared to existing AS 21 regarding accounting in case of loss of control over

vi. Both the existing AS 21 and Ind AS 110, require the use of uniform accounting However, existing AS 21 specifically states that if it is not practicable to use uniform accounting policies in preparing the consolidated financial statements, that fact should be disclosed together with the proportions of the items in the consolidated financial statements to which the different accounting policies have been applied. However, Ind AS 110 does not recognise the situation of impracticability.

vii. As per existing AS 21 minority interest should be presented in the consolidated balance sheet separately from liabilities and equity of the parent's However, as per Ind AS 110 non-controlling interests shall be presented in the consolidated balance sheet within equity separately from the parent shareholders' equity.

viii. For considering share ownership, potential equity shares of the investee held by investor are not taken into account as per existing AS However, as per Ind AS 110, potential voting rights that are substantive are also considered when assessing whether an entity has control over the subsidiary.

ix. As per existing AS 21, subsidiary is excluded from consolidation when control is intended to be temporary or when subsidiary operates under severe long term Ind AS 110 does not give any such exemption from consolidation.
Existing AS 21 explains where an entity owns majority of voting power because of ownership and all the shares are held as stock-in-trade, whether this amounts to temporary control. Existing AS 21 also explains the term ‘near future’. However, Ind AS 110 does not explain the same, as these are not relevant.

Ind AS 111, *Joint Arrangements* and existing AS 27, *Financial Reporting of Interests in Joint Ventures*

i. Existing AS 27 recognises three forms of joint venture namely: a) jointly controlled operations, b) jointly controlled assets and c) jointly controlled As per Ind AS 111, a joint arrangement is either a joint operation or a joint venture. Such classification of joint arrangement depends upon the rights and obligations of the parties to the arrangement and disregards the legal structure.
ii. Existing AS 27 provides that in some exceptional cases, an enterprise by a contractual arrangement establishes joint control over an entity which is a subsidiary of that enterprise within the meaning of Accounting Standard (AS) 21, *Consolidated Financial Statements*. In those cases, the entity is consolidated under AS 21 by the said enterprise, and is not treated as a joint Ind AS 111 does not recognise such cases keeping in view the definition of control given in Ind AS 110.
iii. Ind AS 111 provides that a venturer can recognise its interest in joint venture using only equity method as per Ind AS Existing AS 27 prescribes the use of proportionate consolidation method only.
iv. In case of separate financial statements under existing AS 27, interest in jointly controlled entity is accounted for as per AS 13, *Accounting for Investments*, e., at cost less provision for other than temporary decline in the value of investment. Ind AS 111 requires that the joint operator shall recognise its interest in joint operation as given in the paragraphs 20-22 and a joint venture in accordance with Ind AS 28, *Investments in Associates and Joint Ventures*.
v. An explanation has been given in existing AS 27 regarding the term ‘near future’ used in an exemption given from applying proportionate consolidation method, i.e., where the investment is acquired and held exclusively with a view to its subsequent disposal in the near future. This explanation has not been given in the Ind AS 111, as such situations are now covered by Ind AS 105, *Non-current Assets Held for Sale and Discontinued Operations*.
vi. Existing AS 27 requires application of the proportionate consolidation method only when the entity has subsidiaries and prepares Consolidated Financial Ind AS 111 requires application of equity method in

financial statements other than separate financial statements in case of a joint venture, even if the venturer does not have any subsidiary in the financial statements

vii. Existing AS 21 provides clarification regarding disclosure of venturer’s share in post-acquisition reserves of a jointly controlled the same has not been dealt with in the Ind AS 111.