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VIRTUAL COACHING CLASSES ORGANISED BY BOS, ICAI

INTERMEDIATE LEVEL PAPER 1: ACCOUNTING

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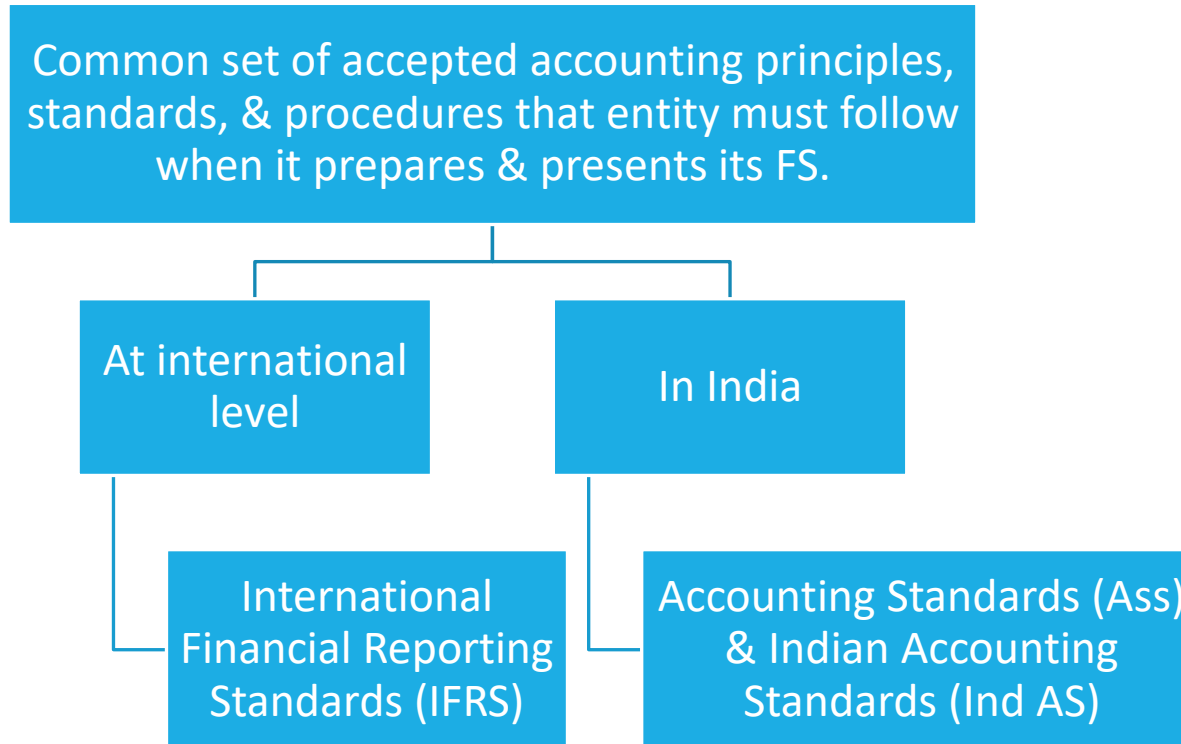
Carve Outs & Carve Ins

Roadmap for implementation of Ind AS



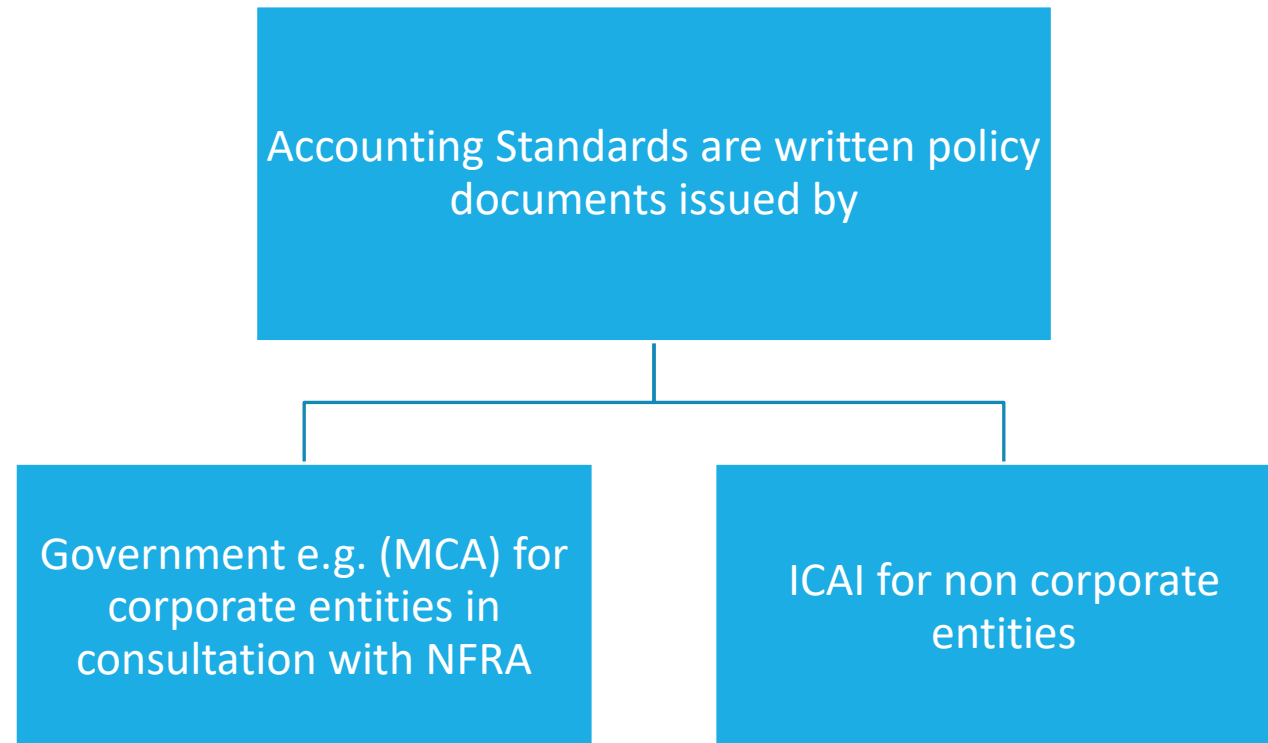
INTRODUCTION

What are Generally Accepted Accounting Principles (GAAP)?



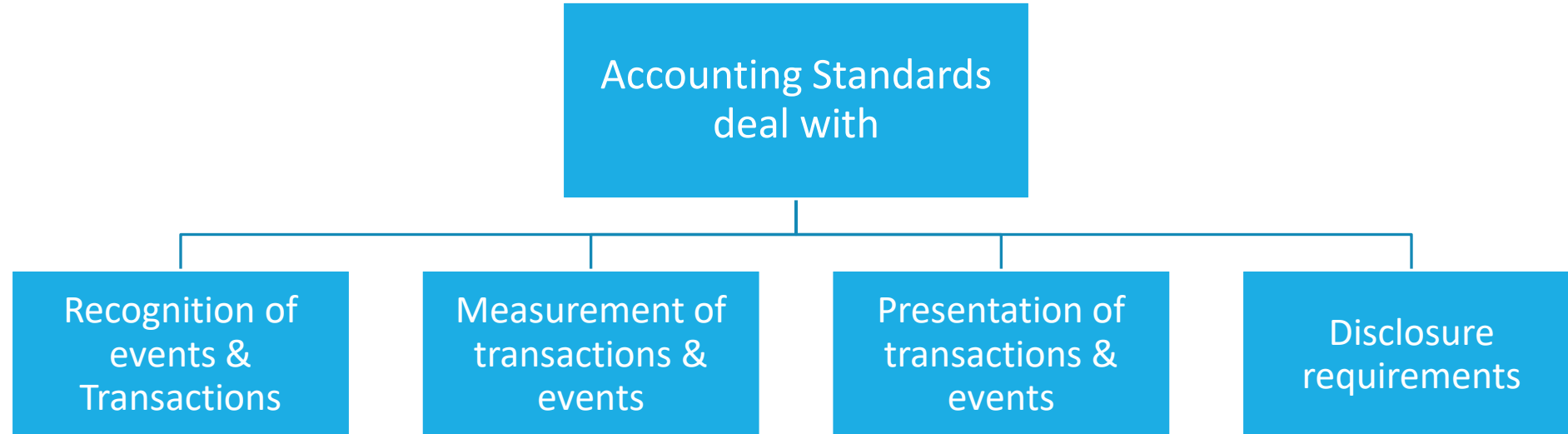


INTRODUCTION



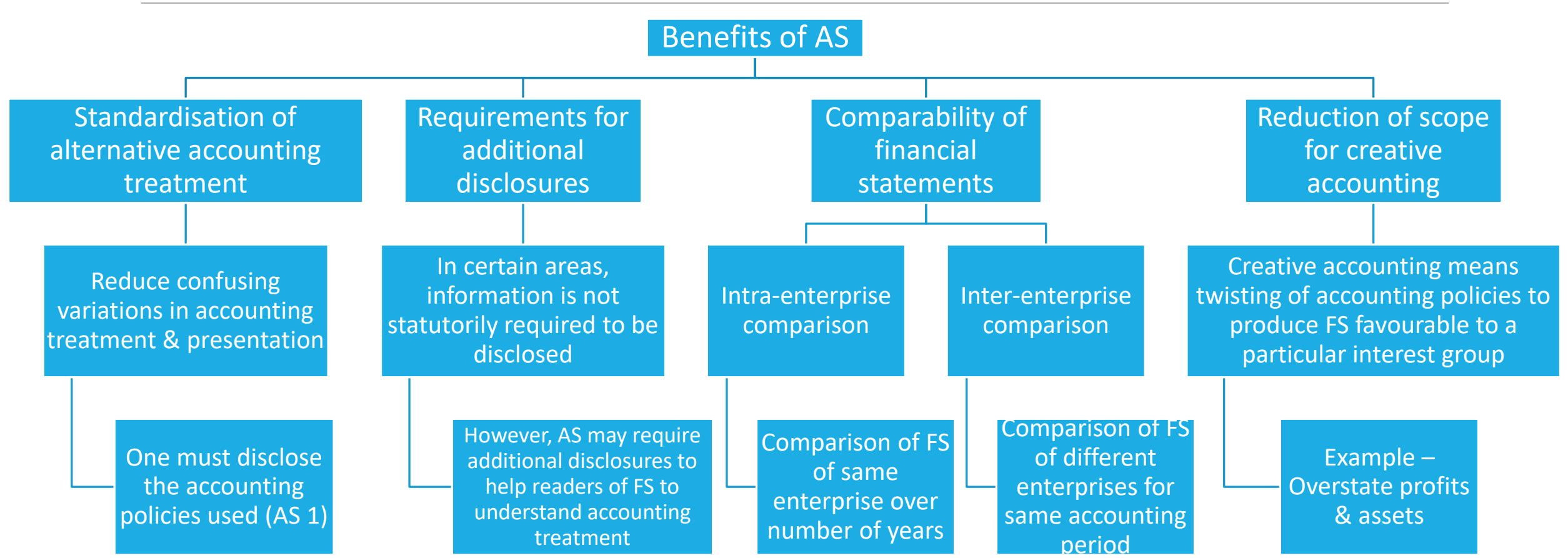


INTRODUCTION





INTRODUCTION





STANDARDS SETTING PROCESS

Bodies involved in standard setting process



ICAI took leadership role in constituting ASB



ASB considered IFRS & IAS while framing AS in India



Composition of ASB includes representatives of industries associations of industries (ASSOCHAM, CII, FICCI), regulators, academicians, government departments etc.



Although ASB is constituted by ICAI, it is independent in the formulation of AS



NFRA recommend these standards to MCA



MCA has to spell out the AS applicable for companies in India



LIST OF ACCOUNTING STANDARDS

AS 1 : Disclosure of Accounting policy

AS 2 : Valuation of Inventories (Revised)

AS 3 : Cash Flow Statement

AS 4: Contingencies & Events Occurring after the Balance Sheet Date (Revised)

As 5 : Net Profit or Loss for the Period, Prior Period Items & Changes in Accounting Policies

AS 7 : Construction Contracts

AS 9 : Revenue Recognition

As 10 : Property, Plant & Equipment (Revised)

As 11 : Property, Plant & Equipment (Revised)

AS 12 : Accounting for Government Grants

AS 13 : Accounting for Investments (Revised)

AS 14 : Accounting for Amalgamations (Revised)

AS 15 : Employee Benefits



LIST OF ACCOUNTING STANDARDS

AS 16 : Borrowing Costs

AS 17 : Segment Reporting

AS 18 : Related Party Disclosures

AS 19 : Leases

AS 20 : Earnings Per Share

AS 21 : Consolidated Financial Statements (Revised)

AS 22 : Accounting for Taxes on Income

AS 23 : Accounting for Investments in Associates in Consolidated Financial Statements

AS 24 : Discontinuing Operations

AS 25 : Interim Financial Reporting

AS 26 : Intangible Assets

AS 27 : Financial Reporting of Interests in Joint Ventures

AS 28 : Impairment of Assets

AS 29 : Provisions, Contingent Liabilities and Contingent Assets (Revised)



NEED FOR CONVERGENCE TO GLOBAL STANDARDS

Need For Convergence To Global Standards





INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB)

With the objective of setting global standards

London based group named the International Accounting Standards Committee (IASC) was established in 1973



IASC comprises professional accountancy bodies of over 75 countries (including ICAI)



IASC restructured their organisation which resulted in formation of IASB

31.03.2001

01.04.2001

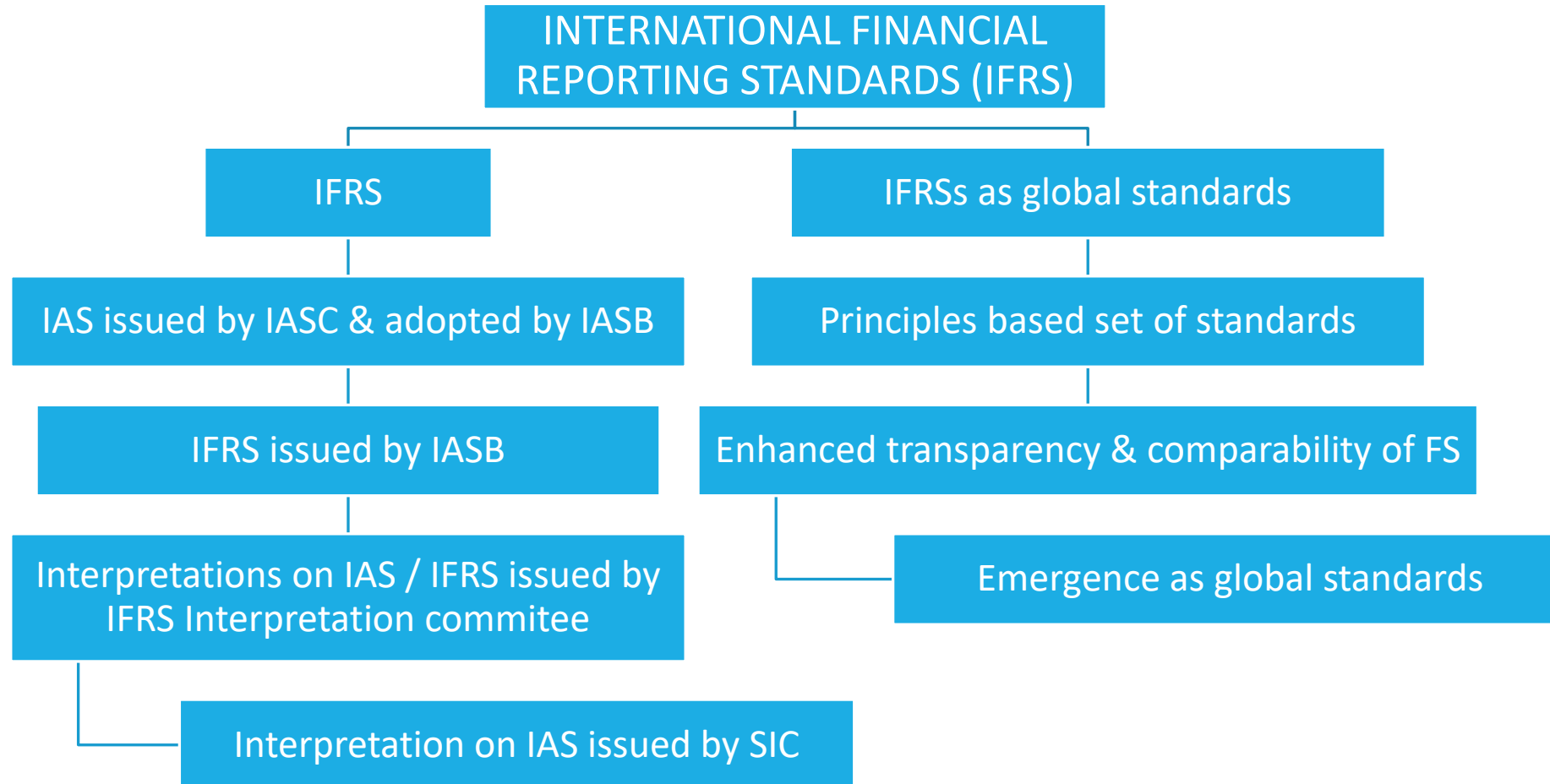


**Standards issued by IASC
are known as IASs**

**Standards issued by IASB
are known as IFRSs**



INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)





BECOME IFRS COMPLIANT





CONVERGENCE TO IFRS IN INDIA

ICAI



Convergence to IFRS; not adoption



Application of IFRS in india considering legal & other conditions prevailing in india

Deviation from corresponding IFRS, if required

ASB in consultation with MCA decided to have two sets of AS



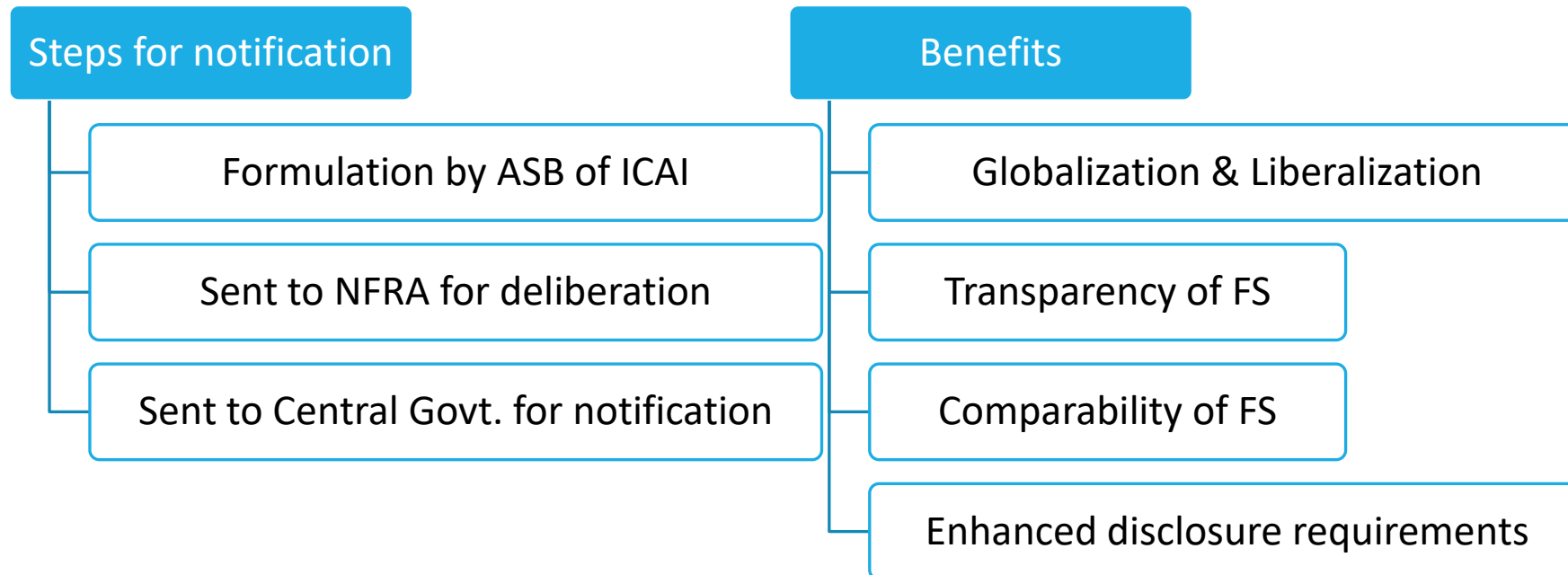
Ind AS

AS



IND AS

Ind AS are IFRS converged standards issued by the Central Government with certain carve outs



- Ind AS are named & numbered same as corresponding IAS.
- However, for Ind AS corresponding to IFRS, add 100 to IFRS number. Eg: For IFRS 1, Ind AS is 101



HISTORY OF IFRS CONVERGED IND AS

- ICAI initiated the process in 2006 of moving towards IFRS to enhance acceptability & transparency of FS



- MCA issued the companies (Ind AS) rules, 2015 vide notification dated February 16, 2015 covering revised roadmap for companies other than banking companies, Insurance companies & NBFC/s
 - As per the notification, Ind AS converged with IFRS were required to be implemented on voluntary basis from 1st April, 2015 & mandatorily from 1st April, 2016
- Separate roadmaps were prescribed for implementation of Ind AS to Banking, Insurance companies & NBFC's



LIST OF IND AS

**Ind AS 101 : First Time
Adoption of Indian
Accounting Standards**

**Ind AS 102 : Share Based
Payment**

**Ind AS 103 : Business
Combinations**

**Ind AS 104 : Insurance
Contracts**

**Ind AS 105 : Non-current
Assets Held for Sale and
Discontinued Operations**

**Ind AS 106 : Exploration
for and Evaluation of
Mineral Resources**

**Ind AS 107 : Financial
Instruments: Disclosures**

**Ind AS 108 : Operating
Segments**

**Ind AS 109 : Financial
Instruments**

**Ind AS 110 :
Consolidated Financial
Statements**

**Ind AS 111 : Joint
Arrangements**

**Ind AS 112 : Disclosure of
Interests in Other
Entities**

**Ind AS 113 : Fair Value
Measurement**



LIST OF IND AS

**Ind AS 114 :
Regulatory Deferral
Accounts**

**Ind AS 115 : Revenue
from contracts with
customers**

Ind AS 116 : Leases

**Ind AS 1 :
Presentation of
Financial Statements**

Ind AS 2 : Inventories

**Ind AS 7 : Statement
of Cash Flows**

**Ind AS 8 : Accounting
Policies, Changes in
Accounting
Estimates & Errors**

**Ind AS 10 : Events after the
Reporting Period**

**Ind AS 12 : Income
Taxes**

**Ind AS 16 : Property,
Plant and Equipment**

**Ind AS 19 : Employee
Benefits**

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

**Ind AS 21 : The
Effects of Changes in
Foreign Exchange
Rates**

**Ind AS 23 :
Borrowing Costs**

**Ind AS 24 : Related
Party Disclosures**

**Ind AS 27 : Separate
Financial Statements**



LIST OF IND AS

**Ind AS 28 : Investment
in Associates and Joint
Ventures**

**Ind AS 29 : Financial
Reporting in
Hyperinflationary
Economies**

**Ind AS 32 : Financial
Instruments:
Presentation**

**Ind AS 33 : Earnings per
Share**

**Ind AS 34 : Interim Financial
Reporting**

**Ind AS 36 : Impairment
of Assets**

**Ind AS 37 : Provisions,
Contingent Liabilities
and Contingent Assets**

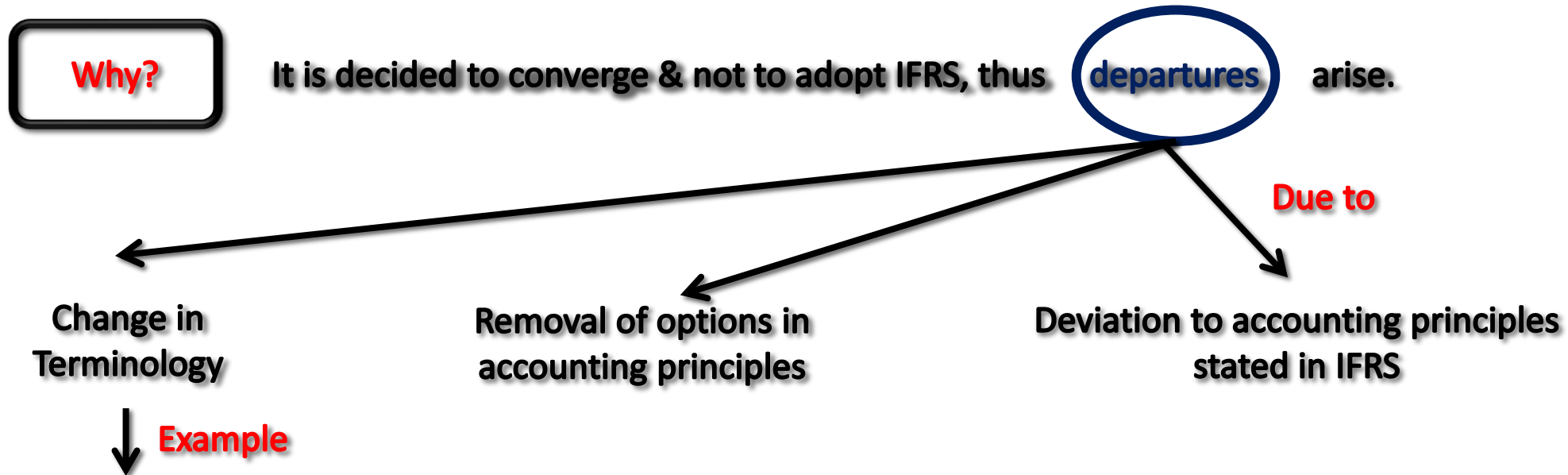
Ind AS 38 : Intangible Assets

**Ind AS 40 : Investment
Property**

Ind AS 41 : Agriculture



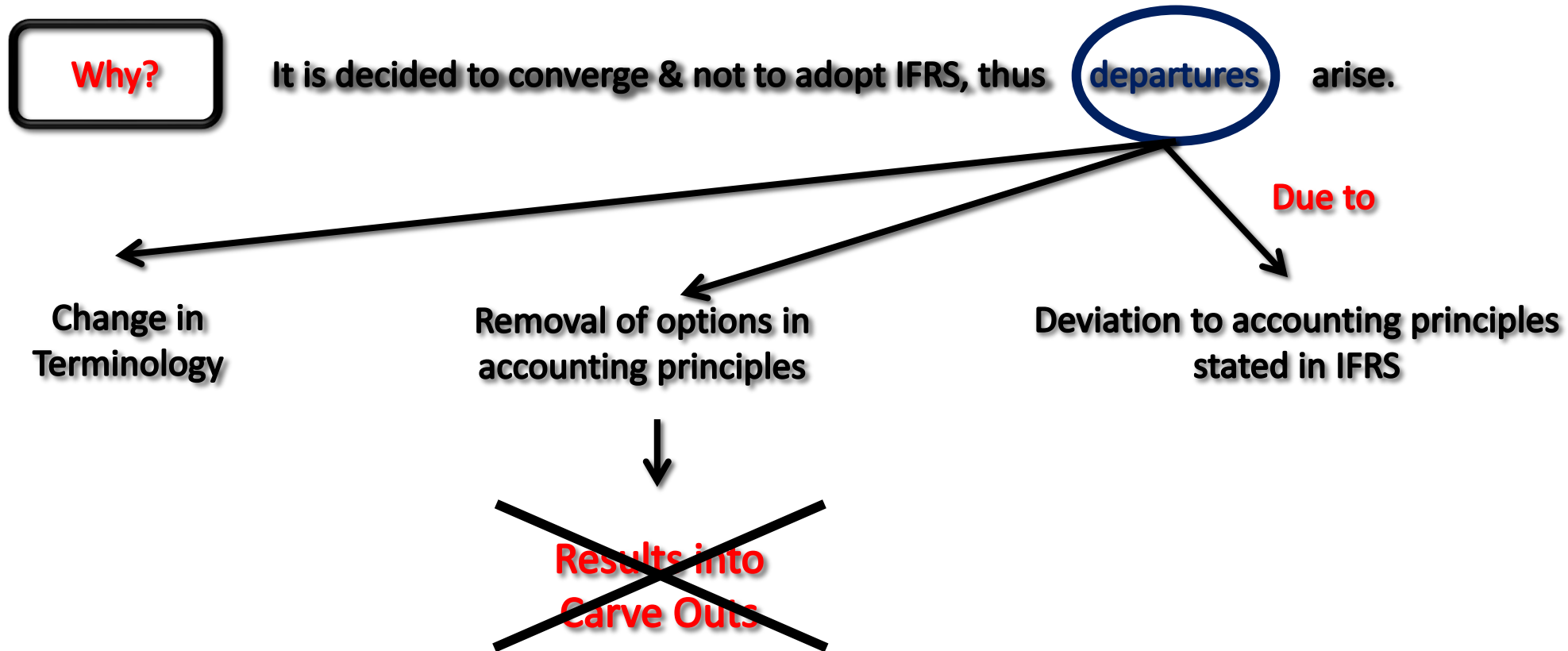
CARVE OUTS & CARVE INS



In IFRS	In Ind AS
Statement of Comprehensive Income	Statement of P&L
Statement of Financial Position	Balance sheet



CARVE OUTS & CARVE INS





CARVE OUTS & CARVE INS

Why?

It is decided to converge & not to adopt IFRS, thus **departures** arise.

departures

Due to

Change in Terminology

Removal of options in accounting principles

Deviation to accounting principles stated in IFRS

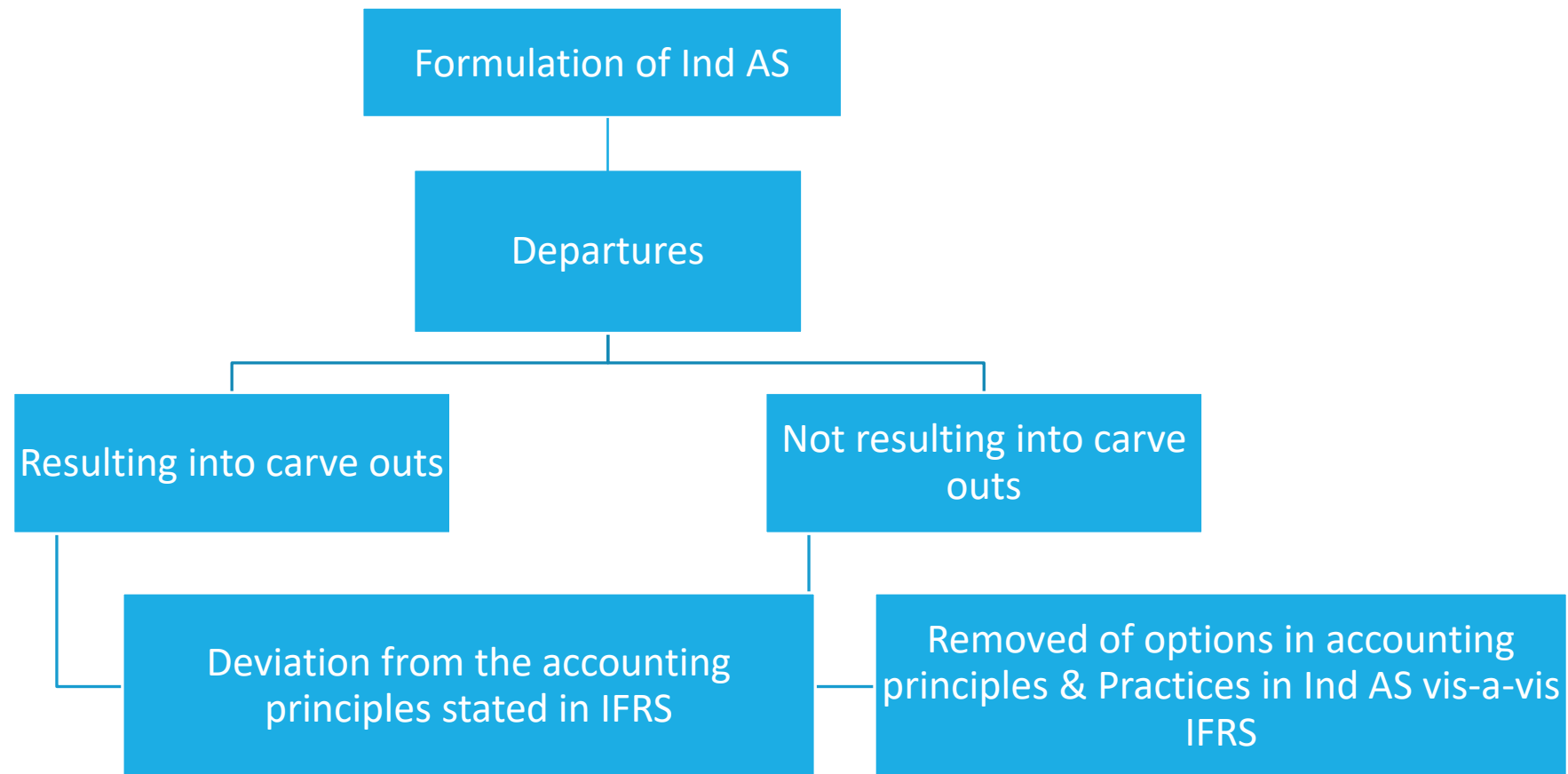
Known as Carve Outs

Carve Ins

Additional Guidance given in Ind AS than what is given in IFRS.



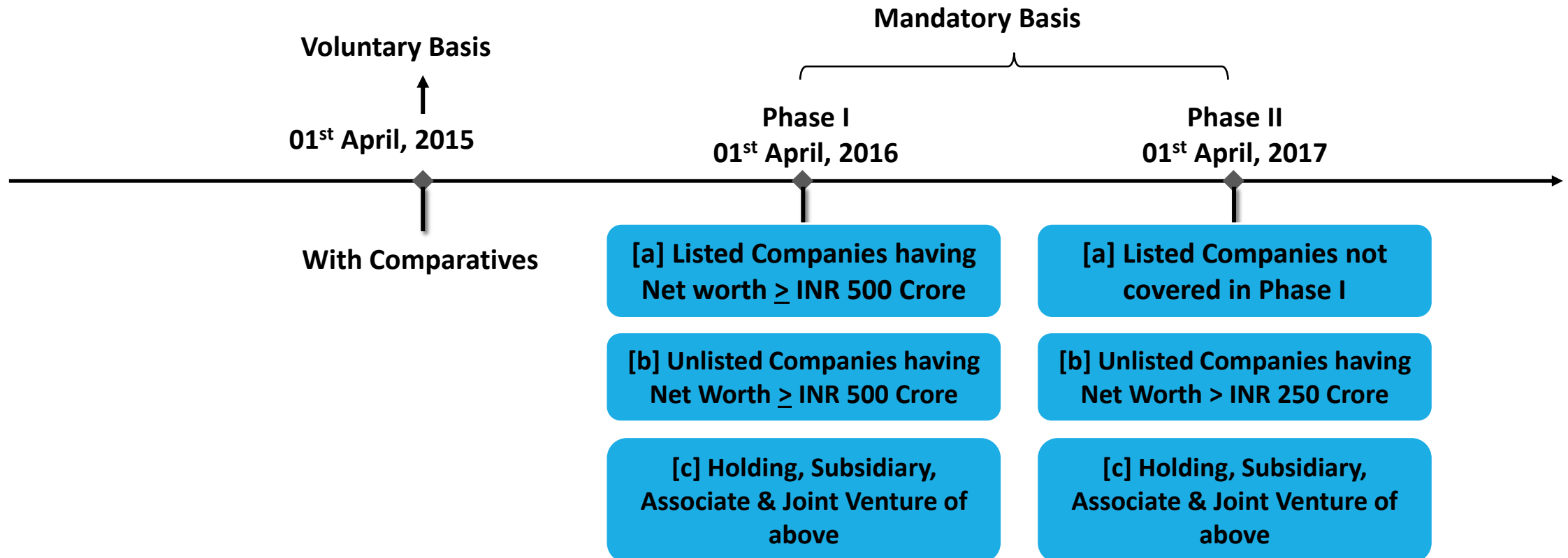
CARVE OUTS & CARVE INS





ROADMAP FOR IMPLEMENTATION OF IND AS

For companies other than Banks, NBFCs & Insurance Companies





ROADMAP FOR IMPLEMENTATION OF IND AS

For Non Banking Financial Companies (NBFCs)

With Comparatives

Phase I
01st April, 2018

Phase II
01st April, 2019

**[a] NBFCs (Listed OR Unlisted) having
Net worth > INR 500 Crore**

**[b] Holding, Subsidiary, Associate &
Joint Venture of above other than
those previously covered**

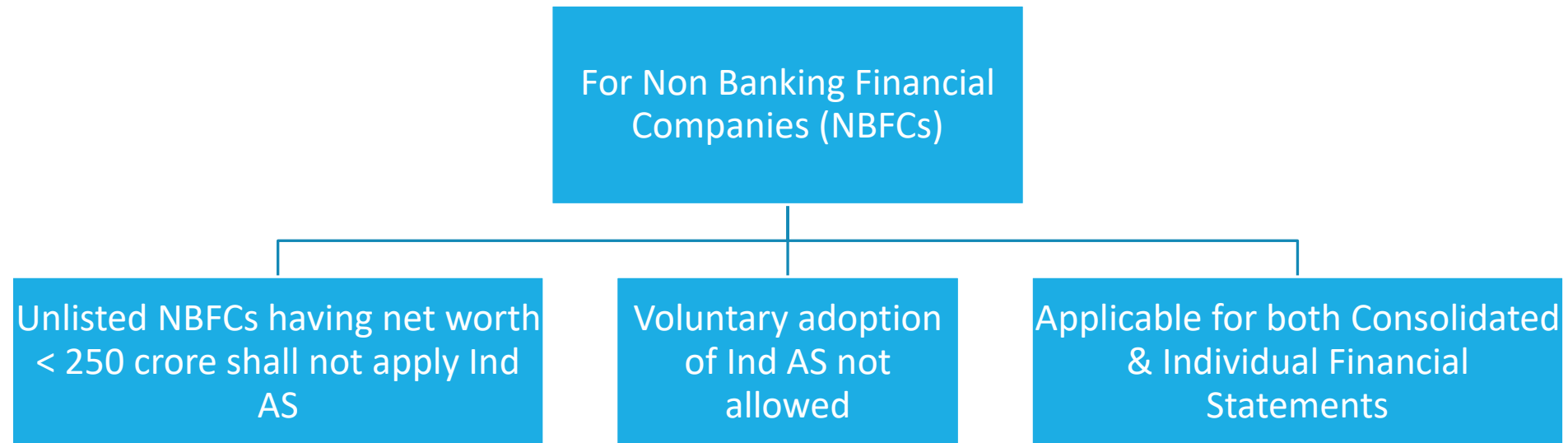
**[a] Listed NBFCs not covered in
Phase I (Net worth < 500 crore)**

**[b] Unlisted NBFCs having Net Worth >
INR 250 Crore but < 500 crore**

**[c] Holding, Subsidiary, Associate & Joint Venture
of above other than those previously covered**



ROADMAP FOR IMPLEMENTATION OF IND AS





ROADMAP FOR IMPLEMENTATION OF IND AS

For Scheduled Commercial Banks excluding Regional Rural Banks

- => Initially required to apply Ind AS from 01st April, 2018.**
- => Later RBI deferred implementation of Ind AS by 1 year i.e. from 01st April, 2019.**
- => Later RBI deferred implementation of Ind AS till further notice.**
- => Urban Co-operative banks (UCBs) & Regional Rural Banks (RRBs) are not required to apply Ind AS**

For Insurers/ Insurance Companies

- => Effective date of implementation not yet finalised & would be finalised after finalisation of IFRS 17 by IASB.**



THANK YOU