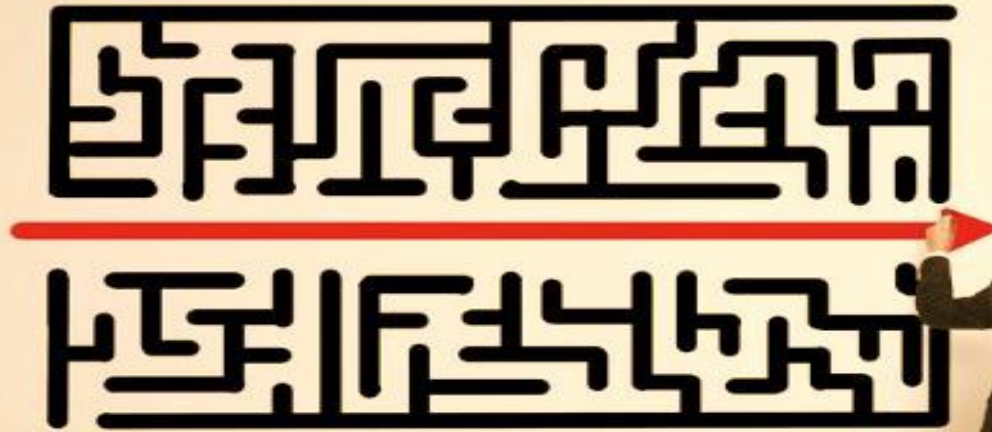


First time adoption & approach to Ind AS; Impact on India Inc.



CA Rakesh Agarwal
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Vice President
Finance, Compliance and Accounts
Centers of Excellence (CoE)
Reliance Industries Limited

complex
simple

May 1, 2015

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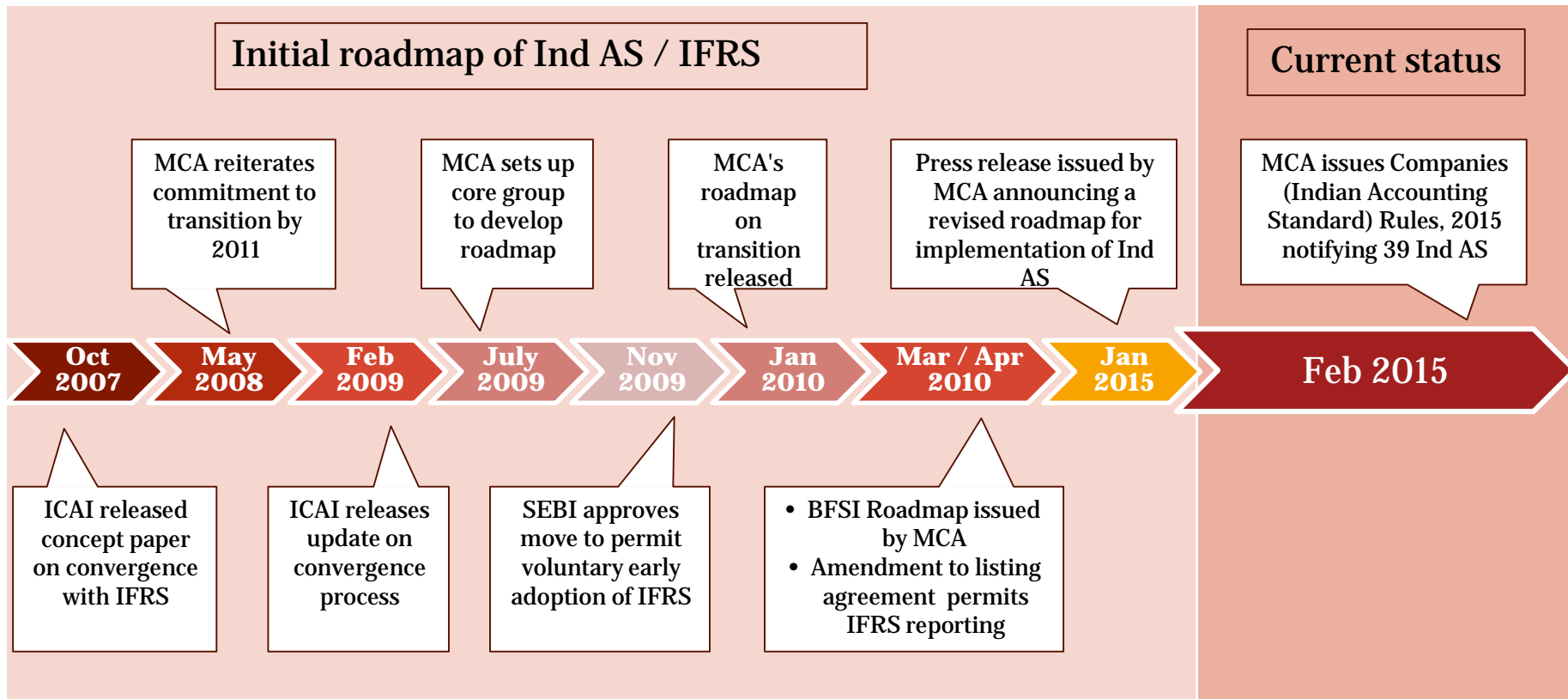
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1. Journey towardsInd AS
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3. Reconciliation of Ind AS with IFRS
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5. Potential impact of IFRS Convergence



Journey towardsInd AS

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Rules, 2015 vide Notification dated 16th Feb, 2015, notifying 39 Indian Accounting Standards. These rules also contain the roadmap as envisaged by the press release issued by MCA on 2nd January, 2015



Roadmap for implementation of Ind AS (1/2)

Ind AS Implementation

Voluntary Adoption

From April 1st, 2015
(with comparatives for March 31st, 2015)

Else, continue to apply the Accounting Standards issued by ICAI.

Mandatory Adoption

From April 1st, 2016:
(with comparatives for March 31st, 2016)

Companies covered:

- A. Companies whose equity and/or debt securities are listed, or who are in the process of listing on any stock exchange in India or outside India, and Companies having a net worth of Rs. 500 crore or more.
- B. Unlisted companies having a net worth of Rs. 500 crore or more.
- C. Holding, subsidiary, joint venture or associate companies of companies covered above.

From April 1st, 2017:
(with comparatives for March 1st, 2017)

Companies covered:

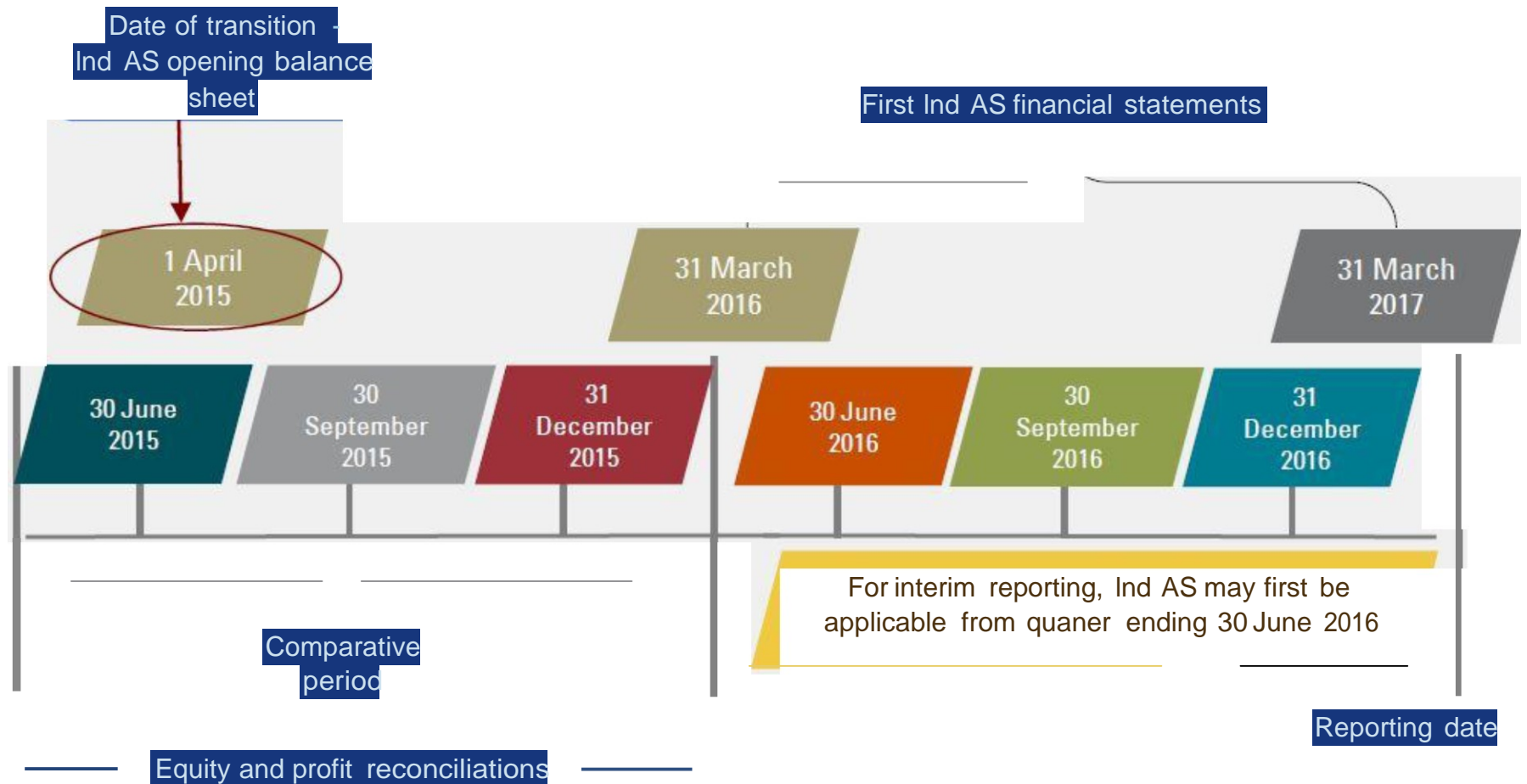
- A. Companies whose equity and/or debt securities are listed, or Companies who are in the process of listing on any stock exchange in India or outside India, and Companies having a net worth of less than Rs. 500 crore
- B. Unlisted companies having a net worth of Rs. 250 crore or more but less than Rs. 500 crore and not covered in any of the other categories.
- C. Holding, subsidiary, joint venture or associate companies of companies covered above.

Mandatory adoption:

RIL and **ALL** of its subsidiaries, joint venture and associates will be covered under mandatory adoption date of April 1, 2016 (i.e. FY 2016-17) with a comparative for the period ending March 31, 2016 (FY 2015-16).

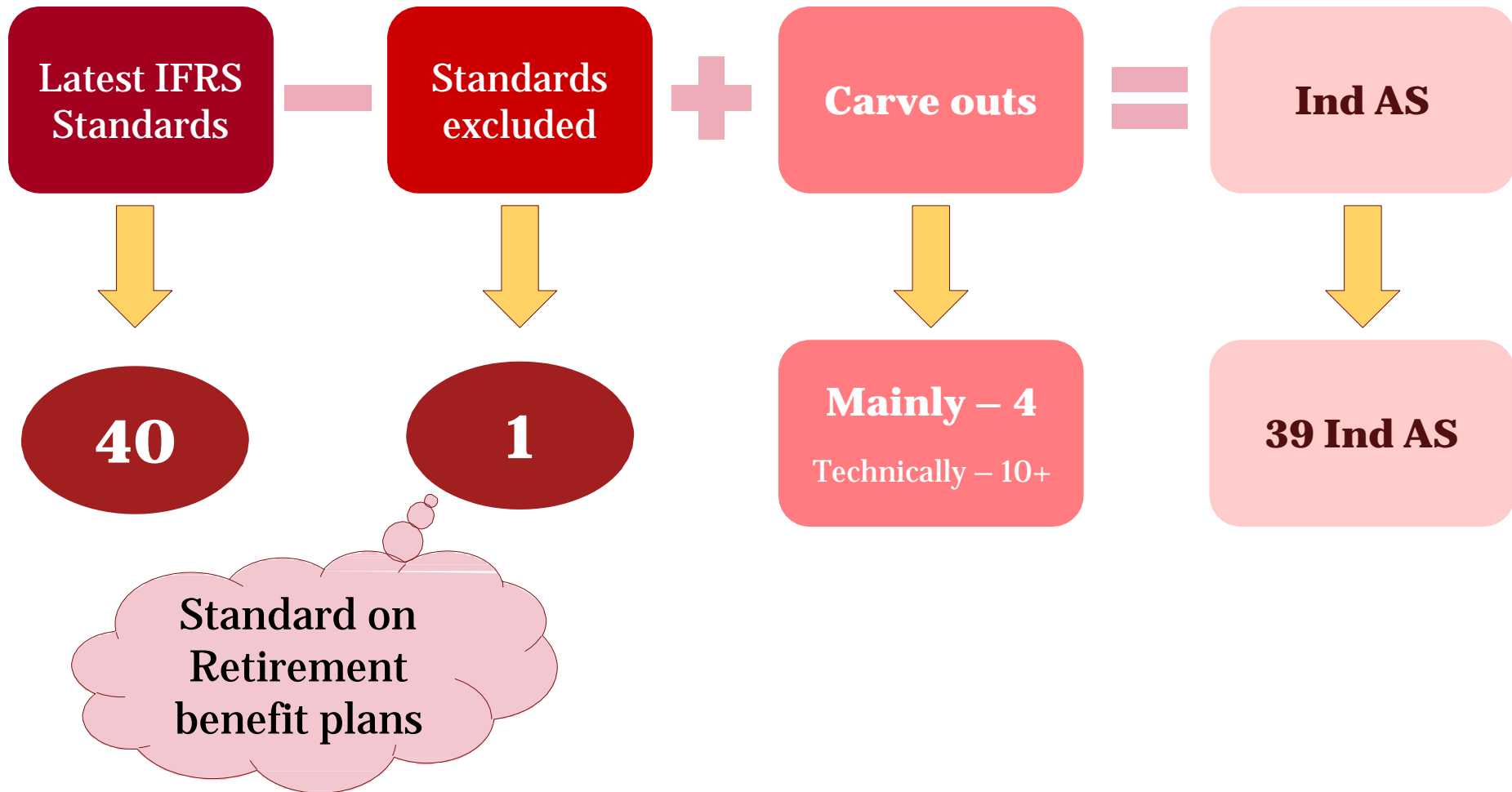
Roadmap for implementation of Ind AS (2/ 2)

Mandatory implementation – Phase I



: The above implementation timeline for phase II companies will have comparative period ending 31 March 2017 and annual reporting period ending 31 March 2018.

Reconciliation of Ind AS with IFRS



Comprehensive Listing of Ind AS - alignment with IFRS

Standards notified by MCA –	39
Standards not issued being superseded	03
Standard not adopted -	01

Sr. No	Ind AS	Particulars
A. Ind AS notified by MCA (Corresponding IFRS Exists)		
1	Ind AS 101	First-time Adoption of Indian Accounting Standards
2	Ind AS 102	Share based Payment
3	Ind AS 103	Business Combinations
4	Ind AS 104	Insurance Contracts
5	Ind AS 105	Non-Current Assets Held for Sale & Discontinued Operations
6	Ind AS 106	Exploration for and Evaluation of Mineral Resources
7	Ind AS 107	Financial Instruments: Disclosures
8	Ind AS 108	Operating Segments
9	Ind AS 109	Financial Instruments
10	Ind AS 110	Consolidated Financial Statements
11	Ind AS 111	Joint Arrangements
12	Ind AS 112	Disclosure of interests in other Entities
13	Ind AS 113	Fair value measurement
14	Ind AS 114	Regulatory Deferral Accounts
15	Ind AS 115	Revenue from contracts with customers
16	Ind AS 1	Presentation of Financial Statements
17	Ind AS 2	Inventories
18	Ind AS 7	Statement of Cash Flows
19	Ind AS 8	Accounting Policies, Changes in Accounting Estimates and Errors
20	Ind AS 10	Events after the Reporting Period
21	Ind AS 12	Income Taxes
22	Ind AS 16	Property, Plant and Equipment

Comprehensive Listing of Ind AS - alignment with IFRS

Standards notified by MCA –	39
Standards not issued being superseded	03
Standard not adopted -	01

Sr. No	Ind AS	Particulars
23	Ind AS 17	Leases
24	Ind AS 19	Employee Benefits
25	Ind AS 20	Accounting for Government Grants & Disclosure of Government Assistance
26	Ind AS 21	The Effects of Changes in Foreign Exchange Rates
27	Ind AS 23	Borrowing Costs
28	Ind AS 24	Related Party Disclosures
29	Ind AS 27	Separate Financial Statements
30	Ind AS 28	Investments in Associates and Joint Ventures
31	Ind AS 29	Financial Reporting in Hyperinflationary Economies
32	Ind AS 32	Financial Instruments: Presentation
33	Ind AS 33	Earnings per Share
34	Ind AS 34	Interim Financial Reporting
35	Ind AS 36	Impairment of Assets
36	Ind AS 37	Provisions, Contingent Liabilities & Contingent Assets
37	Ind AS 38	Intangible Assets
38	Ind AS 40	Investment Property
39	Ind AS 41	Agriculture
1	Ind AS 11	Construction Contracts (Superseded by Ind AS 115)
2	Ind AS 18	Revenue (Superseded by Ind AS 115)
3	Ind AS 39	Financial Instruments: Recognition and Measurement (Superseded by Ind AS 109)
1	Ind AS 26	Accounting and Reporting by Retirement Benefit Plans

Major carve-outs in Ind AS

Sr No	Ind AS Ref.	Carve-Out
1	NA	Law overrides accounting Standards: Law would override accounting standards. It appears to imply that court schemes whereby expenses are charged to reserves may be grandfathered and also possibly for future schemes (subject to compliance with other regulatory requirements)
2	Ind AS 101	An option to use carrying values of all assets as on the date of transition in accordance with previous GAAP as an acceptable starting point under Ind AS.
3	Ind AS 103	Treatment of bargain purchase gain arising on a business combination
4	Ind AS 110	Option not to align the accounting policy of associates and joint ventures with that of the parent, if impracticable
5	Ind AS 1	Classification of a loan liability as Non-Current in case of breach of a loan condition
6	Ind AS 17	Exception to the requirement of straight-lining of operating lease rentals
7	Ind AS 21	<u>Treatment of Foreign Exchange difference</u> - to continue with current accounting policy for existing long-term foreign currency monetary items
8	Ind AS 32	Classification of Foreign Currency Convertible Bonds component as equity and not financial liability
9	Ind AS 38	<u>Amortisation of intangible assets arising from toll roads</u> - to continue with the current accounting policy (Schedule II requirements) for existing projects
10	Ind AS 40	In AS 40 – Fair value model for Investment Property not permitted

Potential impact of IFRS Convergence

Impact on CFS of ABC Ltd for the Y.E. Mar 31, 2013

Areas		Impact			
A	Select Components of Financial Statements	Net worth	Net Income	Disclosures	Efforts
1	Consolidation (SIC 12, DT on outside basis)	Medium – High	Medium - High	Low	Medium
2	Business Combinations (common control transactions, Fair value vs. Book value, Merger – Scope exemption presumed)	Nil - Low	Low	Nil	Low
3	Property, Plant and Equipment	Medium - High	Medium - High	Low	High
4	Share based payments e.g. Fair value accounting vs. Book value.	Nil-Low	Low- Medium	Nil	High
5	Financial Instruments e.g. Forward contracts, IFRS 7 disclosure	Low-Medium	Medium	High	High
6	Employee Benefits e.g. VRS.	Low	Low	Low	Low
7	Revenue Recognition IFRIC 13, Multiple Elements, etc.	Low	Low	Low	Medium

Potential impact of IFRS Convergence

Impact on CFS of ABC Ltd for the Y.E. Mar 31, 2013

Areas		Impact			
A	Select Components of Financial Statements	Net worth	Net Income	Disclosures	Efforts
8	Taxes on Income (B/S Approach, IFRS Adjustments, Deferred Tax on Outside basis etc.)	Medium – High	Medium – High	Medium	Medium
9	Foreign Currency Transactions (Functional Currency determination of foreign branches, Cost plus contracts)	Low	Low	Low	Medium
10	First Time Adoption (Selecting exemptions and exceptions, 1) FV of Fixed Assets, 2) Business Combinations and Mergers, etc)	Medium – High	Medium - High	High	High
11	Restructuring and Discontinued Operations	Low-Medium	Low-Medium	Low	Low
12	EPS (Impact of IFRS adjustments, Dilution option in subsidiary, if any.)	Nil	Nil	Low	Low
13	Operating Segment (MIS data vs. Audited Segmental information)	Nil	Nil	High	Low
14	Presentation of Financial Statements (Making policy choices of format and benchmarking, Fixed deposits)	Nil	Nil	High	High
15	New Businesses/Transactions/ Others (New Acquisitions, Dividend)	Future	Future	Future	Future

Real estate

- Revenue and expense recognition
- Consolidation of SPVs
- Investment property

Ind AS 115 and
Ind AS 40

IT / ITES

- Multiple element contract
- Share based payment
- Hedge Accounting

Ind AS 115 and
Ind AS 109

Entertainment & Media

- Revenue recognition method
- Guaranteed viewership, compensated by discounted rate/ free slot

Ind AS 115

Telecom

- Bundled multiple service offering
- Accounting for indefeasible right to use
- Asset Retirement Obligation

Ind AS 115

Pharmaceutical

- Collaborative arrangements
- Intangible assets (i.e. patents, licenses etc.) and its amortisation

Ind AS 38

Power

- Long term Power purchase agreements
- Decommissioning cost

Ind AS 17
(IFRIC 4)

Oil and gas

- Exploration cost booking
- Abandonment / site restoration cost

Ind AS 106

Automobile

- Revenue for free services
- Assets of vehicle manufacturer used ancillary for component manufacturing

Ind AS 16

Infrastructure / Construction

- IFRIC 12 - Service Concession Arrangements
- Revenue recognition

Ind AS 115
(IFRIC 12)

1. **First-time Adoption of Ind AS – Requirements**
2. **Optional exemptions summary**
3. **Mandatory exceptions summary**



First-time Adoption of Ind AS - Requirements

Ind AS 101 requires:

- Identify the **first Ind AS financial statements**.
- Prepare an **opening balance sheet** at the date of transition to Ind AS.
- Select **accounting policies** that comply with Ind AS, (latest version of Ind AS applicable on the reporting date) and apply those policies retrospectively
- Consider whether to apply any of the **optional exemptions** from retrospective application.
- Apply the **mandatory exceptions** from retrospective application.
- Make **extensive disclosures** to explain the transition to Ind AS.

Ind AS 101 - Optional exemptions summary

Currently, Ind AS 101, has **20 optional exemption** from retrospective application and the same has been categorized based on its importance and impact on financial statement in the following table:

High	Medium	Low
<ul style="list-style-type: none"> • Deemed cost - Property plant and equipment, Investment property and Intangible assets • Cumulative translation differences • Business Combination 	<ul style="list-style-type: none"> • Share-based payment • Leases • Investments in subsidiaries, joint ventures and associates • Assets and liabilities of subsidiaries, associates and joint ventures • Compound financial instruments` • Designation of previously recognised financial instruments • FV measurement of financial assets or financial liabilities at initial recognition • Decommissioning liabilities 	<ul style="list-style-type: none"> • Insurance contracts • Financial assets or intangible assets accounted for in accordance with Appendix C to Ind AS 115 • Extinguishing financial liabilities with equity instruments • Severe hyperinflation • Joint arrangements • Stripping costs • Designation of contracts to buy or sell a non-financial item • Revenue from contracts with customers • Non-current assets held for sale and discontinued operations

Optional Exemptions - Significant

Exemption	Impact
Deemed cost - Property plant and equipment, Investment property and Intangible assets:	<p>In case of Property, plant and equipment, Investment property and Intangible assets, a company can choose to measure the value using:</p> <ul style="list-style-type: none">- Cost in accordance with Ind AS; or- Fair value at the date of transition as deemed cost; or- A revaluation carried out at a previous date (like a IPO) less accumulated depreciation till the date of transition; or- Book value (carrying value) of assets recorded in Indian GAAP as on the date of transaction. <p>In simple words, Companies have option to use the existing book values (carrying value) of fixed assets in their first Ind AS financial statement without requiring it to reopen past adjustments such as i.e. capitalisation of borrowing cost, treatment of foreign exchange gains / losses, capitalisation of indirect expenses etc.</p>
Cumulative translation differences:	<p>If a first time adopter uses this exemption:</p> <ul style="list-style-type: none">- the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to Ind ASs; and- The gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to Ind AS and shall include later translation differences. <p>Accordingly, all cumulative translation gains and losses arising from foreign operations as of the date of transition to Ind AS are reset to zero.</p>

Optional Exemptions - Significant

Exemption	Impact
Business Combination	<p>For all transactions qualifying as business combinations under Ind AS 103, a company can choose to:</p> <ul style="list-style-type: none">• Not restate business combinations before the date of transition.• Restate all business combinations before the date of transition.• Restate a particular business combination, in which case all subsequent business combinations must also be restated and the Ind AS 36 impairment guidance must be applied.

Summary of optional exemptions availed by India Inc

List of Optional Exemption	Name of the Companies				
	Tata Motors	Bharti Airtel	Dr Reddys	Infosys	TCS
1. Business Combinations	Yes	No	Yes	Yes	Yes
2. Deemed Cost	No	No	No	No	No
3. Assets & liabilities of subsidiaries, associates & JVs	No	Yes	N/A	N/A	No
4. Cumulative translation differences	N/A	No	N/A	N/A	Yes
5. Share based payment transactions	N/A	No	No	Yes	N/A
6. Service concession arrangements	N/A	N/A	N/A	N/A	N/A
7. Leases	No	Yes	N/A	N/A	N/A
8. Transfer of assets from customers	N/A	N/A	N/A	N/A	N/A
9. Insurance contracts	N/A	N/A	N/A	N/A	N/A
10. Employee benefits	Yes	Yes	Yes	No	No
11. Compound financial instruments	No	No	N/A	N/A	N/A
12. Investments in subsidiaries, JCE's & associates	No	No	N/A	N/A	N/A
13. Designation of previously recognised financial instruments	N/A	N/A	N/A	N/A	N/A
14. FV measurement of FA or FL at initial recognition	No	No	No	No	No
15. Decommissioning liabilities included in the cost of PPE	N/A	No	N/A	N/A	N/A
16. Borrowing costs	N/A	No	N/A	N/A	N/A
17. Extinguishing EL with equity instruments	N/A	N/A	N/A	N/A	N/A
18. Severe hyperinflation	N/A	N/A	N/A	N/A	N/A
19. Stripping cost	N/A	N/A	N/A	N/A	N/A

Ind AS 101 – Mandatory exceptions summary

There are several mandatory exceptions to full retrospective application of Ind AS. Based on its importance it has been categorized in the following table:

High	Medium	Low
<ul style="list-style-type: none">• Estimates	<ul style="list-style-type: none">• Derecognition of financial assets and financial liabilities• Hedge Accounting	<ul style="list-style-type: none">• Non-controlling interest• Classification and measurement of financial assets• Impairment of financial assets• Embedded derivatives• Government Loans

Mandatory Exception - Significant

Exception	Impact
Estimates	<p>In accordance with Ind AS 101, an entity's estimates under Ind AS at the date of transition to Ind AS must be consistent with estimates made for the same date under Indian GAAP, unless there is objective evidence that those estimates were in error.</p> <p>For example - An entity makes provision for warranty @ 5% of total revenue based on historical trend for the year 2014-15. In 2015-16, the company came to know that products manufactured by it from a new factory in 2014-15 had a design defect and due to that the warranty costs will rise substantially for sales of the products manufactured in the new factory. Whether the company can revise its estimates of warranty cost while preparing its first Ind AS financials?</p> <p>As per Ind AS 101, hindsight cannot be used either at the date of transition (i.e. April 1, 2014) or at any point during the comparative period (i.e. 2014-15), including the end of the comparative year. Accordingly, the company will not revise its estimates of warranty cost in its first Ind AS financials (i.e. transition date and comparative period).</p>

Quick quiz - First Time adoption

	Quick Quiz	
1	“Reporting date” is the ending of the latest period for which a First Time Adopter presents full comparative information under Ind AS.	P
2	Comparative information need not be presented in the first Ind AS financial statements.	O
3	The “business combinations” exemption can be applied selectively to individual business combinations prior to the reporting date.	O
4	Fair value cannot be used as deemed cost for intangibles.	O
5	A group which does not apply the CTA differences exemption must reconstruct all historical IFRS balance sheets and statements of comprehensive income of its consolidated foreign subsidiaries, joint ventures and associates.	P
6	For First Time Adopters, Goodwill must be tested for impairment at the transition date as well as at reporting date.	P
7	If goodwill was amortised in previous GAAP, the amortisation would be reversed and goodwill restated and then tested for impairment.	O

I. Conversion approach looking through the eyes of CEO

- “Thinking - Strategy to Execution”
- Thinking Global Strategy & Business Model
- Thinking Global Strategy & Business Model
- RACI and RAPID Framework
- Work Breakdown Structure
- Impact of IFRS on India Inc.

II. Conversion approach looking through the eyes of Functional Head (CFO)

- Mapping RACI with GIRA Framework
- Mapping RAPID with GIRA Framework
- Essentials of IFRS Conversion Approach
- Essentials of IFRS Conversion Approach
- Project Management Framework
- Project structure

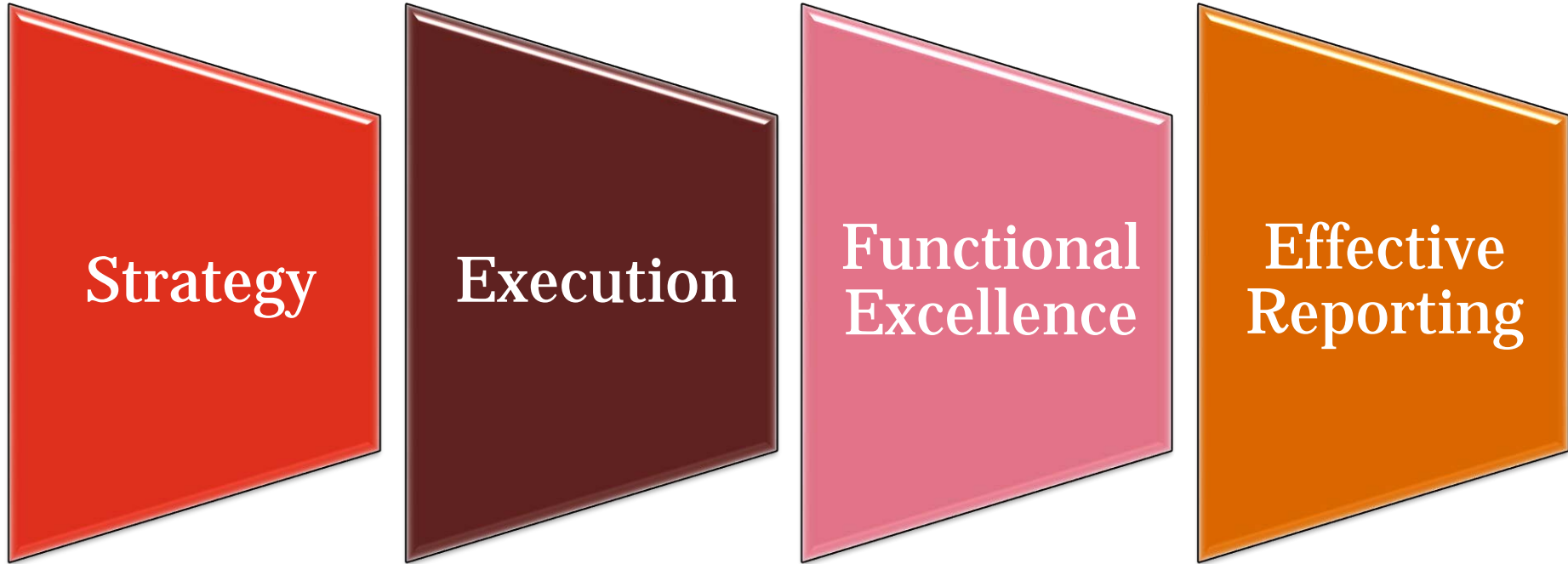


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“Thinking - Strategy to Execution”



- **Complying with the laws of the land**
- **Innovation – DNA**
- **Zeal towards excellence**
- **Standing up for societal values**

Thinking Global Strategy & Business Model



Apple -

Simplicity in design and customer experience



Walmart –

Stack high & no frills



Amazon.com –

Lowest cost, anytime anywhere



IBM –

Local centric to global centric

Thinking Global Strategy & Business Model

What are the main functions and tools required to execute those ?

Box One

MAIN Function:

Manufacturing Excellence, Customer Excellence, People Excellence, Supply chain Excellence, Innovation –DNA, etc.



Tools for executing main functions:

- ✓ RACI
- ✓ RAPID

What are the support functions and tools required to execute those ?

Box Two

SUPPORT Function:

Corporate Secretarial, Accounts, Taxation – Direct, Indirect & International, Shared Services, Banking, etc.



Tools for executing support functions:

- ✓ Internal control
- ✓ Maker checker

RACI and RAPID Framework

RACI

Responsible

"Doer"

Individual(s)/ committees who perform an activity – responsible for action/implementation. R's can be shared.

Accountable

"Buck Stops Here"

The individual/committee who has to make sure its done. The final decision-maker. Only one "A" can be assigned to an activity/decision.

Consulted

"In the Loop"

The individual(s)/ committees to be consulted prior to a decision being taken.

Informed

"FYI"

The individual(s)/ committees who need to be informed after a decision or action is taken.

RAPID

Recommend a decision or action

Recommend

Formally **Agree** to a decision – Views must be reflected in final proposals

Input

Decide

Agree

Make the decision – Commit to Action

Provide **Input** to a recommendation – View may or may not be reflected in final proposals

Perform

Be accountable for **performing** a decision once made

Work Breakdown Structure

Assuming there are **6 reporting layers** in an Company, and each line manager has **8 to 12 direct reportees**, lets look at the size of the corporation:

Reporting Layer	Number of direct reporting personals		
	8	10	12
Layer 1	8	10	12
Layer 2	64	100	144
Layer 3	512	1,000	1,728
Layer 4	4,096	10,000	20,736
Layer 5	32,768	1,00,000	2,48,832
Layer 6	2,62,144	10,00,000	29,85,984
Total employees in an entity	2,99,593	11,11,111	32,57,437

Generally, world's largest sized organizations have 5 to 7 reporting layers.

Impact of IFRS on India Inc.

Transitional experience by India Inc. - Common IFRS Adjustments

Name of the entities	No. of IFRS adj.	Statistics	No. of IFRS adj.
1. Infosys Technologies Limited	1	High adjustment (>20% impact on net-worth / net income)	1
2. Wipro Limited	5		
3. Tata Motors Limited	10	Medium adjustment (5% - 20% impact on net-worth / net income)	7
4. Dabur India Limited	5		
5. Rolta India Limited	10		
6. Noida Toll Bridge Co Ltd	5	Low adjustment (1% - 5% impact on net-worth / net income)	42
7. Bharti Airtel Limited	10+		
8. Dr. Reddy's Laboratories Ltd.	4		
Total	50	Total	50

Nature of adjustment identified by India Inc. in their Financial Statement (Publicly available)

High impact adjustments	Medium impact adjustments	Low impact adjustments
<ul style="list-style-type: none"> Foreign Exchange Gain or loss of FCCB liability long term foreign currency monetary items 	<ul style="list-style-type: none"> Deferred tax Gain on repurchase of FCCB Imputed Interest on FCCB Goodwill on business combination Property plant and equipment 	<ul style="list-style-type: none"> Reversal of Amortised Goodwill and intangibles Share Based Payment Difference in revenue recognition norms Impairment

Conversion approach looking through the eyes of CFO

II. Conversion approach looking through the eyes of Functional Head (CFO)

- Mapping RACI with GIRA Framework
- Mapping RAPID with GIRA Framework
- Essentials of IFRS Conversion Approach
- Essentials of IFRS Conversion Approach
- Project Management Framework
- Project structure



Mapping RACI with GIRA Framework

Levels / Bands	Hierarchy	Governance Framework – Roles/Relied	Governance by
Band – 1	CEO	RACI/RAPID	Top Management
Band – 2	Executive Director - Finance	RACI/RAPID	
Band – 3	Chief Accounts Officer/Expert	Maker Checker	Extended Arm of Management
Band – 4	Unit Head / Functional Head	Monitor Reconciliation / Technical	
Band – 5	Executive/Clerks	Perform	

Responsible
"Doer"

Individual(s)/ committees who perform an activity – responsible for action/implementation. R's can be shared.

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"Buck Stops Here"

The individual/committee who has to make sure its done. The final decision-maker. Only one "A" can be assigned to an activity/decision.

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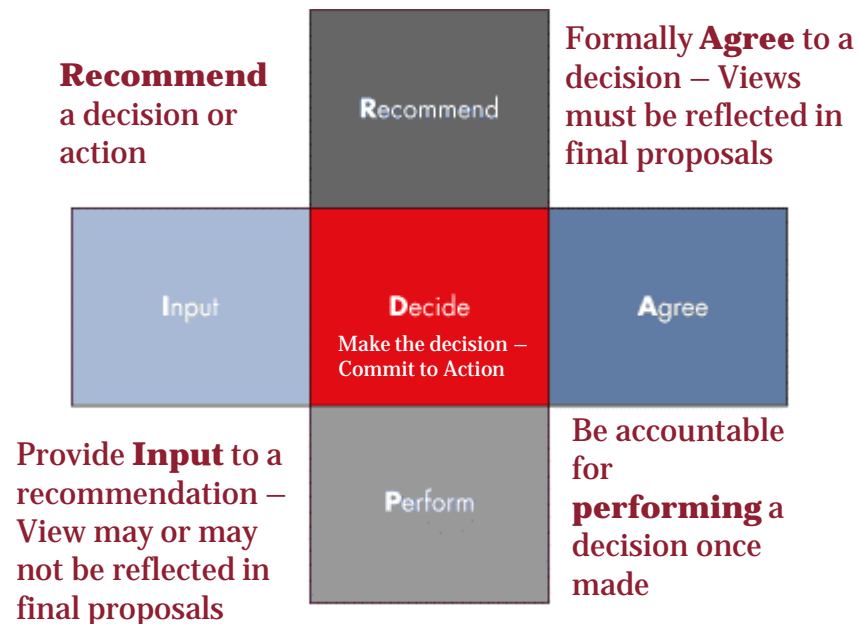
GIRA Framework - For example Ind AS Conversion

	Responsible	Accountable	Consulted	Informed
G – Guess	Expert (3)	CFO (2)	Band 2 – Non CFO	CEO (1)
I – Inference	Expert (3)	CFO (2)	Band 2 – Non CFO	CEO (1)
R – Reliable	Executive/Unit Heads (5 & 4)	CAO/Experts (3)	Expert/CFO (3)	CFO / CEO (2&1)
A – Accurate	Executive/Unit Heads (5 & 4)	CAO/Experts (3)	Expert/CFO (3)	CFO / CEO (2&1)

* Brackets indicates levels / bands

Mapping RAPID with GIRA Framework

Levels / Bands	Hierarchy	Governance Framework – Roles/Relied	Governance by
Band – 1	CEO	RACI/RAPID	Top Management
Band – 2	Executive Director - Finance	RACI/RAPID	
Band – 3	Chief Accounts Officer/Expert	Maker Checker	Extended Arm of Management
Band – 4	Unit Head / Functional Head	Monitor Reconciliation / Technical	
Band – 5	Executive/Clerks	Perform	



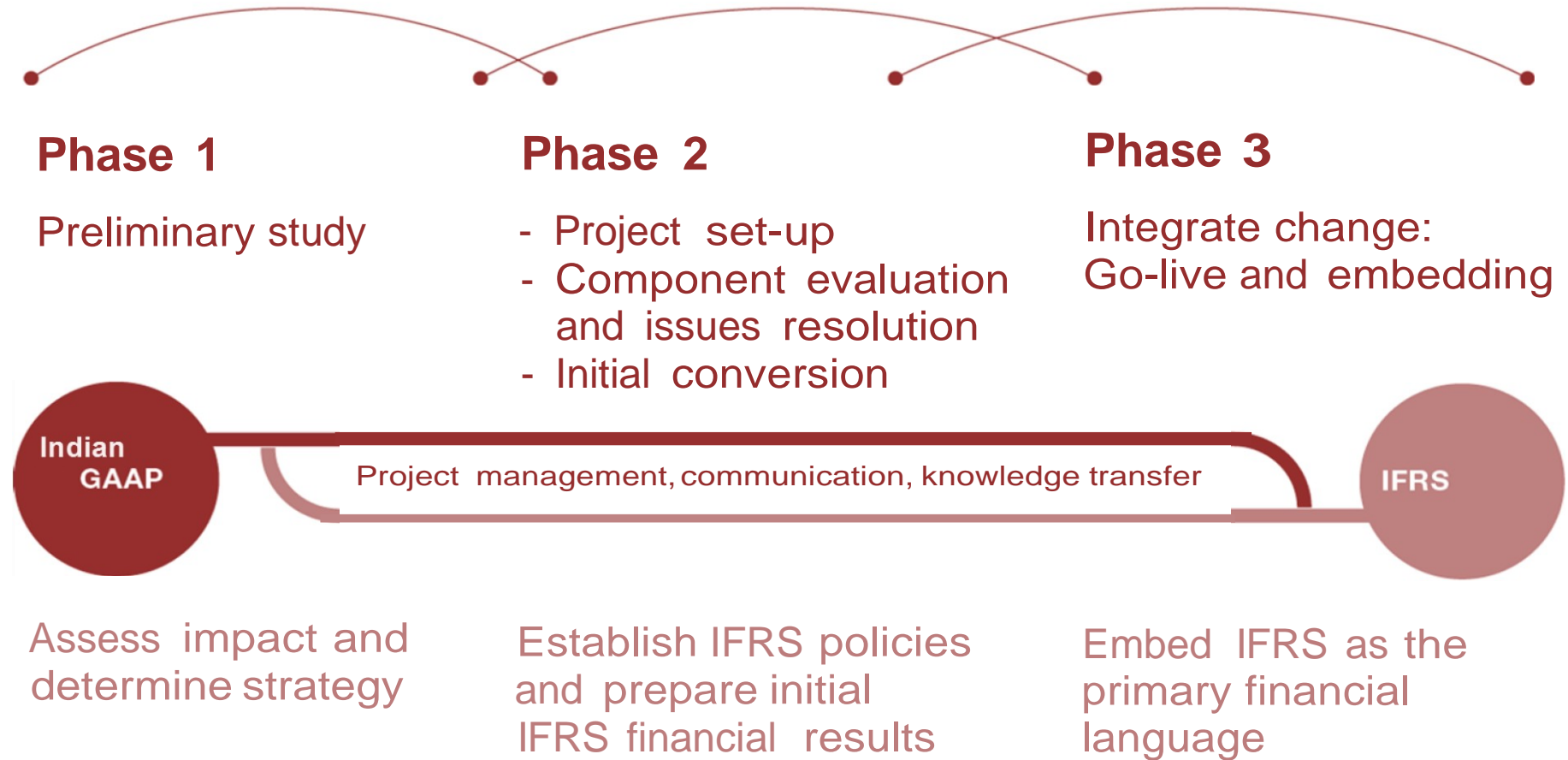
GIRA Framework – For example Ind AS conversion

	Recommend	Agree	Perform	Input	Decide
G – Guess	Expert/CAO (3)	CFO/Expert (2 &3)	CAO (3)	Band 2 – Non CFO	CFO (2)
I – Inference	Expert / CAO (3)	CFO (2)	CAO (3)	Band 2 – Non CFO	CFO (2)
R – Reliable	Unit Head / Functional Head (4)	CAO (3)	Executive/Clerks (5)	CAO (3)	CAO (3)
A – Accurate	Unit Head / Functional Head (4)	CAO (3)	Executive/Clerks (5)	CAO (3)	CAO (3)

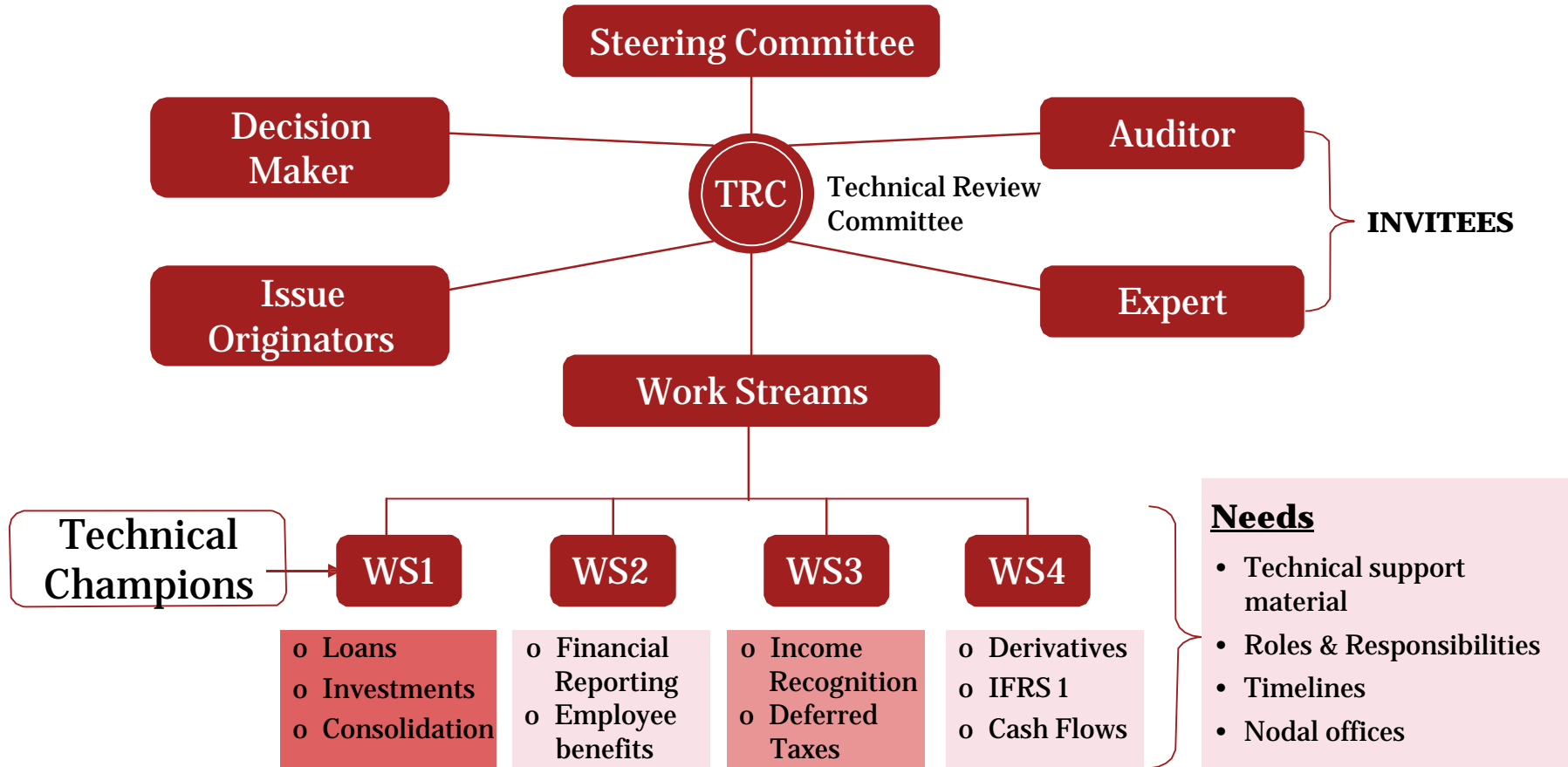
* Brackets indicates levels / bands

Essentials of IFRS Conversion Approach

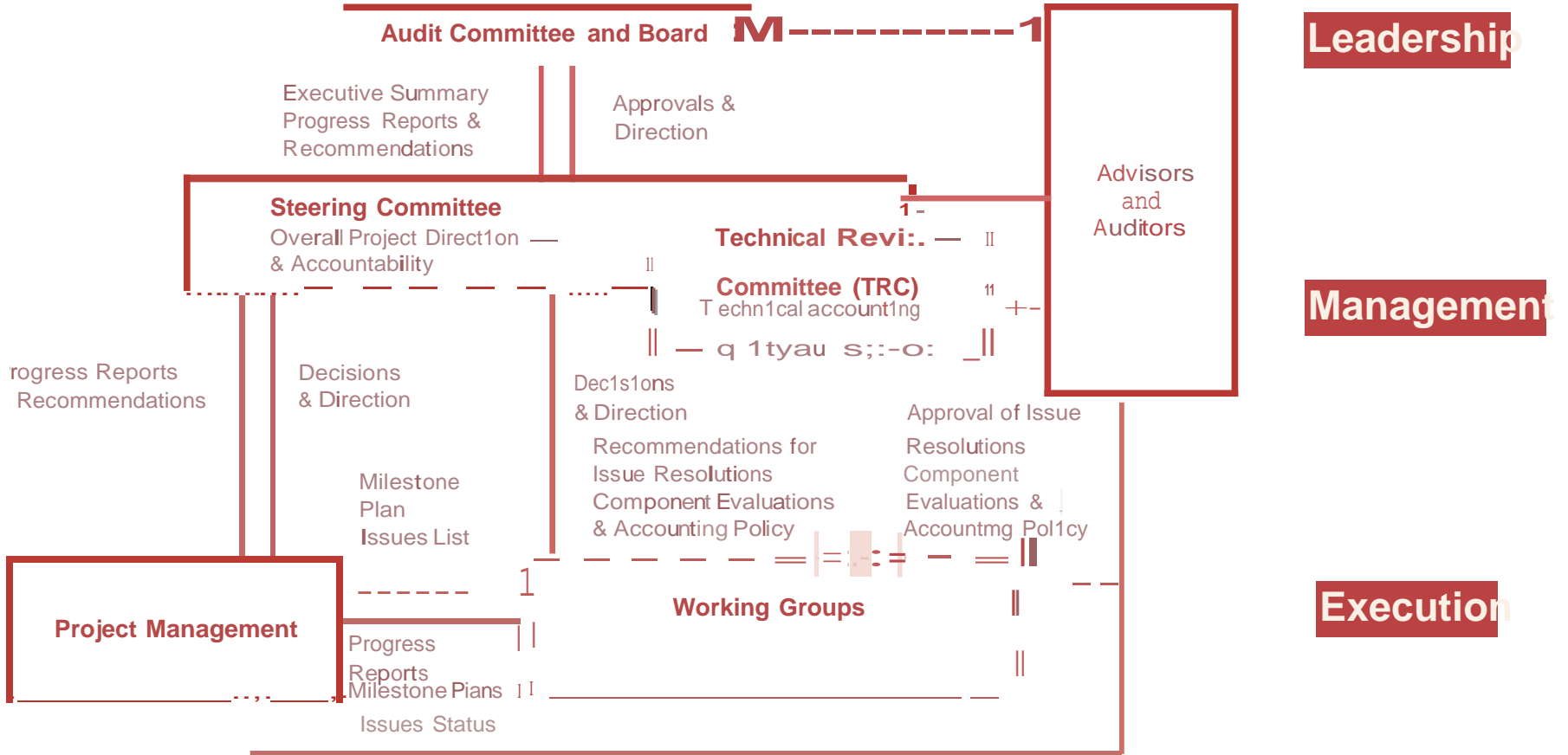
Phased approach – Transition IFRS methodology



A well thought out project structure on lines below ensures that an entity is able to get appropriate management focus on project and on technical front “get it right the first time” which is very essential for a successful project.



Project structure



We propose to create a TRC and Working Groups

Tools & Publications supporting Ind AS Conversion

Tools and Publications supporting Ind AS Conversion

- Tools used in Ind AS conversions:
Issues log and Template financial statement
- Big 4 – Publications available generally
- E-learnings



Tools used in Ind AS conversions: Issues log and Template financial statement

Tools used in IFRS conversions

Issue log

ABC Limited							
Issues Log							
Sr	Type of Issue	Issue	Requirements under IFRS	Technical Reference	Requirements under Indian GAAP	Priority (H, M, L)	Enquiries / Discussion with management during the workshop
Property, plant and equipment							
1	Measurement	Component Approach	The Company is required to depreciate each significant component of an item of PPE separately, if they have significantly different useful life.	IAS 16	There is no specific requirement.	H	To assess whether any significant component of an item of PPE having significantly different useful life.
2	Measurement	Major overhaul expenses	The cost of major overhaul occurring at regular intervals to be capitalized.	IAS 16	The cost of major overhaul occurring at regular intervals is charged to Profit and Loss A/c	M	Subsequent expenditure incurred for every seven years in rayon plant (spinning machine) needs to be capitalized
3	Measurement	Subsequent expenditure	Subsequent costs should be capitalized, that is recognized as an asset, only if they meet the recognition criteria that: a) It is probable that future economic benefits associated with the item will flow to the entity and b) The cost of the item can be measured reliably	IAS 16	Subsequent maintenance expenditure will be capitalized as part of PPE, if they increase the life of the plant or increase capacity or has a benefit for more than a year.	L	No such cases were reported
4	Measurement	Deferred term basis	The Company has acquired a PPE on deferred term basis and terms are beyond normal credit terms. PPE will be recognized on cash price equivalent, i.e. discounted amount.	IAS 16	PPE is recorded on purchase price.	L	No. any purchases are done on deferred term basis
5	Recognition	Environmental obligation and Asset retirement obligation	Costs of dismantling and removing the item or restoring the site on which it is located be recorded when an obligation exists. A liability for the present value of the costs of dismantling and restoration as a result of a legal or constructive obligation is recognized and the corresponding cost included as part of the related PPE.	IAS 16	No provision has been made for environment and asset retirement obligation.	L	As discuss the amount is not material
6	Measurement	Expenditure during construction period	Indirect expenses during construction period which are not required to bring the asset in the condition for its intended use are expensed off as incurred.	IAS 16	Indian GAAP allows pre-operative expenses to be generally capitalized as part of PPE.	L	No such cases were reported
7	Measurement	Change in method of depreciation	Change in method of depreciation is considered as change in accounting estimate and thereby accounted for prospectively.	IAS 16	Change in depreciation method is considered as change in accounting policy, the impact of change in depreciation method is determined retrospectively, computing depreciation under the new method.	L	The Company has not changed its method of depreciation in past.
8	Recognition	Borrowing Cost	General borrowings shall include working capital loan amount	IAS 23R	Similar to IFRS	L	To assess whether working capital loan has been included in the general borrowing for the purpose of calculation of WACC.
9	Recognition	Borrowing Cost	The borrowing cost shall be capitalized for exchange differences on the amount of principal of the foreign currency borrowings to the extent of difference between interest on local currency borrowings and interest on	IAS 23R	Similar to IFRS	L	To assess whether difference in exchange fluctuation of foreign currency borrowing cost has been capitalized.

Template Financial

ABC Limited									
← If this cell is red - there is problem in this sheet									
Template for IFRS conversion for year ended March 31, 2009									
Rs. in Crore					Rs. in Cores				
PARTICULARS	IAS PER Indian GAAP	AS PER IFRS	PPE	INVESTMENT PROPERTY	HELD TO MATURITY	AVAILABLE FOR SALE FINANCIAL ASSET	OTHER FINANCIAL ASSETS	DEFERRED TAX ASSETS	TRADE & OTHER RECEIVABLES
SOURCES OF FUNDS									
Share Capital		93.04	93.04						
Reserves and Surplus		1,402.48	1,402.48						
Loan Funds									
Secured Loans		1,714.98	1,714.98						
Unsecured Loans		43.31	43.31						
Deferred tax liability (Net)		290.08	290.08						
		3,543.89	3,543.89						
APPLICATION OF FUNDS									
Fixed Assets (Net Block Incl. CWIP)		2,810.83	2,810.83	2,810.83					
Investments		46.54	46.54		6.35	38.28	0.70		
Current Assets, Loans and Advances									
Inventories		670.57	670.57						
Sundry Debtors		150.89	150.89						
Cash and Bank Balances		66.54	66.54						
IAS 23R	Similar to IFRS								

ABC Limited

(All amounts in Indian Rs. in lakhs except per share data and otherwise stated)

Sketch Financial

	Note	31, 2009
ASSETS		
Non-current assets		
Intangible Assets		7
Available for sale financial asset		9
Deferred income tax assets		21
Derivative financial instruments		10
Trade and other receivables		11
Current assets		
Inventories		12
Trade and other receivables, net of allowance for doubtful debts		11
Derivative financial instruments		10
Cash and cash equivalents		14
Assets held for sale and discontinued operations		15
Total assets		
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Ordinary shares		16
Share premium		16
Retained earnings		17
Liabilities and Provisions		
Loans and Advances		672.24
		672.24
Less Current		

Tools used in Ind AS conversions: Issues log and Template financial statement

Total equity

Slide 29

LIABILITIES

E-learnings

E-learning available and their web-links

Sr #	Organisation / Institute	Web-link	Remarks
1	Deloitte	http://www.deloitteifrslearning.com/	Available free of charge
2	EY	http://www.ey.com/GL/en/Issues/IFRS/Issues_GL_IFRS_Web-based-learning-downloads	Available free of charge
3	PwC	http://www.pwccademy.rs/news/e-learning.aspx	Costs 200 Euros per person
4	KPMG	http://www.kpmg.com/in/en/services/advisory/advisorytrainings/pages/ifrse-learning.aspx	Training chargeable
5	ICWAI	http://icwai-marf.ifrseacademy.com	Charges Rs. 5,618
6	ACCA	http://www.accaglobal.com/in/en/discover/events/global/e-learning/corporate-reporting/fundamentals.html	Training available only to ACCA members
7	AICPA	http://www.ifrs.com/certificate/#1	Training available only to AICPA professionals

A close-up photograph of a red ballpoint pen writing the words "Thank you" in cursive on a white piece of paper. The background is a solid, vibrant red color. The pen is positioned on the right side of the frame, with its tip touching the end of the word "you".

Thank you

CA Rakesh Agarwal