

## Major departures in Indian Accounting Standards from the corresponding IFRSs

The present position of Indian accounting standards has been depicted in the following comparative statements of International Financial Reporting Standards and Indian Accounting Standards.

### I. Indian Accounting Standards already issued by the Institute of Chartered Accountants of India (ICAI) corresponding to the International Financial Reporting Standards.

S. No.	International Financial Reporting Standards (IFRSs) <sup>1</sup>		Indian Accounting Standards (ASs)		Major Differences
	No.	Title of the Standard	No.	Title of the Standard	
1.	IAS 1	Presentation of Financial Statements	AS 1	Disclosure of Accounting Policies	AS 1 is based on the pre-revised IAS 1. AS 1 is presently under revision to bring it in line with the current IAS 1. The Exposure Draft of the revised AS 1 is being finalised on the basis of the comments received on its limited exposure amongst the specified outside bodies. The major differences between IAS 1 and the draft revised AS 1 are discussed hereinafter.

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<sup>1</sup> It may be noted that International Accounting Standards nos. 3, 4, 5, 6, 9, 13, 15, 22, 25, 30 and 35 have already been withdrawn by the International Accounting Standards Board (IASB).

				<p><b>Differences due to removal of alternatives</b></p> <p>1. Unlike IAS 1, the draft of revised AS 1 does not provide any option with regard to the presentation of ‘Statement of Changes in Equity’. It requires statement showing all changes in the equity to be presented.</p> <p>The IASB has recently issued an Exposure Draft of the proposed Amendments to IAS 1. The Exposure Draft proposes to remove the option given in IAS 1 and to require the presentation of statement showing all changes in the equity which is in line with the decisions taken by the ASB of the ICAI.</p> <p>2. Unlike IAS 1, the draft of revised AS 1 does not provide any option with regard to additional disclosures regarding share capital, e.g., number of shares authorised, issued, fully paid, etc. and regarding nature and purpose of reserves, etc., to be made on the face of the balance sheet or in the notes. Considering the <i>information overload</i>, the draft of revised AS 1 requires this information to be presented only in the notes and schedules and not on the face of the balance sheet.</p> <p><b>Differences due to legal and regulatory environment</b></p> <p>3. In India, the laws governing the companies, banking enterprises and insurance enterprises prescribe detailed formats for the financial statements to be followed by respective enterprises. To make the revised AS 1 acceptable to the law makers/ regulators, the ASB has decided to give</p>
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					<p>detailed formats for financial statements for companies in an Appendix. In the Appendix, mainly additional disclosures as compared to IAS 1 are proposed to be given.</p> <p><b>Conceptual Differences</b></p> <p>4. IAS 1 requires that if different measurement bases are used for different classes of assets, they should be presented as separate line items on the face of the balance sheet. It is felt that requiring bifurcation of assets on the basis of different measurement bases on the face of the balance sheet itself would result in information overload. Keeping this in view, the draft of the proposed revised AS 1 does not require separate presentation of such assets on the face of the balance sheet; rather, it requires separate presentation of such assets to be made in the schedules and notes.</p>
2.	IAS 2	Inventories	AS 2	Valuation of Inventories	<p>AS 2 is based on IAS 2 (revised 1993). IAS 2 has been revised in 2003 as a part of the IASB's improvement project. Major differences between AS 2 and IAS 2 (revised 2003) are as follows:</p> <p><b>Differences due to level of preparedness</b></p> <p>1. IAS 2 specifically deals with costs of inventories of an enterprise providing services. However, keeping in view the level of understanding that was prevailing in the country regarding the treatment of inventories of an enterprise providing services at the time of last revision of</p>

				<p>AS 2, the same are excluded from the scope of AS 2.</p> <p>2. Keeping in view the level of preparedness in the country at the time of last revision of AS 2, AS 2 requires lesser disclosures as compared to IAS 2.</p> <p>3. IAS 2 specifically provides that the measurement requirements of the Standard do not apply to the measurement of inventories held by commodity broker-traders who measure their inventories at fair value less costs to sell. AS 2 does not contain any exclusion or separate provisions relating to inventories held by commodity broker-traders. (Broker-traders are those who buy or sell commodities for others or on their own account. The inventories are principally acquired by a broker-trader with the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin.) By implication, the measurement basis laid down in the Standard, viz., lower of cost and net realisable value, applies to inventories of commodity trader-brokers.</p> <p><b>Conceptual differences</b></p> <p>4. AS 2 specifically excludes "selling and distribution costs" from the cost of Inventories and provides that it is appropriate to recognise them as expenses in the period in which they are incurred. However IAS 2 excludes only "Selling Costs" and not "Distribution Costs".</p>
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					<p>5. AS 2 does not deal with the issues relating to recognition of inventories as an expense including the write down of inventories to net realisable value and any reversal of such write down.</p> <p>6. AS 2 provides that the cost of inventories of items other than those which are not ordinarily interchangeable and goods or services produced and segregated for specific projects should be assigned by using the first-in, first-out (FIFO), or weighted average cost formula. It is specifically required by AS 2 that the formula used should reflect the fairest possible approximation to the cost incurred in bringing the items of inventory to their present location and condition. However IAS 2 does not require the same for the choice of the formula to be used, rather it requires that same cost formula should be used for all inventories having a similar nature and use to the entity.</p>
3.		Corresponding IAS has been withdrawn since the matter is now covered by IAS 16 and IAS 38	AS 6	Depreciation Accounting	AS 6 was formulated on the basis of IAS 4, <i>Depreciation Accounting</i> , which has since been withdrawn. The corresponding Indian Accounting Standard (AS) 10, <i>Accounting for Fixed Assets</i> , is being revised to bring it in line with IAS 16. The Council has approved the draft of the revised AS 10 and the same will be issued shortly. Upon issuance of the revised AS 10, AS 6 would be withdrawn.
4.	IAS 7	Cash Flow Statements	AS 3	Cash Flow Statements	AS 3 is based on the current IAS 7. The major differences between IAS 7 and AS 3 are as below:

					<p><b>Differences due to removal of alternatives</b></p> <p>1. In case of enterprises other than financial enterprises, unlike IAS 7, AS 3 does not provide any option with regard to classification of interest paid. It requires interest paid to be classified as financing cash flows.</p> <p>2. In case of enterprises other than financial enterprises, AS 3 does not provide any option with regard to classification of interest and dividend received. It requires interest and dividend received to be classified as investing cash flows.</p> <p>3. AS 3 also does not provide any option regarding classification of dividend paid. It requires dividend paid to be classified as financing cash flows.</p>
5.	IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	AS 5	Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies	AS 5 is based on the earlier IAS 8. AS 5 is presently under revision to bring it in line with the current IAS 8. The exposure draft of the revised AS 5 is being prepared on the basis of the comments received on its limited exposure among the specified outside bodies. There is no major difference between IAS 8 and the draft revised standard.
6.	IAS 10	Events After the Balance Sheet Date	AS 4	Contingencies and Events Occurring after the Balance Sheet Date	AS 4 is based on the pre-revised IAS 10 which dealt with the Contingencies as well as the Events Occurring After the Balance Sheet Date. Recently, on the lines of IAS 37, the ICAI has issued AS 29. Pursuant to the issuance of AS 29, the portion of AS 4 dealing with the Contingencies, except to the extent of impairment of assets not covered by other

					<p>accounting standards, stands superseded. AS 4 now deals with the Events After the Balance Sheet Date. AS 4 is presently under revision to bring it in line with the corresponding IAS 10.</p> <p><b>Difference due to legal and regulatory environment</b></p> <p>1. As per IAS 10, proposed dividend is a non-adjusting event. However, as per the Indian law governing companies, provision for proposed dividend is required to be made, probably as a measure of greater accountability of the company concerned towards investors in respect of payment of dividend. While attempts are made, from time to time, at various levels, to persuade the Government for changes in law; it is a time-consuming process.</p> <p>2. As per IAS 10, non-adjusting events, which are material, are required to be disclosed in the financial statements. However as per AS 4, such disclosures are required to be made in the report of the approving authority and not in the financial statements.</p>
7.	IAS 11	Construction Contracts	AS 7	Construction Contracts	AS 7 is based on the current IAS 11. There is no difference between AS 7 and IAS 11.
8.	IAS 12	Income Taxes	AS 22	Accounting for Taxes on Income	<p><b>Differences due to level of preparedness</b></p> <ul style="list-style-type: none"> <li>Keeping in view the level of preparedness in the country at the time of issuance of AS 22, AS 22 was</li> </ul>

					<p>based on the Income Statement Approach.</p> <ul style="list-style-type: none"> <li>ICAI is revising AS 22 to bring it in line with IAS 12.</li> </ul>
9.	IAS 14	Segment Reporting	AS 17	Segment Reporting	<p>AS 17 is based on the current IAS 14. The major differences between IAS 14 and AS 17 are described hereinafter.</p> <p><b>Differences due to removal of alternatives</b></p> <ol style="list-style-type: none"> <li>IAS 14 encourages, but does not require, the reporting of vertically integrated activities as separate segments. However, under AS 17, in case a vertically integrated segment meets the quantitative norms for being a reportable segment, the relevant disclosures are required to be made.</li> <li>As per IAS 14, a segment identified as a reportable segment in the immediately preceding period on satisfying the relevant 10% threshold, shall be reportable segment in the current period also if the management judges it to be of continuing significance. However as per AS 17, this reporting is mandatory without considering the management's judgement.</li> </ol> <p><b>Differences due to level of preparedness</b></p> <ol style="list-style-type: none"> <li>IAS 14 prescribes certain additional disclosure requirements regarding enterprise's share of profit or loss of associates and joint ventures and regarding restatement of prior year information, etc. At the time of issuance of AS</li> </ol>

					<p>17, there were no Accounting Standards in India dealing with accounting for investments in associates and joint ventures, etc. Accordingly, these disclosures are not specifically covered in AS 17.</p> <p>4. As per IAS 14, for a segment to qualify as a reportable segment, it is required for it to earn the majority of its revenue from external customers in addition to meeting the 10% threshold criteria of revenue, operating results or total assets required in AS 17.</p> <p><i>The IASB has recently issued IFRS 8 on 'Operating Segments' which would supersede IAS 14 with effect from January 2009. The ASB of the ICAI would consider the above differences between AS 17 and IAS 14 while revising its AS 17 to bring it in line with IFRS 8 on 'Operating Segments'.</i></p>
10.	IAS 16	Property, Plant and Equipment	AS 10	Accounting for Fixed Assets	<p>AS 10 is based on the earlier IAS 16. AS 10 is being revised to bring it in line with the current IAS 16. The draft revised AS 10 has been approved by the Council and the same has also been considered by the NACAS at its last meeting. The NACAS made certain suggestions and the views of the Accounting Standards Board on such suggestions will be placed before the NACAS at its next meeting. The following is the major difference between IAS 16 and draft revised AS 10:</p> <p><b>Differences due to legal and regulatory environment</b></p> <p>1. In India, the law governing the companies prescribes</p>

					<p>minimum rates of depreciation. Keeping this in view, the revised AS 10 recognises that depreciation rates prescribed by the statute would be the minimum rates of depreciation.</p>
11.	IAS 17	Leases	AS 19	Leases	<p>AS 19 is based on IAS 17 (revised 1997). IAS 17 has been revised in 2004. The major differences between IAS 17 and AS 19(revised 2004) are described hereinafter.</p> <p><b>Conceptual differences</b></p> <p>1. Keeping in view the peculiar land lease practices in the country, lease agreements to use lands are specifically excluded from the scope of AS 19 whereas IAS 17 does not contain this exclusion.</p> <p>2. IAS 17 specifically provides that the Standard shall not be applied as the basis of measurement for:</p> <p>(a) property held by lessees that is accounted for as investment property;</p> <p>(b) investment property provided by lessors under operating leases;</p> <p>(c) biological assets held by lessees under finance leases; or</p> <p>(d) biological assets provided by lessors under operating leases</p> <p>However, AS 19 does not exclude the above from its scope.</p> <p>5. AS 19 specifically prohibits upward revision in estimate</p>

					<p>of unguaranteed residual value during the lease term. However IAS 17 does not prohibit the same.</p> <p>6. As per IAS 17 initial direct costs incurred by a lessor other than a manufacturer or dealer lessor have to be included in amount of lease receivable in the case of finance lease resulting in reduced amount of income to be recognised over lease term and in the carrying amount of the asset in the case of operating lease as to expense it over the lease term on the same basis as the lease income. However, as per AS 19, these can be either charged off at the time of incurrence in the statement of profit and loss or can be amortised over the lease period.</p>
12.	IAS 18	Revenue	AS 9	Revenue Recognition	AS 9 is based on the earlier IAS 18. AS 9 is presently under revision to bring it in line with the current IAS 18.
13.	IAS 19	Employee Benefits	AS 15	Employee Benefits	<p>AS 15 is based on the current IAS 19. The major differences between IAS 19 and AS 15 are described hereinafter.</p> <p><b>Difference due to removal of alternatives</b></p> <p>1. Unlike IAS 19, AS 15 does not provide any option with regard to recognition of actuarial gains and losses. It requires such gains and losses to be recognised immediately in the statement of profit and loss.</p> <p><b>Conceptual Difference</b></p> <p>2. Regarding recognition of termination benefits as a</p>

				<p>liability, it is felt that merely on the basis of a detailed formal plan, it would not be appropriate to recognise a provision since a liability cannot be considered to be crystallised at this stage. Accordingly, AS 15 provides criteria for recognition of a provision for liability in respect of termination benefits on the basis of the general criteria for recognition of provision as per AS 29, <i>Provisions, Contingent Liabilities and Contingent Assets</i> (corresponding to IAS 37).</p> <p>It may be noted that the IASB has recently issued an Exposure Draft of the proposed Amendments to IAS 19 whereby the criteria regarding recognition of termination benefits as a liability are proposed to be amended. The Exposure Draft proposes that voluntary termination benefits should be recognised when employees accept the entity's offer of those benefits. We, in our comments on the Exposure Draft, have pointed out that in a country such as India, such a requirement would give erroneous results since the schemes generally have the following characteristics in terms of the steps involved in implementing the scheme:</p> <p>(i) Announcement of the scheme by an employer, which is considered as an 'invitation to offer' to the employees rather than the offer to the employees for voluntary termination of their services.</p> <p>(ii) Employees tender their applications under the scheme. This does not confer any right to the employees under the</p>
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					<p>scheme to claim termination benefits. In other words, tendering of application by an employee is considered as an 'offer' in response to 'invitation to offer', rather than acceptance of the offer by the employee.</p> <p>(iii) The acceptance of the offer made by the employees as per (ii) above by the management.</p> <p>Keeping in view the above, we have suggested that as per the above scheme, liabilities with regard to voluntary termination benefits should be recognized at the time when the management accepts the offer of the employees rather than at the time the employees tender their applications in response to the 'invitation to offer' made by the management.</p> <p>If our comments on the Exposure Draft are accepted, the amended criteria in IAS 19 would result into recognition of the liability broadly at the same time as under the criteria prescribed in AS 15.</p> <p>Incidentally, it may be mentioned that the treatment prescribed in AS 15 is also in consonance with the legal position in India.</p>
14.	IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	AS 12	Accounting for Government Grants	<ul style="list-style-type: none"> <li>• AS 12 is being revised to bring it in line with IAS 20.</li> <li>• The Exposure Draft of the proposed revised AS 12 has been issued for public comments</li> <li>• There is no major difference between the Exposure Draft</li> </ul>

					of the standard and IAS 20.
15.	IAS 21	The Effects of Changes in Foreign Exchange Rates	AS 11	The Effects of Changes in Foreign Exchange Rates	<p><b>Difference due to level of preparedness</b></p> <p>1. AS 11 is based on the integral and non-integral foreign operations approach, i.e., the approach which was followed in the earlier IAS 21 (revised 1993).</p> <p>2. The current IAS 21, which is based on 'Functional Currency' approach, gives similar results as that under pre-revised IAS 21, which was based on integral /non-integral foreign operations approach. Accordingly, there are no significant differences between IAS 21 and AS 11.</p> <p>3. The current AS 11 has recently become effective, i.e., from 1-4-2004. It is felt that some experience should be gained before shifting to the current IAS 21.</p>
16.	IAS 23	Borrowing Costs	AS 16	Borrowing Costs	There is no major difference between AS 16 and IAS 23 (revised 2007).
17.	IAS 24	Related Party Disclosures	AS 18	Related Party Disclosures	<p>AS 18 is based on IAS 24 (reformatted 1994) and following are the major differences between the two.</p> <p><b>Conceptual differences</b></p> <p>1. According to AS 18, as notified by the Government, a non-executive director of a company should not be considered as a key management person by virtue of merely his being a director unless he has the authority and responsibility for planning, directing and controlling the</p>

					<p>activities of the reporting enterprise. However, IAS 24 provides for including non-executive director in key management personnel.</p> <p>2. In AS 18 the term 'relative' is defined as "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 enterprise" whereas the comparable concept in IAS 36 is that of 'close members of the family of an individual' who are "those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity. They may include:</p> <p>(a) the individual's domestic partner and children;</p> <p>(b) children of the individual's domestic partner; and</p> <p>(c) dependants of the individual or the individual's domestic partner."</p>
18.	IAS 27	Consolidated and Separate Financial Statements	AS 21	Consolidated Financial Statements	<p>AS 21 is based on IAS 27 (revised 2000). Revisions made to IAS 27 are being looked into by the ASB of the ICAI.</p> <p><b>Difference due to legal and regulatory environment</b></p> <p>Keeping in view the requirements of the law governing the companies, AS 21 defines control as ownership of more than one-half of the voting power of an enterprise or as control over the composition of the governing body of an enterprise so as to obtain economic benefits. This definition is different</p>

					<p>from IAS 27, which defines control as “the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities”.</p> <p><b>Conceptual Differences</b></p> <p>Goodwill/Capital reserve is calculated by computing the difference between the cost to the parent of its investment in the subsidiary and the parent’s portion of equity in the subsidiary in AS 21 whereas in IAS 27 fair value approach is followed.</p>
19.	IAS 28	Investments in Associates	AS 23	Accounting for Investments in Associates in Consolidated Financial Statements	<p>AS 23 is based on the IAS 28 (revised 2000). Revisions made to IAS 28 are being looked into by the ASB of the ICAI.</p> <p><b>Conceptual Differences</b></p> <p>The conceptual differences, explained in relation to IAS 27, are relevant in this case also.</p>
20.	IAS 31	Interests in Joint Ventures	AS 27	Financial Reporting of Interests in Joint Ventures	<p>AS 27 is based on the IAS 31 (revised 2000). Revisions made to IAS 31 are being looked into by the ASB of the ICAI.</p> <p><b>Difference due to removal of alternatives</b></p> <p>1. Unlike IAS 31, AS 27 does not provide any option for accounting of interests in jointly controlled entities in the consolidated financial statements of the venturer. It requires proportionate consolidation to be followed and venturer’s share of each of the assets, liabilities, income and expenses of a jointly controlled entity to be reported as separate line items.</p>

					<p><b>Conceptual Differences</b></p> <p>2. The conceptual differences, explained in relation to IAS 27, are relevant in this case also.</p>
21.	IAS 33	Earnings Per Share	AS 20	Earnings Per Share	<p>AS 20 is based on the IAS 33 (issued 1997). Revisions made to IAS 33 are being looked into by the ASB of the ICAI.</p> <p><b>Differences due to level of preparedness</b></p> <p>1. As per IAS 33 revised, basic and diluted amounts per share for the discontinued operation are required to be disclosed. However AS 20 does not require such disclosures.</p> <p>2. IAS 33 revised requires the disclosure of antidilutive instruments also which is not required by AS 20.</p>
22.	IAS 34	Interim Financial Reporting	AS 25	Interim Financial Reporting	<p>AS 25 is based on the current IAS 34. The major differences between IAS 34 and AS 25 are described hereinafter.</p> <p><b>Differences due to legal and regulatory environment</b></p> <p>1. In India, at present, the statement of changes in equity is not presented in the annual financial statements since, as per the law, this information is required to be disclosed partly in the profit and loss account below the line and partly in the balance sheet and schedules thereto. Keeping this in view, unlike IAS 34, AS 25 presently does not require presentation of the condensed statement of changes in</p>

					<p>equity. However as a result of proposed revision to AS 1, limited revision to AS 25 has also been proposed, which requires to present the condensed statement of changes in equity as part of condensed financial statements and limited exposure for the same has been made.</p> <p>2. Keeping in view the legal and regulatory requirements prevailing in India, AS 25 provides that in case a statute or a regulator requires an enterprise to prepare and present interim information in a different form and/or contents, then that format has to be followed. However, the recognition and measurement principles as laid down in AS 25 have to be applied in respect of such information.</p>
23.	IAS 36	Impairment of Assets	AS 28	Impairment of Assets	<p>AS 28 is based on the IAS 36 (issued 1998). At the time of issuance of AS 28, there was no major difference between AS 28 and IAS 36.</p> <p>IASB, pursuant to its project on Business Combinations, has made certain changes in IAS 36. These are being looked into by the ASB.</p>
24.	IAS 37	Provisions, Contingent Liabilities and Contingent Assets	AS 29	Provisions, Contingent Liabilities and Contingent Assets	<p>AS 29 is based on the current IAS 37. The major differences between IAS 37 and AS 29 are described hereinafter.</p> <p><b>Difference due to level of preparedness</b></p> <p>1. AS 29 requires that the amount of a provision should not be discounted to its present value since financial statements in India are prepared generally on historical cost basis and</p>

				<p>not on present value basis. However a limited revision is being proposed to bring it in line with IAS 39 insofar as this aspect is concerned.</p> <p><b>Conceptual Differences</b></p> <p>2. IAS 37 deals with ‘constructive obligation’ in the context of creation of a provision. The effect of recognising provision on the basis of constructive obligation is that, in some cases, provision will be required to be recognised at an early stage. For example, in case of a restructuring, a constructive obligation arises when an enterprise has a detailed formal plan for the restructuring and the enterprise has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. It is felt that merely on the basis of a detailed formal plan and announcement thereof, it would not be appropriate to recognise a provision since a liability cannot be considered to be crystallised at this stage. Further, the judgment whether the management has raised valid expectations in those affected may be a matter of considerable argument.</p> <p>In view of the above, AS 29 does not specifically deal with ‘constructive obligation’. AS 29, however, requires a provision to be created in respect of obligations arising from normal business practice, custom and a desire to maintain good business relations or act in an equitable manner. In such cases, general criteria for recognition of provision are</p>
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					<p>required to be applied.</p> <p>Incidentally, it may be mentioned that the treatment prescribed in AS 29 is also in consonance with the legal position in India.</p> <p>3. Unlike IAS 37, as a measure of prudence, AS 29 does not require contingent assets to be disclosed in the financial statements.</p>
25.	IAS 38	Intangible Assets	AS 26	Intangible Assets	<p>AS 26 is based on IAS 38 (issued 1998). IASB, as a part of its project on Business Combinations, has revised IAS 38. These revisions to IAS 38 would be looked into by the ASB with the issuance of the Accounting Standard on <i>Business Combinations</i>. Following are the major differences between AS 26 and IAS 38:</p> <p><b>Conceptual Differences</b></p> <p>1. An intangible asset is defined 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 IAS 38 defines an intangible asset 'as an identifiable non-monetary asset without physical substance'.</p> <p>2. AS 26 is based on the assumption that the useful life of the intangible asset is always definite. In regard to assets with definite life also there is a rebuttable presumption that the useful life of an intangible asset will not exceed ten years</p>

					<p>from the date when the asset is available for use. Whereas IAS 36 recognises that an intangible asset may have an indefinite life. In respect of intangible assets having a definite life, the Standard does not contain rebuttable presumption about their useful life.</p> <p>3. As per AS 26 if control over the future economic benefits from an intangible asset is achieved through legal rights that have been granted for a finite period, it is required that the useful life of the intangible asset should not exceed the period of the legal rights unless:</p> <p>(a) the legal rights are renewable; and</p> <p>(b) <i>renewal is virtually certain.</i></p> <p>However, IAS 38 requires ‘evidence to support renewal’ instead of virtual certainty for renewal.</p>
26.		Corresponding IAS has been withdrawn since the matter is now covered by IAS 32, 39, 40 and IFRS 7	AS 13	Accounting for Investments	<p>AS 13 was formulated on the basis of IAS 25, <i>Accounting for Investments</i>. Pursuant to the issuance of IAS 32, IAS 39, IAS 40 and IFRS 7, IAS 25 has been superseded.</p> <p>The Exposure Drafts of the proposed Indian Accounting Standards corresponding to IAS 39 and IAS 32 have been issued which will supersede AS 13, which are broadly in line with the corresponding IASs. The preliminary draft of AS corresponding to IFRS 7 is also expected to be finalised shortly.</p>

27.	IAS 40	Investment Property	-	Dealt with by Accounting Standard 13	AS 13 was formulated on the basis of IAS 25, <i>Accounting for Investments</i> . Pursuant to the issuance of IAS 32, IAS 39 and IAS 40, IAS 25 has been superseded. The proposed Indian Accounting Standard corresponding to IAS 39 and IAS 40 is under preparation.
28.	IFRS 3	Business Combinations	AS 14	Accounting for Amalgamations	<ul style="list-style-type: none"> <li>AS 14 was formulated on the basis of earlier IAS 22, <i>Business Combinations</i>.</li> <li>Pursuant to the issuance of IFRS 3, <i>Business Combinations</i>, IAS 22 has been superseded.</li> <li>AS 14 is presently under revision to bring it in line with the IFRS 3.</li> </ul>
29.	IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	AS 24	Discontinuing Operations. Further, AS 10 deals with accounting for fixed assets retired from active use.	<ul style="list-style-type: none"> <li>AS 24 is based on the IAS 35, <i>Discontinuing Operations</i>, which has been superseded pursuant to the issuance of IFRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations</i>.</li> <li>An Indian Accounting Standard corresponding to IFRS 5 is under preparation. The first draft is ready which is in consonance with IFRS 5.</li> <li>After the issuance of this Indian accounting standard, AS 24 is proposed to be withdrawn.</li> </ul>

**II. International Financial Reporting Standards not considered relevant for issuance of Accounting Standards by the ICAI for the reasons indicated.**

S. No.	International Financial Reporting Standard		Reasons
	No.	Title of the Standard	
1.	IAS 29	Financial Reporting in Hyper-inflationary Economies	Hyper-inflationary conditions do not prevail in India. Accordingly, the subject is not considered relevant in the Indian context.
2.	IFRS1	First-time Adoption of International Financial Reporting Standards	In India, Indian ASs are being adopted since last many years and IFRSs are not being adopted for the first time. Therefore, the IFRS 1 is not relevant to India at present.

**III. Accounting Standards presently under preparation corresponding to the International Financial Reporting Standards**

S. No.	International Financial Reporting Standards		Status of the corresponding Indian Standard
	No.	Title of the Standard	
1.	IAS 26	Accounting and Reporting by Retirement Benefit Plans	Under Preparation.
2.	IAS 32	Financial Instruments: Presentation	<ul style="list-style-type: none"> <li>The ASB of the ICAI has issued the Re-Exposure draft of the proposed Accounting Standard (AS) 31, on '<i>Financial Instruments: Presentation</i>' inviting comments by March 31, 2007.</li> </ul> <p><b>Differences due to legal and regulatory environment</b></p> <ul style="list-style-type: none"> <li>The Exposure Draft of proposed Standard does not deal with certain aspects which are not permitted under the present Indian legal framework, for example, derivatives based on an enterprise's own equity instruments and buy back of shares by the enterprise itself for issuance to employees under ESOPs.</li> <li>As per IAS 32, redeemable preference shares, based on their substance, may be considered as a debt instrument instead of equity instrument. In Indian legal framework, the settled position is to consider these as part of equity. ICAI has decided to retain IAS 32 position in the Exposure Draft of proposed Indian Accounting Standard. However, it is recognised in the Exposure Draft itself that until the law is amended, the law will prevail over the Standard.</li> </ul>
3.	IAS 39	Financial Instruments: Recognition and Measurement	The ASB of the ICAI has issued the Exposure Draft of the proposed Accounting Standard (AS) 30, on ' <i>Financial Instruments: Recognition and Measurement</i> ' inviting comments by March 31, 2007. There are no major differences compared to IAS 39.

4.	IAS 41	Agriculture	Under preparation.
5.	IFRS 2	Share-based Payment	Under preparation. At present, Employee-share Based Payments, are covered by a Guidance Note issued by the ICAI, which is based on IFRS 2 insofar as fair value approach is concerned. It, however, allows adoption of intrinsic value method until the formulation of the Standard. Further, some other pronouncements deal with other share-based payments, e.g., AS 10, Accounting for Fixed Assets.
6.	IFRS 4	Insurance Contracts	Under preparation.
7.	IFRS 7	Financial Instruments: Disclosures	Under preparation.

**IV. Guidance Note issued by the Institute of Chartered Accountants of India (ICAI) corresponding to the International Financial Reporting Standard**

S. No	International Financial Reporting Standard		Title of the Guidance Note
	No.	Title of the Standard	
1.	IFRS 6	Exploration for and Evaluation of Mineral Resources	Guidance Note on Accounting for Oil and Gas Producing Activities. The Guidance Note is comprehensive as it deals with all accounting aspects and is based on the corresponding US GAAPs.