

International Financial Reporting Standards (IFRS)

Jaagruti Consulting Services

April, 2011

[Edition 1, Volume 1]

What is IFRS

IFRS (International Financial Reporting Standards) is a set of accounting standards developed by an independent, not-for-profit organization called the International Accounting Standards Board (IASB). The goal of IFRS is to provide a global framework for how

public companies prepare and disclose their financial statements. IFRS provides general guidance for the preparation of financial statements, rather than setting rules for industry-specific reporting.

GRC (Governance, Risk and Compliance) is the latest buzzword in corporate world. IFRS not only deals with accounting standards but also details about under Governance (financial governance) and compliance requirements.

To Whom IFRS is applicable

The Institute of Chartered Accountants of India (ICAI) has announced that IFRS will be mandatory in India for financial statements for the periods beginning on or after 01st April 2011. This will be done by revising existing accounting

standards to make them compatible with IFRS.

Reserve Bank of India has stated that financial statements of banks need to be IFRS-compliant for periods beginning on or after 1 April 2011.

IFRS – a quick checklist

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- IFRS 1 - First time Adoption of International Financial Reporting Standards
- IFRS 2 - Share-based Payment
- IFRS 3 - Business Combinations
- IFRS 4 - Insurance Contracts
- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations
- IFRS 6 - Exploration for and Evaluation of Mineral Resources
- IFRS 7 - Financial Instruments: Disclosures
- IFRS 8 - Operating Segments
- IFRS 9 - Financial Instruments
- IAS 1 - Presentation of Financial Statements.
- IAS 2 - Inventories
- IAS 3 - Consolidated Financial Statements
Originally issued 1976, effective 01st January 1977. Superseded in 1989 by IAS 27 and IAS 28
- IAS 4 - Depreciation Accounting
Withdrawn in 1999, replaced by IAS 16, 22, and 38, all of which were issued or revised in 1998
- IAS 5 - Information to Be Disclosed in Financial Statements
Originally issued October 1976, effective 01st January 1997. Superseded by IAS 1 in 1997
- IAS 6 - Accounting Responses to Changing Prices. Superseded by IAS 15, which was withdrawn December 2003
- IAS 7 - Cash Flow Statements
- IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 9 - Accounting for Research and Development Activities – Superseded by IAS 38 effective 01st July 1999
- IAS 10 - Events after the Balance Sheet Date
- IAS 11 - Construction Contracts
- IAS 12 - Income Taxes
- IAS 13 - Presentation of Current Assets

The ICAI has also stated that IFRS will be applied to companies above Rs.1000 Crores from April 2011. Phase wise applicability in India would be:

Phase 1: Opening balance sheet as at 01st April 2011

- Companies which are part of NSE Index – Nifty 50
- Companies which are part of BSE Sensex – BSE 30
- Companies whose shares or other securities are listed on a stock exchange outside India
- Companies, whether listed or not, having net worth of more than INR 1,000 Crores

Phase 2: Opening balance sheet as at 1 April 2012

- Companies not covered in phase 1 and having net worth exceeding INR 500 Crores

Phase 3: Opening balance sheet as at 01st April 2014

- Listed companies not covered in the earlier phases

- IAS 14 - Segment Reporting (superseded by IFRS 8 on 01st January 2008)
- IAS 15 - Information Reflecting the Effects of Changing Prices – Withdrawn December 2003
- IAS 16 - Property, Plant and Equipment
- IAS 17 - Leases
- IAS 18 - Revenue
- IAS 19 - Employee Benefits
- IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance
- IAS 21 - The Effects of Changes in Foreign Exchange Rates
- IAS 22 - Business Combinations – Superseded by IFRS 3 effective 31st March 2004
- IAS 23 - Borrowing Costs
- IAS 24 - Related Party Disclosures
- IAS 25 - Accounting for Investments – Superseded by IAS 39 and IAS 40 effective 2001
- IAS 26 - Accounting and Reporting by Retirement Benefit Plans
- IAS 27 - Consolidated Financial Statements
- IAS 28 - Investments in Associates
- IAS 29 - Financial Reporting in Hyperinflationary Economies
- IAS 30 - Disclosures in the Financial Statements of Banks and Similar Financial Institutions – Superseded by IFRS 7 effective 2007
- IAS 31 - Interests in Joint Ventures
- IAS 32 - Financial Instruments: Presentation (Financial instruments disclosures are in IFRS 7 Financial Instruments: Disclosures and no longer in IAS 32)
- IAS 33 - Earnings per Share
- IAS 34 - Interim Financial Reporting
- IAS 35 - Discontinuing Operations – Superseded by IFRS 5 effective 2005
- IAS 36 - Impairment of Assets
- IAS 37 - Provisions, Contingent Liabilities and Contingent Assets
- IAS 38 - Intangible Assets
- IAS 39 - Financial Instruments: Recognition and Measurement
- IAS 40 - Investment Property
- IAS 41 - Agriculture

About Us

Jaagruti is a one stop solution provider in one of the most business critical areas – Compliance and Training. It is an IT, Banking & Financial Services Consulting firm. Jaagruti means 'Awakening' and was born as a result of coming together of likeminded individuals with vast experience in Banking and IT Industries.

Jaagruti enables clients to carry their businesses in the most secure and efficient way by adopting current technological trends and products for maximizing the top and bottom line. It is achieved through a continuous process of education, training, examination, consultancy/ counseling and professional development programs.

Jaagruti's services include Compliance Management, Consulting, Audit and Training with a strong clientele including top banks in India.

Ram, author of this article, is a founding partner of Jaagruti Consulting Services. He comes with a strong BFS domain knowledge with over 3 decades of rich experience including 17+ years in Information Technology coupled with 15 years in Commercial Banking.



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