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Drawing a parallel:
Comparison between Indian GAAP, IFRS and US GAAP

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Contents

Abbreviations

ARO:	Accountants Asset Retirement Obligations
AS:	Accounting Standards notified by the MCA
ASC:	Accounting Standards Codification
CGU:	Cash Generating Unit
Companies Act:	Companies Act, 1956
FIFO:	First In, First Out
FVTPL:	Fair Value Through Profit or Loss
IAS:	International Accounting Standards
IASB:	International Accounting Standards Board
ICAI:	Institute of Chartered Accountants of India
IFRS IC:	IFRS Interpretations Committee
IFRS:	International Financial Reporting Standards
Indian GAAP:	Accounting principles generally accepted in India
LIFO:	Last in, First out
MCA:	Ministry of Corporate Affairs
OCI:	Other Comprehensive Income
PPE:	Property, Plant and Equipment
RBI:	Reserve Bank of India
SAB:	Staff Accounting Bulletin
SEBI:	Securities Exchange Board of India
SEC:	U.S. Securities and Exchange Commission
SIC:	Standing Interpretations Committee
SMEs:	Small and Medium Sized Entities
VIE:	Variable Interest Entity
U.S.:	United States of America
US GAAP:	Accounting principles generally accepted in the U.S.

1 Introduction

1. Introduction

The purpose of this publication **'Drawing a parallel: Comparison between Indian GAAP, IFRS and US GAAP'** is to help readers identify the significant differences and similarities between Indian GAAP, IFRS, as issued by the IASB, and US GAAP. This publication primarily focuses only on recognition and measurement principles and certain presentation requirements. This publication includes only those key similarities and differences that in our experience are more commonly encountered in practice in India.

Indian GAAP considered in this publication comprises of Accounting Standards notified by the MCA, Schedule VI to the Companies Act, 1956 and selected Guidance Notes issued by the Institute of Chartered Accountants of India (ICAI) applicable to companies other than SMEs for the financial year ending on March 31, 2014.

This publication considers only IFRS and US GAAP standards that are mandatory for the financial year ending on March 31, 2014; standards issued but not yet effective or permitting early adoption have not been considered.

This publication does not address industry-specific guidance for industries such as financial institutions including banks, not-for-profit organisations and retirement benefit plans. In particular, the following IFRS and corresponding Indian GAAP and US GAAP guidance have not been included in this publication due to their specialised nature:

- IAS 26, Accounting and Reporting by Retirement Benefit Plans
- IAS 41, Agriculture
- IFRS 4, Insurance Contracts
- IFRS 6, Exploration for and Evaluation of Mineral Resources
- IFRIC 12, Service concession arrangements
- IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine

This publication also does not include the principles for first-time adoption of IFRS or IFRS for SMEs.

While all reasonable attempts have been made to ensure that the information contained in this publication is accurate, Grant Thornton India LLP accepts no responsibility for any errors or omissions, whether caused by negligence or otherwise, or for any losses, however caused, sustained by any person that relies on it. This publication is only a summary guide; for complete details of Indian GAAP, IFRS and US GAAP requirements, readers should refer to the authoritative literature and text of original pronouncements as issued and/or amended.

"Multinational companies are increasingly looking at the Indian market to grow their business, as India continues to be committed to adopting highest standards of corporate governance and financial reporting. IFRS is once again back in the news with India looking at converging to this global financial reporting framework in the near future. Therefore, it is imperative that accountants, auditors, investors and other stakeholders are aware of the international standards in order to keep pace. I am confident that this publication by Grant Thornton India LLP, will serve as a concise ready reference for everyone to navigate through the significant differences and similarities between Indian GAAP, IFRS and US GAAP."
Nabeel Ahmed, Partner, Grant Thornton India LLP

2 Overall financial statement presentation

2. Overall financial statement presentation

2.1 Presentation of financial statements

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 1, Schedule VI	Primary guidance: IAS 1	Primary guidance: ASC 205, ASC 210, ASC 215, ASC 220, ASC 225, ASC 235, ASC 505, Regulation S-K, S-X
	Selection of accounting policies	
Entities preparing first financial statements in compliance with Indian GAAP are required to comply with all accounting standards.	Entities preparing first financial statements in compliance with IFRS apply optional exemptions and mandatory exceptions in IFRS 1 to the retrospective application of IFRS.	Similar to Indian GAAP.
Noncompliance with accounting standards or the Companies Act is prohibited unless permitted by other regulatory framework.	IFRS may be overridden in extremely rare circumstances where compliance would be so misleading that it conflicts with the objective of financial statement set out in the IFRS framework and thus, departure is needed to achieve fair presentation.	Unlike IFRS, US GAAP does not permit an entity to depart from generally accepted accounting principles.
Entities meeting the conditions to qualify as Small and Medium Sized Company have certain exemption or relaxation in complying with the accounting standards.	IFRS for SMEs is a self-contained set of accounting principles that are based on full IFRS, but that have been simplified to the extent suitable for SMEs. The IFRS for SMEs and full IFRS are separate and distinct frameworks.	Unlike Indian GAAP and IFRS, there is no exemption or relaxation in complying with US GAAP requirements except certain relaxations for non-public companies. The accounting standards may have differing date of implementation for public entities and non-public entities.
There is no requirement to make an explicit and unreserved statement of compliance with Indian GAAP in the financial statements.	Entities should make an explicit and unreserved statement of compliance with IFRS as issued by IASB in the notes to financial statements.	Similar to Indian GAAP.
There is no specific guidance when Indian GAAP does not cover a particular issue.	In the absence of specific IFRS requirement, management considers a hierarchy of alternative sources provided in IAS 8.	US GAAP is divided into authoritative and non-authoritative literature.
	Components of financial statements	
The requirements for the presentation of financial statements are set out in Statutes that governs the entity. For instance, Schedule VI to the Companies Act sets out financial statement requirements in case of companies; Schedule III to the Banking Regulation Act, 1949 (for banks) sets out financial statement requirements in case of banks.	A complete set of financial statements comprises of a statement of financial position, a statement of comprehensive income; a statement of changes in equity; a statement of cash flows and notes to the financial statements including summary of accounting policies.	Similar to IFRS except that a statement of changes in equity may be presented in the notes to the financial statements.
In general, the financial statements comprises of balance sheet; statement of profit and loss; cash flow statement, if applicable and notes to the financial statements including summary of accounting policies. A statement of comprehensive income is not required to be prepared. A statement of changes in equity is not required. Movement in share capital, retained earnings and other reserves are presented in the notes to the financial statements.		

2.1 Presentation of financial statements (contd.)

Indian GAAP	IFRS	US GAAP
Presentation of consolidated financial statements		
Only listed entities with one or more subsidiaries are required to present consolidated financial statements.	Entities with one or more subsidiaries are required to present consolidated financial statements unless specific criteria are met.	Generally, there are no exemptions. However, US GAAP does provide limited exemptions from consolidation in certain specialized industries.
Comparatives		
Comparative information is required for preceding period only.	Similar to Indian GAAP however, entities making prior period adjustment or reclassifications or applying accounting policy retrospectively should present a statement of financial position as at the beginning of the earliest comparative period.	No comparative information is required in case of non-public entities. In case of public entities, comparative information is required for two preceding years except for the statement of financial position which is required only for the preceding period. Unlike IFRS, there is no requirement to present a statement of financial position as at the beginning of the earliest comparative period under any circumstances.
Classification of items of the statement of financial position		
All items are classified as either current or non-current.	Similar to Indian GAAP except that an entity shall present all assets and liabilities in order of liquidity when a presentation based on liquidity provides information that is reliable and more relevant.	Generally, entities are required to present items in the statement of financial position as either current or non-current.
Deferred income tax assets and liabilities are classified and presented as non-current.	Similar to Indian GAAP.	Unlike Indian GAAP and IFRS, deferred tax assets and liabilities are classified as either current or non-current based on the classification of the related asset or liability.
In case of minor default of loan covenants resulting into loan becoming callable, an entity classifies the loan as non-current provided the lender has not recalled the loan before the date of approval of financial statements.	A liability that is payable on demand because certain conditions are breached is classified as current even if the lender has agreed, after the end of the reporting period but before the financial statements are authorised for issue, not to demand repayment.	Unlike IFRS, such a liability is not classified as current if the lender subsequently has lost the right to demand repayment or has waived after the end of the reporting period, the right to demand repayment for more than 12 months from the end of the reporting period. Further, the loan can be classified as non-current if the entity has a grace period to cure breach of conditions and it is probable that violation will be cured within that grace period.
Refinancing subsequent to balance sheet date is not considered while determining the appropriate classification of the loan.	Similar to Indian GAAP.	Unlike Indian GAAP and IFRS, refinancing subsequent to balance sheet date is considered in determining the appropriate classification of the loan.
Offsetting of financial assets and financial liabilities		
There is no specific guidance.	Entities are required to set off financial assets and financial liabilities in the balance sheet when the criteria for setoff are met.	Unlike IFRS, offsetting is elective. Further, criteria for offset differ as compared to IFRS.
Classification of expenses		
Expenses are classified by nature.	Expenses are classified either by nature or function. Certain additional disclosures are required in the notes to the financial statements depending on the presentation choice elected by the entity.	Generally classified by function. Public entities are required to classify the expenses by function only. Similar to Indian GAAP and unlike IFRS, there are no additional disclosures required in the financial statements depending on the presentation choice elected.

2.1 Presentation of financial statements (contd.)

Indian GAAP	IFRS	US GAAP
Extraordinary items		
Extraordinary items are disclosed separately in the statement of profit and loss and are included in the determination of net profit or loss for the period.	Entities are not permitted to present any item of income or expense as extraordinary.	Similar to Indian GAAP but is rarely seen in practice. However, the criteria for determining an income or expense as extraordinary differ as compared to Indian GAAP.
Does not use the term exceptional item but requires separate disclosure of items that are of such size, incidence on nature that require separate disclosure to explain the performance of the entity. Revised Schedule VI specifically requires disclosure as a separate line item on the face of the income statement.	Similar to Indian GAAP except that disclosure may be on the face of the income statement or in the notes	The term exceptional items is not used, but significant items are disclosed separately on the face of the income statement when arriving at income from operations, as well as being described in the notes.
Presentation of OCI or similar items		
There is no concept of OCI. All incomes, expenses, gains and losses are presented in the income statement except certain items are required to be directly recognised in reserves. For eg. revaluation surplus and foreign currency translation reserve.	OCI items may be presented in a single statement of comprehensive income or a separate statement.	OCI items may be presented as part of the income statement or in a separate statement.
Presentation of profit or loss attributable to non-controlling (minority) shareholders		
Profit or loss attributable to non-controlling shareholders is disclosed as a deduction from the profit or loss for the period as an item of income or expense.	Profit or loss attributable to non-controlling interest holders and equity holders of the parent entity is disclosed as allocation of profit or loss and total comprehensive income for the period.	Similar to Indian GAAP.
Disclosure of estimation uncertainty and critical judgments		
No specific requirement.	Entities should disclose in the financial statements about key sources of estimation uncertainty and judgments made in applying entity's critical accounting policies.	Unlike IFRS, only public entities are required to provide similar disclosure.
New pronouncement issued but not yet effective		
No specific requirement to disclose information about new pronouncement issued but not yet effective.	Entities are required to disclose the impact of new IFRS issued but is not yet effective as at the reporting date.	Unlike IFRS, only public entities are required to provide a similar disclosure.

2.2 Statement of cash flows

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 3, AS 24	Primary guidance: IAS 7, IFRS 5	Primary guidance: ASC 230, ASC 830
Definition of cash and cash equivalents		
Cash and cash equivalent comprises of cash and short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Generally investments with original maturities of three months or less from the date of acquisition qualify as cash equivalent. Bank overdrafts are excluded.	Similar to Indian GAAP except that cash equivalent includes bank overdraft in certain situations.	Unlike IFRS, bank overdrafts are included in liabilities and excluded from cash equivalents. Changes in overdraft balances are financing activities.
Classification of cash flows		
The statement of cash flows presents cash flows during the period classified into operating, investing and financing activities.	Similar to Indian GAAP.	Similar to Indian GAAP and IFRS.
Methods of presenting operating cash flows		
Listed entities in India should present operating cash flows using indirect method. Other entities can present operating cash flows either using direct method or indirect method. Entities presenting operating cash flows using direct method need not reconcile the net income to net cash flows from operating activities. Under both methods, cash flows from interest and income taxes paid should each be disclosed separately.	Similar to Indian GAAP except that listed entities also have a choice of the direct method.	Similar to IFRS except that entities presenting operating cash flows using direct method should reconcile the net income to net cash flows from operating activities.
Gross versus net reporting		
Generally all financing and investing cash flows are reported gross. Cash flows may be reported on net basis only in limited circumstances.	Similar to Indian GAAP.	Similar to Indian GAAP and IFRS.
Classification of income tax cash flows		
Income tax cash flows are classified as operating unless specifically identified with financing or investing activities.	Similar to Indian GAAP.	Income tax cash flows are classified as operating activities.
Classification of interest and dividend		
Interest paid and dividend paid **Financial entities:** Interest paid is classified as operating activities and dividend paid is classified as financing activities. **Other entities**: Both are classified as financing activities **Interest received and dividend received** **Financial entities**: Interest received is classified as operating activities and dividend received is classified as investing activities. **Other entities**: Both are classified as investing activities.	Cash flows from interest and dividends can be classified as either operating, financing or investing cash flows in a consistent manner from period to period.	Interest received and interest paid are classified as operating cash flows. Dividend received is generally classified as operating cash flows. Dividends paid are classified as financing activities.

2.2 Statement of cash flows (contd.)

Indian GAAP	IFRS	US GAAP
Disclosure of cash flows pertaining to discontinued operations		
Entities are required to disclose in the notes the net cash flows attributable to each of operating, financing or investing activities of discontinued operations.	Similar to Indian GAAP except that entities can present such information on the face of the cash flow statement.	Unlike Indian GAAP and IFRS, an entity is not required to disclose cash flows pertaining to discontinued operations separately in the statement of cash flows.
Cash flows from extraordinary items		
Cash flows arising from extraordinary items should be classified as arising from operating, investing or financing activities as appropriate and separately disclosed.	Presentation of extraordinary items is not permitted. Hence, the cash flow statement does not reflect ant items of cash flow as extraordinary.	Similar to Indian GAAP.
Reconciliation of cash and cash equivalent in the statement of cash flows to the statement of financial position		
Entities should present the reconciliation of the amounts.	Similar to Indian GAAP.	Cash and cash equivalent in the statement of cash flows is generally the same as similarly titled line items or sub-totals in the statement of financial position.
Foreign currency cash flows		
Foreign currency cash flows are translated at the exchange rates at the dates of the cash flows (or a rate that approximates the actual rate when appropriate).	Similar to Indian GAAP.	Similar to Indian GAAP and IFRS.

2.3 Non-current assets held for sale and discontinued operations

Indian GAAP	IFRS	US GAAP
Primary guidance: AS10, AS 24	Primary guidance: IFRS 5	Primary guidance: ASC 205, ASC 230, ASC 360
Introduction		
There is no standard dealing with non-current assets held for sale. However, AS 10 deals with assets held for disposal. Items of fixed assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value. Any expected loss is recognised immediately in the statement of profit and loss.	Non-current assets to be disposed off are classified as held for sale when the asset is available for immediate sale and the sale is highly probable. Depreciation ceases on the date when the assets are classified as held for sale. Non-current assets classified as held for sale are measured at the lower of its carrying value and fair value less cost to sell.	Similar to IFRS.
An operation is classified as discontinued at the earlier of: • a binding sale agreement for sale of operations • on approval by the board of directors of a detailed formal plan and announcement of the plan.	An operation is classified as discontinued when it has either has been disposed of, or is classified as held for sale and: • represents a separate major line of business or geographical area of operations • is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or • is a subsidiary acquired exclusively with a view to resale.	A component of an entity should be classified as a discontinued operation if all the following conditions have been met: • it has been disposed of or classified as held for sale • the operations and cash flows of the component have been (or will be) eliminated from the ongoing operations of the entity as a result of the disposal transaction • the entity will not have any significant continuing involvement in the operations of the component after the disposal transaction.
Presentation and disclosure		
Items of fixed assets retired from active use and held for disposal are shown separately in the financial statements.	Non-current assets classified as held for sale are shown separately in the financial statements.	Similar to IFRS.
The amount of pre-tax profit or loss from ordinary activities attributable to the discontinuing operation during the current financial reporting period, and the income tax expense related thereto and the amount of the pre-tax gain or loss recognised on the disposal of assets or settlement of liabilities attributable to the discontinuing operation is required to be presented on the face of profit and loss. Following information is required to be disclosed in notes for discontinued operations: for periods up to and including the period in which the discontinuance is completed: ▪ the carrying amounts, as of the balance sheet date, of the total assets to be disposed of and the total liabilities to be settled; ▪ the amounts of revenue and expenses in respect of the ordinary activities attributable to the discontinuing operation during the current financial reporting period; and ▪ the amounts of net cash flows attributable to the operating, investing, and financing activities of the discontinuing operation during the current financial reporting period.	A single amount comprising the total of the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation is presented in the statement of comprehensive income. An analysis of the same is required which may be presented in the notes or separately in the statement of comprehensive income. The net cash flows attributable to the operating, investing and financing activities of discontinued operations is required to be presented either in notes or separately in the financial statements.	Similar to IFRS. However, cash flow information is not required to be disclosed separately.
Comparative information for prior periods that is presented in financial statements prepared after the initial disclosure event should be restated to segregate assets, liabilities, revenue, expenses, and cash flows of continuing and discontinuing operations.	Similar to Indian GAAP, the amounts related to discontinued operations are re-presented for prior periods except that information on carrying amounts of relevant assets and liabilities, if presented, is not restated.	Similar to IFRS except that cash flow information is restated only if cash flow information for discontinued operations is presented separately.

3 Accounting policies

3. Accounting policies

3.1 Changes in accounting policy, estimates and correction of errors

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 5	Primary guidance: IAS 1, IAS 8, IAS 33	Primary guidance: ASC 250, ASC 260, SEC SAB Topic 11:M
	Change in accounting policy	
Accounting policy is changed in response to new or revised accounting standards or on a voluntary basis if the new policy is more appropriate.	Similar to Indian GAAP	Similar to Indian GAAP and IFRS.
Requires prospective application (unless an accounting standard requires otherwise) together with a disclosure of the impact of the same, if material. Cumulative effect of the change is recognised in current year profit and loss. Further, unlike IFRS and US GAAP, change in depreciation method is considered a change in accounting policy.	Requires retrospective application by adjusting opening equity and comparatives unless impracticable.	Similar to IFRS.
A statement of financial position at the beginning of the earliest comparative period is not required under any circumstances.	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, entity should present a statement of financial position at the beginning of the earliest comparative period.	Similar to Indian GAAP; however the effect is required to be separately disclosed.
	Correction of errors	
Prior period errors are included in determination of profit or loss for the period in which the error is discovered and are separately disclosed in the statement of profit and loss in a manner that the impact on current profit or loss can be perceived.	Prior period errors are corrected by adjusting opening equity and restating comparatives, unless impracticable.	Similar to IFRS with no impracticability exemption.
	Change in accounting estimates	
Requires prospective application of a change in accounting estimates.	Similar to Indian GAAP.	Similar to Indian GAAP and IFRS.

4 Assets

4. Assets

4.1 Property, plant and equipment

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 6, AS 10, AS 16, AS 28	Primary guidance: IAS 16, IAS 23, IAS 36	Primary guidance: ASC 360, ASC 410, ASC 835
	Initial recognition	
Cost includes all expenditure directly attributable in bringing the asset to the present location and working conditions for its intended use. PPE purchased on deferred settlement terms are not explicitly dealt with in AS 10. Cost of fixed assets include purchase price for deferred payment term unless interest element is specifically identified in the arrangement.	Similar to Indian GAAP. Difference between the purchase price under normal credit terms and the amount paid, is recognised as interest expense over the period of the financing.	Similar to Indian GAAP and IFRS. Similar to IFRS.
There is no specific reference on whether cost of an item of PPE includes costs of its dismantlement, removal or restoration, the obligation for which an entity incurs as a consequence of installing the item.	The cost of an item of PPE includes such costs.	Similar to IFRS.
Cost of major inspections and overhauls are generally expensed when incurred, unless that increases the future benefits from the existing asset beyond its previously assessed standard of performance.	Cost of major inspections and overhauls are capitalised only when it is probable that it will give rise to future economic benefits.	Major inspections and overhauls may be expensed as incurred (direct expensing method) or capitalized and amortized to the next major inspection or overhaul (built-in overhaul and deferral methods).
	Subsequent costs	
Subsequent expenditures related to an item of PPE should be capitalised only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.	Similar to Indian GAAP.	Similar to Indian GAAP and IFRS.
	Revaluations	
Revaluation is permitted. No specific requirement on frequency of revaluation.	Subsequent measurement of PPE may be based on the revaluation model, for a class of assets. Revaluation is required to be carried out at sufficient regularity such that the carrying amount is not materially different from the fair value at the end of the reporting period.	Revaluation is not permitted.
	Depreciation	
The Companies Act specifies the minimum depreciation rates to be used for different categories of assets. Component accounting is permitted but is rarely followed in practice.	Depreciation is based on the 'component' approach; depreciation is charged over the estimated useful life of the asset. Depreciation method should reflect the pattern of the future economic benefits associated with the asset.	Similar to IFRS.
There is no specific requirement to reassess depreciation method, residual value and useful life at each balance sheet date.	Depreciation method, residual value and useful life are reassessed at each balance sheet date.	Depreciation method, residual value and useful life are reassessed only when events or changes in circumstances indicate a possible change in the estimates.

4.1 Property, plant and equipment (contd.)

Indian GAAP	IFRS	US GAAP
ARO—recognition and measurement		
There is no specific guidance.	Provisions for the estimated cost of dismantling and removing an asset and restoring a site shall be recognised and measured in accordance with the provisions in IAS 37. When a present value technique is used to estimate the liability, the discount rate will be a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability.	A liability for an ARO shall be recognised at fair value in the period in which it is incurred if a reasonable estimate of fair value can be made. If a reasonable estimate of the fair value of the liability cannot be made in the period the obligation is incurred, a liability shall be recognised when a reasonable estimate of fair value can be made. When a present value technique is used to estimate the liability, the discount rate will be a risk-free interest rate adjusted for the effect of the entity's credit standing.
There is no specific guidance.	If the obligation was incurred during a period in which the PPE was used to produce inventory, the ARO would be added to the carrying amount of the inventory.	Unlike IFRS, the ARO is added to the carrying amount of the related long-lived asset.
ARO—changes in measurement		
There is no specific guidance.	The ARO should be adjusted for changes in the estimate of expected undiscounted cash flows or discount rate as of each balance sheet date. The entire obligation should be remeasured using an updated discount rate that reflects current market conditions as of the balance sheet date.	Period-to-period revisions to either the timing or amount of the original estimate of undiscounted cash flows are treated as separate layers of the obligation. Upward revisions are discounted using the current credit-adjusted risk-free rate. Downward revisions are discounted using the original credit-adjusted risk-free rate.

4.2 Borrowing costs

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 16	Primary guidance: IAS 23	Primary guidance: ASC 835-20
	Definition of qualifying asset	
A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use or sale. A period of twelve months is considered a substantial period unless a shorter or longer period can be justified.	Similar to Indian GAAP. However, unlike Indian GAAP, there is no bright line for the term 'substantial period'.	Similar to IFRS
Equity method investee cannot be a qualifying asset.	Similar to Indian GAAP.	Unlike Indian GAAP and IFRS, equity method investee can be a qualifying asset.
	Definition of borrowing costs	
Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.	Similar to Indian GAAP.	Unlike Indian GAAP and IFRS, borrowing costs are generally limited to interest cost in connection with the borrowings. For e.g. foreign-currency gains or losses, are not regarded as an adjustment to interest costs.
	Recognition of borrowing costs	
Borrowings costs attributable to qualifying asset form part of the cost of that asset. Other borrowing costs are expenses as incurred.	Similar to Indian GAAP.	Similar to Indian GAAP and IFRS.
Income earned on the temporary investments of the borrowings specific to a qualifying asset is reduced from the borrowing costs for capitalisation.	Similar to Indian GAAP.	Unlike Indian GAAP and IFRS, income earned on the temporary investments of the borrowings is not reduced from the costs for capitalisation and is shown on gross basis as income in the profit or loss.

4.3 Investment property

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 13	Primary guidance: IAS 40	Primary guidance: See Section 4.1, 'Property, plant and equipment'
	Introduction	
Investment property is property (land or building) not intended to be occupied substantially for use by, or in the operations of, the investing enterprise.	Investment property is property (land or a building—or part of a building—or both) held to earn results or for capital appreciation, or both.	Unlike IFRS and Indian GAAP, there is no specific definition of investment property; such property is accounted for as property, plant and equipment.
Property held by a lessee under an operating lease is not recognised in the balance sheet.	Property held by a lessee under an operating lease may be classified as investment property if the definition of the investment property is met and the lessee measures all its investment property at fair value.	Similar to Indian GAAP.
	Measurement at initial recognition	
Investment property initially recognised at cost.	Similar to Indian GAAP.	Similar to Indian GAAP and IFRS.
	Measurement subsequent to initial recognition	
Measured at cost less accumulated depreciation less other-than-temporary impairment loss, if any.	Measured using either fair value (subject to limited exceptions), with change in fair value recognised in profit or loss or at cost less accumulated depreciation less impairment loss, if any. If the investment property measured at cost less accumulated depreciation less impairment loss, if any, an entity should disclose the fair value of its investment property.	All investment properties are measured using cost less accumulated depreciation less impairment loss, if any.

4.4 Intangible assets

Note: This section does not cover goodwill—see Section 8.2, 'Business combinations'.

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 26	Primary guidance: IAS 38, IFRS 3, SIC 32	Primary guidance: ASC 340, ASC 350, ASC 720, ASC 730, ASC 805, ASC 985
	Definition	
An intangible asset is defined as an identifiable non-monetary asset without physical substance. An asset is identifiable if it is separable—capable of being sold, transferred, licensed, rented, or exchanged or arises from contractual or legal rights.	Similar to Indian GAAP.	Similar to Indian GAAP and IFRS.
The cost of separately acquired intangible assets includes the following ▪ Purchase price ▪ Directly attributable costs to get the asset ready for its intended use. No guidance on determining the cost of intangible asset when acquired with a group of other assets.	Similar to Indian GAAP. If an intangible asset is acquired with a group of other assets (but not those acquired in a business combination), the cost of the group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.	Similar to Indian GAAP and IFRS. Similar to IFRS.
	Internal research and development	
Research expenditure is expensed as incurred. Development expenditure is capitalised if specific criteria are met.	Similar to Indian GAAP.	Generally expensed as incurred.
	Subsequent measurement	
Intangible assets are amortised over their expected useful lives. The useful life may not be indefinite. There is a rebuttable presumption that the useful life of the intangible asset will not exceed ten years from the date when the asset is available for use.	Intangible assets with finite useful lives are amortised over their expected useful lives. Intangible assets with indefinite useful lives are not amortised but tested for impairment at least annually. Intangible asset may be revalued to fair value only if there is an active market.	Similar to IFRS except that intangible assets cannot be revalued. An entity has an option of performing a qualitative assessment for impairment tests.
	Advertising and promotional expenditure	
Expensed as incurred.	Similar to Indian GAAP.	Direct-response advertising is capitalised if specific criteria are met. Other advertising and promotional expenditure is expensed as incurred or deferred until the advertisement first appears.

4.5 Impairment (other than financial assets)

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 28	Primary guidance: IAS 36	Primary guidance: ASC 350, ASC 360
Frequency of impairment testing		
An entity should test the assets or a cash generating unit for impairment at the end of each reporting period if the impairment indicators exist. However, an entity should test the following assets for impairment annually irrespective of whether the impairment indicators exists or not ▪ an intangible asset not yet available for use; and ▪ an intangible asset with an estimated useful life of more than ten years.	Similar to Indian GAAP. However, an entity should test the following assets for impairment annually irrespective of whether the impairment indicators exists or not: ▪ an intangible asset not yet available for use; ▪ an intangible asset with an indefinite useful life; and ▪ goodwill acquired in a business combination	Similar to IFRS.
CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.	Similar to Indian GAAP.	The terminology 'asset groups' is similar to CGU used in Indian GAAP and IFRS. A reporting unit is an operating segment or one level below an operating segment (referred to as a component).
Level of impairment testing		
Tested at CGU level.	Similar to Indian GAAP.	Similar to Indian GAAP and IFRS except that goodwill is tested for impairment at reporting unit level and specific guidance is applied to determine the level of impairment testing of intangible assets not subject to amortisation.
Measurement of impairment loss on goodwill		
The recoverable amount of the CGU (higher of fair values less costs to sell and value in use, which is based on the net present value of future cash flows) is compared with the carrying amount of the CGU. The impairment loss is allocated by first reducing any goodwill of the CGU and then reducing the carrying value of other assets of the CGU on a pro rata basis, subject to certain constraints.	Similar to Indian GAAP. The impairment test is a one-step process. If the recoverable amount is below the carrying amount, an impairment loss is recognised. Recoverable amount is the higher of value in use and fair value less costs to sell. Value in use is future discounted cash flows from an asset or cash-generating unit.	An entity may first assess only qualitative factors to determine whether it is necessary to perform the two-step goodwill impairment test. If an entity determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the following process is followed: The first step compares the fair value of the reporting unit with the carrying amount. Goodwill is impaired if the reporting unit's fair value is less that its carrying amount. If goodwill is impaired, then the second step is performed to determine the amount of impairment measured as the difference between goodwill's implied fair value and its carrying amount.
Measurement of impairment loss for other non-financial assets		
Impairment loss is recognised if the asset's or CGU's carrying amount exceeds its recoverable amount of the CGU (higher of fair values less costs to sell and value in use, which is based on the net present value of future cash flows).	Similar to Indian GAAP.	Impairment loss is recognised if the carrying amount of the asset exceeds its fair value. ▪ For intangible assets that are amortized and other long-lived assets, an entity first compares if the carrying amount exceeds the sum of the undiscounted cash flows expected from the use and eventual disposition to assess if there is an impairment. ▪ For indefinite-lived intangible assets, an entity may first perform a qualitative assessment to determine whether it is necessary to perform the quantitative impairment test.
Reversal of impairment loss		
Reversal of impairment loss is recognised in profit and loss. An impairment loss recognised for goodwill should not be reversed in a subsequent period unless certain conditions are satisfied.	Reversal of impairment is permitted except for those relating to goodwill.	Reversal of impairment loss is not permitted.
Measurement of reversal of impairment loss: Entity should increase the value of the asset to its current recoverable amount. However, current recoverable amount should not exceed the carrying amount of the asset that would have existed if no impairment loss had been recognised.	Similar to Indian GAAP.	

4.6 Inventories

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 2	Primary guidance: IAS 2	Primary guidance: ASC 330
	Measurement of inventories	
Measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price less the estimated costs of completion and sale.	Similar to Indian GAAP.	Unlike Indian GAAP and IFRS, measured at the lower of cost and market. 'Market' means current replacement cost. However, Market shall not exceed net realisable value and shall not be less than net realisable value reduced by an allowance for an approximately normal profit margin. Net realisable value is similar to Indian GAAP and IFRS.
	Cost of inventories	
The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.	Similar to Indian GAAP.	Similar to Indian GAAP and IFRS.
Inventories purchased on deferred settlement terms are not explicitly dealt with in AS 2. Cost of inventories include purchase price for deferred payment term unless interest element is specifically identified in the arrangement.	Difference between the purchase price for normal credit terms and the amount paid, is recognised as interest expense over the period of the financing.	Similar to IFRS.
	Cost formulas	
FIFO and weighted average cost are acceptable accounting method for determining the cost of inventories. Specific identification may be used in certain situations. The LIFO method is not permitted.	Similar to Indian GAAP.	Similar to Indian GAAP and IFRS except that cost of inventories can also be determined using LIFO.
The same cost formula is applied for all inventories having similar nature and use to the entity.	Similar to Indian GAAP.	Unlike IFRS and Indian GAAP, the same cost formula need not be applied to all inventories having a similar nature and use to the entity.
	Reversal of write down of inventory	
There is no specific guidance. However, reversals may be permitted as AS 5 requires this to be disclosed as a separate line item in the statement of profit and loss.	Reversal of write-down of inventory is permitted. The amount of reversal is limited to the original write down.	Unlike Indian GAAP and IFRS, reversal of a write-down of inventory is not permitted.

5 Liabilities

5. Liabilities

5.1 Leases

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 19	Primary guidance: IAS 17, IAS 40, SIC 15, SIC 27, IFRIC 4	Primary guidance: ASC 840
	Scope	
A lease is an arrangement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Lease agreement to use land is not accounted as lease transaction. There is no specific guidance on whether an arrangement contains a lease. Payments under arrangements which are not in the form of leases are generally recognised in accordance with the nature of expense incurred.	Similar to Indian GAAP. Lease arrangement to use lands are accounted as lease transaction. Arrangements that do not take the legal form of a lease but fulfillment of which is dependent on the use of specific assets and which convey the right to use the assets may have to be accounted for as leases.	Similar to Indian GAAP and IFRS, except that lease accounting guidance applies only to property, plant and equipment. Similar to IFRS. Similar to IFRS.
	Lease classification	
A lease is classified as either an operating or a finance lease at the inception of the lease.	Similar to Indian GAAP.	Similar to Indian GAAP and IFRS. Finance lease is referred as capital lease. In respect of lessors, capital leases are categorised as direct financing leases and sale-type leases, which differ in certain respects from IFRS and Indian GAAP.
The lease classification depends on whether substantially all of the risks and rewards incidental to ownership have been transferred from the lessor to the lessee.	Similar to Indian GAAP.	The classification of a lease depends on whether the lease meets certain criteria. Lease of land is generally classified as operating lease unless the title transfers to the lessee.
	Separation of lease elements	
There is no specific guidance on separation of leases of land and buildings.	Land and buildings elements are classified and accounted for separately unless the land element is not material.	Land and building elements are classified and accounted for as a single unit unless land represents more than 25 percent of the total fair value of the leased property.
	Accounting treatment	
Operating leases: Lease rentals: Lease rentals shall be expensed by the lessee and lease revenue shall be recognised by the lessor on a straight-line basis over lease term unless another systematic basis is representative of the time pattern of the user's benefits. There is no specific guidance on lease incentives.	 Similar to Indian GAAP. Lease incentives (such as rent-free period) are recognised by both the lessor and the lessee as a reduction in rental income and expense, respectively, over the lease term.	 Similar to Indian GAAP and IFRS. Similar to IFRS.
Finance leases: The lessor recognises a finance lease receivable and the lessee recognises the leased asset and a liability for future lease payments.	 Similar to Indian GAAP.	 Similar to Indian GAAP and IFRS.

5.2 Provisions, contingent liabilities and contingent assets

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 29	Primary guidance: IAS 37, IFRIC 1	Primary guidance: ASC 410, ASC 420, ASC 450
	Recognition	
A provision is recognised for a present obligation arising from past event, if the liability is considered probable and can be reliably estimated. Probable means more likely than not. Constructive obligations are not recognised.	Similar to Indian GAAP except that constructive obligations are also recognised.	Similar to IFRS.
	Measurement	
The amount recognised as a provision should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date.	Similar to Indian GAAP.	Similar to Indian GAAP and IFRS. However, when the reasonable estimate of the loss is a range and some amount within the range appears at the time to be a better estimate than any other amount within the range, that amount is accrued. If no amount within the range is a better estimate than any other amount, the minimum amount in the range is accrued.
The amount of a provision is not discounted to its present value.	Where the effect of the time value of money is material, the provision shall be discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.	Accruals for loss contingencies provisions are not discounted unless the timing of the related cash flows is fixed or reliably determinable.
	Reimbursement right	
A reimbursement right is recognised as a separate asset only when its recovery is virtually certain. The amount recognised for the reimbursement should not exceed the amount of the related provision.	Similar to Indian GAAP.	Unlike Indian GAAP and IFRS, recovery should be probable and need not be virtually certain.
	Contingent liability	
A contingent liability is not recognised. However, it is disclosed, unless the possibility of an outflow of resources is remote.	Similar to Indian GAAP.	Disclosure is required for loss contingencies that are not recognised if it is reasonably possible that a loss may have been incurred.
In extremely rare cases, exemption from disclosure of information that may be prejudicial to an entity is permitted.	Similar to Indian GAAP.	Unlike Indian GAAP and IFRS, there is no such exemption.
	Contingent asset	
A contingent asset is: • recognised when the realisation is virtually certain; and • disclosed in the Director's report when the realisation is probable.	Similar to Indian GAAP, except that the disclosure is made in the financial statements.	Contingent assets are not recognised until they are realised.
	Restructuring costs	
Recognised if the recognition criteria for a 'provision' is met.	Similar to Indian GAAP.	Unlike Indian GAAP and IFRS, a liability for a cost associated with an exit or disposal activity is recognised when the definition of a liability is met.
	Onerous contracts	
An onerous contract is defined as a contract where the unavoidable costs to meet the obligations exceed the expected economic benefits. If an entity has an onerous contract, the present obligation shall be recognised and measured as a provision.	Similar to Indian GAAP.	Unless specific codification topic/ subtopic requires, obligations for onerous contracts are not recognised.

5.3 Taxation

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 22	Primary guidance: IAS 12	Primary guidance: ASC 740
	Introduction	
Deferred taxes are recognised for the estimated future tax effects of timing differences and unused tax losses carried forward. Unused tax credits carried forward is considered a prepaid tax asset provided the definition of asset is met. Timing differences are the differences between taxable income and accounting income for a period that originate in one period and are capable of reversal in one or more subsequent periods.	Deferred taxes are recognised for the estimated future tax effects of temporary differences, unused tax losses and unused tax credits carried forward. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position.	Although US GAAP also follows an asset and liability approach for calculating deferred taxes, there are some differences in the application of the approach from IFRS. Definition of temporary differences is similar to IFRS.
	Current tax—recognition and measurement	
Tax expense comprises of current tax and deferred tax which should be included in the determination of the net profit or loss for the period. Current tax should be measured at the amount expected to be paid to (recovered from) the taxation authorities in respect of taxable profit (loss), using the applicable tax rates and tax laws.	Similar to Indian GAAP.	Similar to Indian GAAP and IFRS.
	Deferred tax—recognition and measurement	
Deferred tax assets and liabilities should be measured using the tax rate and tax laws that have been enacted or substantively enacted at the balance sheet date. In practice, deferred tax is measured based on the expected manner of settlement of liability or recovery of an asset.	Similar to Indian GAAP except that IAS IAS 12 specifically requires deferred tax to be measured based on the expected manner of settlement of liability or recovery of an asset.	Unlike Indian GAAP and IFRS, deferred tax assets and liabilities should be measured using tax rates and tax laws that have been enacted at the reporting date. Further, deferred tax is measured on the assumption that the underlying asset or liability will be settled or recovered in a manner consistent with its current use in the business.
Deferred tax assets should be recognised and carried forward when it is reasonably certain that future taxable profit will be available for reversal of the deferred tax assets. However, where an entity has unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets should be recognised only when there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realised.	Deferred tax assets is recognised to the extent it is probable that taxable profit will be available against which deductible temporary differences and unused tax losses and unused tax credits carried forward can be utilised.	Unlike Indian GAAP and IFRS, deferred tax assets are recognised in full and reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax assets will not be realised.
	Deferred tax on unused tax credits	
Unused tax credits carried forward are considered as prepaid tax assets provided the definition of asset is satisfied on a continuing basis. Deferred tax assets and liabilities should not be discounted to their present value.	Unlike Indian GAAP, unused tax credits carried forward are considered as deferred tax assets. Similar to Indian GAAP.	Similar to IFRS Similar to Indian GAAP and IFRS.

5.3 Taxation (contd.)

Indian GAAP	IFRS	US GAAP
Exceptions from accounting for deferred taxes		
Deferred taxes are not recognised for permanent differences.	Deferred taxes are not recognised for the following items: ▪ the initial recognition of goodwill ▪ the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction neither accounting profit nor taxable profit (tax loss) is affected.	Deferred taxes are not recognised if it arises from the initial recognition of goodwill. However, unlike IFRS, US GAAP does not have a similar exception in respect of initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction neither accounting profit nor taxable profit (tax loss) is affected.
Deferred tax on investments in subsidiaries, branches, associates and interest in joint ventures		
No deferred tax is recognised.	Deferred tax should not be recognised for temporary differences in respect of investment in subsidiaries, branches, associates and interest in joint ventures if certain conditions are satisfied.	Similar to IFRS. However, these conditions are different from IFRS. Further, unlike IFRS, deferred tax is always recognised in respect of branches and associates.
Deferred tax on unrealised intragroup profits		
Deferred tax on unrealised intragroup profits is not recognised. deferred tax expense is an aggregation from separate financial statements of each group entity and no adjustment is made on consolidation.	Unlike Indian GAAP, deferred taxes on elimination of intragroup profits and losses are calculated with reference to the tax rate of the buyer at the end of the reporting period.	Unlike Indian GAAP and IFRS, current tax on unrealised intercompany profits and losses (calculated with reference to the tax rate of the seller) is deferred and subsequently, recognised as current tax in the year of sale to an external party.
Uncertain tax positions		
The recognition and measurement provisions of AS 29 are relevant because an uncertain tax position may give rise to a liability of uncertain timing and amount.	Similar to Indian GAAP, the recognition and measurement provisions of IAS 37 are relevant because an uncertain tax position may give rise to a liability of uncertain timing and amount.	Unlike Indian GAAP and IFRS, US GAAP uses a two-step process to recognise and measure the financial statement effects of a tax position. An entity initially recognises the financial statement effects of a tax position when it is more likely than not (likelihood of >50 percent), based on the technical merits, that the position will be sustained on examination. A tax position that meets the more likely than not threshold is then initially and subsequently measured as the largest amount that is greater than 50 percent likely of being realised on settlement with a taxing authority.
Business combinations		
There is no specific guidance provided under Indian GAAP on accounting for a change in the acquirer's deferred tax asset as a result of a business combination. In practice, such a change is accounted in profit or loss.	Similar to Indian GAAP except that IFRS specifically requires such a change to be accounted in profit or loss.	Similar to IFRS.
Share-based payment		
There is no specific guidance.	Deferred taxes are recorded for the difference between the amount of the tax deduction (or future tax deduction) and cumulative remuneration expense related to share-based payment awards. Deferred tax assets are adjusted each period to the amount of tax deduction that the entity would receive if the award was tax deductible as of the reporting date based on the current market price of the shares.	Deferred tax assets are based on the amount of compensation cost recorded. Unlike IFRS, the deferred tax adjustment for current share price is recorded on settlement.

5.3 Taxation (contd.)

Indian GAAP	IFRS	US GAAP
	Presentation and disclosure	
An entity should offset assets and liabilities representing current tax if it has a legally enforceable right to set off the recognised amounts and intends to settle the asset and the liability on a net basis.	Similar to Indian GAAP.	Similar to Indian GAAP and IFRS except that intentions to net settle is not required.
There is no requirement for disclosing the relationship between the tax expense and accounting profit.	All entities should disclose an explanation of the relationship between tax expense and accounting profit using a numerical reconciliation.	Public entities-Similar to IFRS. Nonpublic entities should disclose the nature of significant reconciling items but may omit a numerical reconciliation.

6 Income & expenditure

6. Income and Expenditure

6.1 Revenue—general

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 9; Guidance Note on accounting for Dot-com companies	Primary guidance: IAS 18, IFRIC 13, IFRIC 15, IFRIC 18, SIC 31	Primary guidance: ASC 605, ASC 845, Industry topics, SEC SAB Topic 13
Definition		
Revenue is the gross inflow of cash, receivables or other consideration arising in the course of the ordinary activities from the sale of goods, from the rendering of services and from the use by others of entity resources yielding interest, royalties and dividends.	Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants.	Revenue is defined as inflows or other enhancements of assets of an entity or settlements of its liabilities (or a combination of both) from delivering or producing goods, rendering services, or other activities that constitute the entity's ongoing major or central operations.
Principal versus agent		
There is no specific guidance on whether an entity is acting as a principal or an agent.	Unlike Indian GAAP, specific guidance exists.	Similar to IFRS except that guidance under US GAAP is more comprehensive.
Recognition		
Recognition criteria depend on the category of revenue transaction. In general criteria includes no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of good/ rendering of service.	Revenue is recognised only when it is probable that any future economic benefit will flow to the entity and such a benefit can be measured reliably.	Revenue is generally recognised when it is realised or realisable and earned. US GAAP includes specific revenue recognition criteria for different types of revenue generating transactions. For many transactions, criteria differ from Indian GAAP and IFRS.
Measurement		
Revenue is recognised at the consideration received or receivable.	Revenue is recognised at the fair value of the consideration received or receivable. Fair value is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the consideration is recognised as interest income using the effective interest method.	Similar to IFRS.
Specific industry and other guidance		
Revenue recognition is mainly based on general principles that are applied to different types of transactions.	Similar to Indian GAAP.	Unlike Indian GAAP and IFRS, US GAAP has comprehensive guidance specific to industry and type of revenue arrangement. For e.g., there exists comprehensive guidance on software revenue recognition.
Multiple element arrangements		
There is no specific guidance.	To present the substance of a transaction appropriately, it may be necessary to apply the recognition criteria to the separately identifiable component of a single transaction. However, There is no specific guidance for making this assessment.	Unlike IFRS, US GAAP provides detailed guidance on multiple-element revenue arrangements and establishes detailed criteria for determining whether each element may be separately considered for recognition.

6.1 Revenue—general (contd.)

Indian GAAP	IFRS	US GAAP
Customer loyalty program		
There is no specific guidance on accounting for customer loyalty programs.	IFRIC 13 indicates that customer loyalty programs are deemed multiple-element revenue transactions and that the fair value of the consideration received should be allocated between the components of the arrangement.	Similar to Indian GAAP, there is no specific guidance that addresses customer loyalty programs. The facts and circumstances of the program are considered to determine the appropriate accounting. Although customer loyalty programs are not in the scope of ASC 605-25, some companies apply that guidance by analogy and allocate revenue to the award credits. Others may follow an incremental cost approach in which the cost associated with the award credit is accrued.
Rendering services		
Completed service contract method or proportionate completion method is permitted.	Revenue is recognised using percentage of completion method.	Revenue from service is generally recognised using the proportional performance or straight-line method rather than the completed service contract method or proportionate completion method (cost completion method is not permitted).
Interest income		
Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.	Interest income is recognised using the effective interest method.	Similar to IFRS.

6.1a Revenue—long-term contracts/ construction contracts

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 7, Guidance Note on Accounting for Real Estate Developers	Primary guidance: IAS 11, IFRIC 15	Primary guidance: ASC 605-35
Construction contracts (other than real estate sales)		
Revenue is recognised based on the percentage-of-completion method. However, when the percentage-of-completion method is deemed inappropriate (e.g., when the outcome of the contract cannot be estimated reliably), revenue is recognised to the extent that costs have been incurred, provided that the costs are recoverable. The completed-contract method is not permitted. Probable losses are recognised as an expense immediately.	Similar to Indian GAAP.	Revenue is recognised based on the percentage-of-completion method, provided the entity has an ability to make dependable estimates relating to the extent of progress toward completion, contract revenues and contract costs. If otherwise, the completed-contract method is used. Similar to Indian GAAP and IFRS, probable losses are recognised as an expense immediately.
Contract revenue and contract costs are recognised by reference to the stage of completion of work.	Similar to Indian GAAP.	Unlike Indian GAAP and IFRS, the revenue to be recognised can also be determined by reference to the gross margin earned. Gross profit earned on a contract is computed by multiplying the total estimated gross profit on the contract by the percentage of completion.
Construction contracts are segmented or combined, as the case may be, when certain criteria are met.	Similar to Indian GAAP.	Similar to Indian GAAP and IFRS
Real estate sales		
There is specific guidance. Application of this guidance may result in revenue being recognised on a percentage-of-completion basis, a continuous delivery basis, or at a single point in time.	There is specific guidance. Application of this guidance may result in revenue being recognised on a percentage-of-completion basis, a continuous delivery basis, or at a single point in time. However, the guidance differs from the guidance under Indian GAAP.	There is detailed guidance on accounting for real estate sales. Application of this guidance results in revenue being recognised under full accrual method, the installment method, the cost recovery method, the percentage of completion method, or the deposit method.

6.2 Employee benefits

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 15	Primary guidance: IAS 19, IFRIC 14	Primary guidance: ASC 710, ASC 715
Post-employment defined benefits—Actuarial gains and losses		
Projected unit credit method is used to perform actuarial valuations. All actuarial gains and loss are recognised immediately in profit or loss.	Similar to Indian GAAP, except re-measurements are recognised immediately in other comprehensive income. These are subsequently not reclassified to income statement.	Unlike Indian GAAP and IFRS, the actuarial method used depends on the type of plan. Immediate recognition in other comprehensive income is not permitted , however an entity may adopt policy of immediate recognition in income statement; corridor method is also permitted.
Post-employment defined benefits—recognition of prior service costs		
Prior service costs are recognised immediately if they are related to vested benefits; otherwise, they are recognised over the vesting period.	An entity recognises prior service cost as an expense at the earlier of the following dates: ▪ When the plan amendment or curtailment occurs; ▪ When the entity recognises related restructuring costs or termination benefits.	Prior service costs are recognised initially in other comprehensive income, and both vested and unvested amounts amortised over the average remaining service period. However, if all or almost all of the plan participants are inactive, prior service cost are amortised over the remaining life expectancy of those participants.
Measurement frequency		
Detailed actuarial valuation to determine present value of the benefit obligation is carried out at least once in every three years, and fair value of plan assets are determined at each balance sheet date.	No explicit requirement on how frequently the defined benefit obligation and the plan assets are measured. However, they should be measured regularly enough that the amount recognised is not materially different from the amount that would be determined on the reporting date.	Measurement should be performed at least once annually, or more often when certain events occur.
Discount rate		
Market yield on government bonds as at the balance sheet date is used as discount rates.	Market yield on high quality corporate bonds as at the balance sheet date is used. In countries where there is no deep market in such bonds, the market yield on government bonds is used.	Rates of return on high-quality fixed-income investments currently available and expected to be available during the period to maturity of the pension benefits is used. Circumstances in which there is no deep market in high-quality corporate bonds are not specifically addressed.
Curtailments		
Gains and losses on the curtailment of a defined benefit plan are recognised when the curtailment occurs.	Curtailment gains and losses are recognised when an entity is demonstrably committed and a curtailment has been announced.	A curtailment loss is recognised when it is probable that a curtailment will occur and the effects are reasonably estimable. A curtailment gain is recognised when the relevant employees are terminated or the plan suspension or amendment is adopted, which could occur after the entity is demonstrably committed and a curtailment is announced.
Termination benefits		
Recognised if the transaction meets the definition of a 'Provision'.	Recognised when an employer is demonstrably committed to pay.	Termination benefits are recognised on the basis of the type of benefits. For special termination benefits, a liability and a loss is recognised when the employee accepts the offer and the amount of benefits can be reasonably estimated. For contractual termination benefits, a liability and a loss is recognised when it is probable that the specified event that triggers the termination will occur and the amount of benefits can be reasonably estimated.
Compensated absences		
The plan is segregated between short term and other long term employee benefits. The expected cost of accumulating short term compensated absences is recognised on an accrual basis. Liability for long term compensated absences is measured on actuarial basis.	Similar to Indian GAAP.	Unlike Indian GAAP and IFRS, compensated absences are recognised on an accrual basis.

6.3 Share-based payments

Indian GAAP	IFRS	US GAAP
Primary guidance: Guidance Note by the ICAI and SEBI guidelines	Primary guidance: IFRS 2	Primary guidance: ASC 718, ASC 505-50
	Share-based payments to employees	
Option to measure based on the grant-date fair value or intrinsic value of the equity instruments issued.	Measured based on the grant-date fair value of the equity instruments issued. Intrinsic value approach is permitted only when the fair value of the equity instruments cannot be estimated reliably.	Similar to IFRS. However, unlike IFRS, intrinsic value approach can be followed by non-public companies for share-based awards classified as liabilities.
	Grant date	
Grant date is the date on which the entity and the employee have a shared understanding of the terms and conditions of the arrangement.	Similar to Indian GAAP.	Unlike Indian GAAP and IFRS, grant date is the date (i) at which an employer and employee reach a mutual understanding of the key terms and conditions of a share-based payment award and (ii) that an employee begins to benefit from, or be adversely affected by, subsequent changes in the price of the employer's equity shares.
	Share based payments to non-employees	
There is no specific guidance.	Generally, measured based on the fair value of the goods or services received.	Unlike IFRS, equity-settled share based payment transactions with non-employees are accounted for based on the fair value of the consideration received or the fair value of the equity-based instruments issued, whichever is more reliably measurable.
	Graded vesting	
Entity may choose to measure on a straight-line basis as a single award or an accelerated basis as though each separately vesting portion of the award is a separate award.	Unlike Indian GAAP, awards with graded vesting is measured as, in substance, multiple awards.	Similar to Indian GAAP.

7 Financial instruments

7. Financial instruments

7.1 Financial instruments

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 11, AS 13, Guidance Note on Accounting for Securitisation, Guidance Note on Accounting for Equity Indexed and Equity Stock Futures and Options and ICAI announcement on Accounting for Derivatives Note: On AS 30,31 and 32 becoming effective, differences between Indian GAAP and IFRS will be eliminated to large extent.	Primary guidance: IAS 32, IAS 39	Primary guidance: ASC 310, ASC 320, ASC 815, ASC 825, ASC 860
	Financial instrument	
A financial instrument is a contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.	Similar to Indian GAAP.	Similar to Indian GAAP and IFRS.
	Classification of financial assets	
Only investments are classified into Long term and Current Investments.	All financial assets are classified as one of the following: ▪ at fair value through profit or loss; ▪ loans and receivables; ▪ held to maturity; ▪ available-for-sale financial assets.	Only debt and marketable equity securities are classified as one of the following: ▪ trading securities; ▪ held-to-maturity; ▪ available-for-sale; ▪ at fair value through profit or loss.
	Classification of financial liability	
Does not prescribe classification categories.	Under IFRS, financial liabilities are classified as either: ▪ at fair value through profit or loss; or ▪ other (at amortised cost)	Similar to IFRS, except that the eligibility criteria and financial liabilities to which fair value option can be applied are different in certain respects.
	Derecognition—financial assets	
Derecognised when the contractual right to cash flows expires. Securitised asset is derecognised on loss of control.	**Risk and rewards model**: Financial assets are derecognised when the contractual right to cash flows expires. Transferred financial asset is derecognised when the entity has substantially transferred all risks and rewards of ownership or neither transferred nor retained substantially all risks and rewards of ownership and the control is lost over the financial asset.	**Control model**: Financial assets are derecognised when the contractual right to cash flows expires or the entity surrenders control of the asset. The conditions to assess loss of control are different from IFRS.
	Derecognition—financial liability	
There is no specific guidance on derecognition of financial liabilities. In practice, unclaimed liabilities are written back after a specified period based on historical analysis.	Derecognised when the obligation is discharged or cancelled or has expired.	Similar to IFRS.

7.1 Financial instruments (contd.)

Indian GAAP	IFRS	US GAAP
	Impairment of financial assets	
There is no specific guidance. In practice indicators such as past experience, actual financial position, past due status of the receivables etc. are considered to assess whether there is an impairment. Financial entities follow the RBI regulations which is based on the past due status of the loan receivables.	Impairment is recognised if and only if, there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. IFRS provides indicators of loss event for different categories of financial assets.	Unlike IFRS, there is no single impairment model for financial assets. Impairment model differs depending on the categories of financial assets.
	Derivatives	
The term derivative is not defined. The guidance note on Accounting for Equity Indexed and Equity Stock Futures and Options provides an inclusive definition of derivative. A derivative includes: • a security derived from a debt instrument, share, loan, whether secured or unsecured, risk instrument or contract for differences or any form of security; • a contract which derives its value from the prices, or index of prices, of underlying securities.	A derivative is a financial instrument or other contract within the scope of IAS 32/ IAS 39 with the following characteristics: • its value changes in response to change in value of a specified variable or underlying rate • it requires no or little investment • it is settled at a future date.	A derivative is a financial instrument or other contract within the scope of the financial instruments codification topics with the following characteristics: • it has one or more underlyings and • one or more notional amounts or payment provisions or both; • it requires no or little initial net investment like IFRS; • it requires or permits net settlement.
	Embedded derivatives	
There is no specific guidance. In practice, embedded derivatives are not separately accounted from the host contract.	An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract -with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. Embedded derivatives are accounted for separately from the host contract only if: • the embedded derivative is not closely related to the host contract • the embedded derivative meets the definition of a derivative on a stand-alone basis and • the combined instrument is not designated as FVTPL.	There is detailed guidance which may result in significant differences from IFRS in practice.
	Derivatives—recognition and measurement	
In respect of forward contracts not intended for trading or speculation purposes: • Any premium or discount arising at the inception of a forward exchange contract is amortised as expense or income over the life of the contract. • Exchange differences are recognised in the statement of profit and loss in the reporting period in which the exchange rates change. For derivative contracts other than foreign currency forward contracts, the entity is required to provide only for losses by marking such derivative contracts to market at the balance sheet date; gains are ignored.	Derivatives are measured at fair value with change in fair value recognised in profit or loss unless they qualify as hedging instruments in a cash flow hedge or in a net investment hedge.	Similar to IFRS.

7.1 Financial instruments (contd.)

Indian GAAP	IFRS	US GAAP
	Hedge accounting	
There is no specific guidance. Entity has an option to follow the principles of AS 30 to the extent they are not in conflict with the principles of AS 11 or any other AS.	Hedge accounting is optional. However, it is permitted only when all the hedge accounting requirements are met. There are three hedge accounting models viz. ▪ fair value hedge; ▪ cash flow hedge; and ▪ net investment in a foreign operation.	Similar to IFRS.
	Hedge effectiveness	
Hedge accounting guidance under AS 30 is similar to IAS 39.	Hedge effectiveness testing is conducted on both prospective and retrospective basis. Hedge is considered to be effective if the change in fair value or cash flows relating to the hedged risk of the hedged item off sets the change in fair value or the cash flows of the hedging instrument within a range of 80-125 percent.	Similar to IFRS.
	Presentation—classification of convertible debt	
The entire instrument is classified as debt based on its legal form.	Convertible debt is required to be split into a debt and equity component and, if applicable, a derivative component.	Unlike IFRS, the convertible debt is not split into debt and equity components unless certain specific conditions are met, but they may be split into debt and derivative components. Further, the criteria for split into debt and derivative components may differ from IFRS.

8 Consolidation

8. Consolidation

8.1 Consolidation

<table>
<tr><th>Indian GAAP</th><th>IFRS</th><th>US GAAP</th></tr>
<tr><td>Primary guidance: AS 21</td><td>Primary guidance: IFRS 10</td><td>Primary guidance: ASC 810-10</td></tr>
<tr><td colspan="3">Determining when to consolidate an entity</td></tr>
<tr><td>A parent consolidates entities under its control evaluated based on ownership interest or governance indicators.</td><td>A parent consolidates entities under its control evaluated based on a single control model that is different from Indian GAAP.</td><td>There are two models for evaluating whether consolidation is required: the voting interest model and the VIE model. Voting interest model is followed only when the VIE model is not applicable.

Both models focus on a controlling financial interest as opposed to the concept of control under Indian GAAP and IFRS.</td></tr>
<tr><td colspan="3">Definition of Control</td></tr>
<tr><td>Control is defined as
a.the ownership, directly or indirectly through subsidiary(ies), of more than one-half of the voting power of an enterprise; or
b.Control of the composition of the governing body so as to obtain economic benefits from its activities.

Therefore, a mere ownership of more than 50% of equity shares is sufficient to constitute control under Indian GAAP.</td><td>An investor controls an investee only if the investor has all of the following elements of control:
a. Power over the investee, through existing rights that give it the current ability to direct the activities that significantly affect (referred to as relevant activities) the investee’s returns
b. Exposure, or rights, to variable returns from its involvement with the investee
c. Ability to use its power over the investee to affect the amount of the investor’s returns.

When assessing control of an investee, an investor shall consider the purpose and design of the investee in order to identify the relevant activities, how decisions about the relevant activities are made, who has the current ability to direct those activities and who receives returns from those activities.

For the purpose of assessing power, only substantive rights are taken into account. To be a substantive right, the holder must have the practical ability to exercise that right. Rights that are purely protective do not contribute to power under IFRS 10.</td><td>Under the voting interest model, a controlling financial interest is defined as 'ownership of a majority voting interest' in another entity.

However, a subsidiary shall not be consolidated if control does not rest with the majority owner (for example, if the subsidiary is in legal reorganization or in bankruptcy or restrictive non-controlling rights exist).

Under the VIE model, a reporting entity has a controlling financial interest if it has both of the following characteristics:
a. the power to direct the activities of the entity that most significantly affect the entity's economic performance and
b. the obligation to absorb losses of the entity that could potentially be significant to the entity or the right to receive benefits from the entity that could potentially be significant to the entity.

Similar to IFRS. However, under the VIE model, substantive removal or participating rights are not taken into consideration unless they can be exercised by a single party (or together with its related parties and de facto agents).</td></tr>
<tr><td colspan="3">Power with less than half of voting rights</td></tr>
<tr><td>Can exist only if there is control of the composition of the governing body of an enterprise so as to obtain economic benefits from its activities.

Concept of de facto control does not exist.</td><td>Can have power over an investee through: legal or contractual rights that give an investor the current ability to direct the relevant activities of an investee;
a. Potential voting rights; or
b. De facto control (for example, if the direction of relevant activities is determined by a majority vote where an investor with less than 50 percent of the vote holds significantly more voting rights than any other single or organized group of vote holders and the other shareholdings are widely dispersed).</td><td>US GAAP indicates that under the voting interest model, the power to control may also exist, for example, by contract, lease, agreement with other stockholders, or by court decree.

Unlike IFRS, concept of de facto control does not exist.</td></tr>
</table>

8.1 Consolidation (contd.)

Indian GAAP	IFRS	US GAAP
Potential voting rights		
Potential voting rights are not considered in assessing control.	Potential voting rights are considered only if they are substantive. For a right to be substantive, it must give the holder the current ability to direct the relevant activities of an investee when necessary and the holder must have the practical ability to exercise that right.	Potential voting rights are not considered under the voting interest model. However, potential voting rights may be an indicator of control. The VIE model does not specifically address the impact of potential voting rights.
Principal versus agent		
No specific guidance.	When an investor with decision-making rights assesses whether it controls an investee, it determines whether it is a principal or an agent. An agent does not control an investee when the agent exercises decision-making rights delegated to it and therefore does not consolidate the investee. An investor also determines whether another entity is acting as an agent for the investor, in which case, the decision-making rights delegated to its agent are treated as if they were held by the investor directly.	Under the voting interest model in US GAAP, there is no explicit concept of principal versus agent in the consolidation guidance. The VIE model provides guidance on assessing whether an arrangement for fees paid to a decision maker indicates that whether the decision maker is acting on behalf of the investor.
Relationships with other parties		
No specific guidance.	An investor is required to consider the nature of its relationship with other parties and to determine whether those other parties are acting on the investor’s behalf (related parties and de facto agents) when assessing control.	Under the voting interest model, relationships between the majority and non-controlling shareholders (other than investment in the common investee) that are of a related-party nature shall be considered in determining if the participating rights of the non-controlling shareholder are substantive. For purposes of determining whether a reporting entity is the primary beneficiary of a VIE, the reporting entity with a variable interest treats variable interests in that same VIE held by its related parties and de-facto agents as its own interests.
Control of specified assets		
Control is assessed over only legal entities.	Control is generally assessed at the investee level. IFRS 10 does contain guidance, however, on specific circumstances when it is appropriate to consolidate only a portion of an investee as a separate entity (often referred to as a 'silo').	A reporting entity with a variable interest in specified assets of a VIE treats a portion of the VIE as a separate VIE if the specified assets are essentially the only source of payment for specified liabilities or specified other interests (a silo) provided the legal entity has been determined to be a VIE. Unlike IFRS, under voting interest model, control is assessed over only legal entities.
Continuous assessment		
Typically, an entity would reassess whether it controls an investee when facts or circumstances change.	An investor is required to reassess whether it controls an investee if the facts and circumstances indicate that there are changes to one or more of the elements of control or in the overall relationship between a principal and an agent.	Under the variable interest model in US GAAP, a reporting entity involved with a VIE must continually reassess whether it is the primary beneficiary of that entity, but a reporting entity must reconsider whether a legal entity is a VIE only when specified events occur. Typically, a voting interest entity would reassess whether it controls an investee when facts or circumstances change.

8.1 Consolidation (contd.)

Indian GAAP	IFRS	US GAAP
	Subsidiaries excluded	
A subsidiary to be excluded from consolidation when control is intended to be temporary or when the subsidiary operates under severe long-term restrictions.	No exception is generally provided.	Similar to IFRS.
	Reporting date of subsidiaries	
Reporting dates of consolidating entities must be the same unless impracticable. Adjustments are made for the effects of significant transactions or other events that occur between the two dates. However, the difference in dates cannot be more than six months.	Similar to Indian GAAP except that the difference in dates cannot be more than three months.	Similar to IFRS, except as long as the difference is not more than about three months, it is acceptable to use the subsidiary's financial statements for its fiscal year. If this is done, recognition is given by disclosure or otherwise to the effect of intervening events that materially affect the financial position or results of operations.
	Uniform accounting policies	
Subsidiary's accounting policies must be uniform to those of its parent. If impracticable, certain disclosures are required.	Similar to Indian GAAP except that no impracticability exception exists.	Unlike IFRS, it is not necessary for the accounting policies of a subsidiary to conform to the accounting policies of the parent. Specifically, US GAAP states that the specialized industry accounting principles at a subsidiary level should be retained in consolidation.
	Non-controlling (minority) interest	
Minority interests are presented in the consolidated balance sheet separately from liabilities and the equity of the parent's shareholders.	Non-controlling interests shall be presented in the consolidated statement of financial position within equity apart from the parent's equity.	Similar to IFRS.
Excess of loss applicable to minority interest in the equity of the subsidiary and any further losses applicable to minority are adjusted against the majority interest except to the extent that the minority has a binding obligation to and is able to make good the losses.	Profit or loss and each component of other comprehensive income shall be attributed to the parent and the non-controlling interests even if the non-controlling interests have a deficit balance.	Similar to IFRS.
	Changes in ownership interest	
No loss of control : No specific guidance.	**No loss of control**: Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control and shall be accounted for as equity transactions.	**No loss of control (assuming subsidiary is not a business or non-profit activity)**: Similar to IFRS unless the transaction resulting in change in ownership interest is the sale of in-substance real estate or the conveyance of oil and gas mineral rights
Loss of control: The difference between the proceeds from the disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised as profit and loss. Any retained interest in the former subsidiary is not remeasured on date of loss of control.	**Loss of control**: If a parent loses control of a subsidiary, it shall recognise a gain or loss on the interest sold in profit or loss. Any retained interest in the former subsidiary is remeasured at fair value with any gain or loss recognised in profit or loss.	**Loss of control (assuming subsidiary is not a business or non-profit activity)**: Similar to IFRS unless the transaction resulting in change in ownership interest is the sale of in-substance real estate or the conveyance of oil and gas mineral rights

8.2 Business combinations

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 10, 14, 21 Note: There is no specific guidance. which comprehensively covers all types of business combination transactions	Primary guidance: IFRS 3	Primary guidance: ASC 805, ASC 810-10
	Scope	
The transactions that meet the definition of amalgamations under the Companies Act are accounted for in compliance with AS 14. Parent's equity interest in a subsidiary as at the date of acquisitions accounted for in compliance with AS 21 in the consolidated financial statements of the parent.	Business combinations are accounted for in compliance with IFRS 3. A business combination is defined as 'a transaction or other event in which an acquirer obtains control of one or more businesses.' The term 'business' is defined as integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.	Similar to IFRS. However, the US GAAP guidance on control is different.
	Accounting for acquisition transactions	
Amalgamations: ▪ **Amalgamation in the nature of purchase**: Either identifiable assets and liabilities recorded at their existing carrying amounts or fair value at the date of amalgamation ▪ **Amalgamations in the nature of merger**: Accounted under 'Pooling of interests method' where the assets, liabilities and reserves of the transferor are recorded by transferee company at their existing carrying amount. **Others**: In case of transaction that do not meet the definition of amalgamation, assets and liabilities of acquiree are recorded in the consolidated financial statements at their existing carrying amounts on the date of acquisition.	All business combinations are accounted by using the acquisition method with limited exceptions. All identifiable assets and liabilities are recognised and measured at acquisition date fair values with limited exceptions. Purchase consideration is recognised at acquisition date fair value. Non-controlling interests in the acquiree is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Pooling of interests method to record business combination is prohibited.	Similar to IFRS except that non-controlling interests in the acquiree is measured at acquisition date fair value.
The transactions that do not meet the definition of amalgamation/ acquisition of a subsidiary, are accounted as asset acquisitions without any goodwill or capital reserve recognised separately and the consideration is apportioned to the various assets on a fair basis as determined by competent valuers.	The transactions that do not meet the definition of business combinations are accounted as asset acquisitions without any goodwill or gain on bargain purchase recognised separately.	
Acquisition related costs: There is no specific guidance, but they are generally capitalised.	Acquisition related costs such as finder's fee, due diligence costs, etc. are expensed as incurred.	Similar to IFRS.

8.2 Business combinations (contd.)

<table>
<tr><th>Indian GAAP</th><th>IFRS</th><th>US GAAP</th></tr>
<tr><td>Goodwill or capital reserve (gain on bargain purchase)
Difference between the purchase consideration and the net assets acquired is recorded as goodwill or capital reserve (presented as equity) as the case may be.

Goodwill arising on amalgamation is amortised over its useful life not exceeding five years unless a longer period is justified.

There is no specific guidance on goodwill arising on subsidiaries acquired which are not amalgamations. In practice, such goodwill is not amortised but tested for impairment.</td><td>Unlike Indian GAAP, gain on bargain purchase is recognised in the profit or loss.

Goodwill is not amortised but tested for impairment annually.</td><td>Similar to IFRS.</td></tr>
<tr><td>Contingent consideration:

Amalgamation transactions:
Contingent consideration is included in the purchase consideration as at the date of amalgamation, if payment is probable and a reasonable estimate of the amount can be made. In other cases, the adjustment is recognised in the profit and loss account as and when it becomes determinable.

Others:
There is no specific guidance. In practice, contingent consideration is recognised when the contingency is resolved.</td><td>• Initially recognised at acquisition date fair value
• Subsequent measurement
– Contingent consideration classified as equity is not remeasured.
– Contingent consideration classified as liability generally remeasured at fair value with changes at every reporting period end until settlement, with changes in fair value recognised in profit or loss.</td><td>Similar to IFRS.</td></tr>
<tr><td>In-process research and development:
There is no specific guidance.</td><td>Initially recognised at acquisition date fair value. Subsequently measured in accordance with IAS 38.</td><td>Initially recognised at acquisition date fair value. Subsequently accounted as indefinite-lived intangible assets until the completion of the associated research and development efforts. Upon completion of the research and development efforts, amortised over the related products estimated useful life.</td></tr>
<tr><td colspan="3">Adjustments to provisional measurements</td></tr>
<tr><td>There is no specific guidance.</td><td>IFRS 3 provides for a measurement period after the acquisition date for the acquirer to adjust the provisional amounts recognised to reflect the additional information that existed as at the date of acquisition. The measurement period is limited to one year from the acquisition date.</td><td>Similar to IFRS.</td></tr>
<tr><td colspan="3">Others</td></tr>
<tr><td>Business combination achieved in stages (step acquisition):

If two or more investments are made over a period of time, the equity of the subsidiary at the date of investment is generally determined on a step-by-step basis.</td><td>Any equity interest in the acquiree held by the acquirer immediately before the obtaining control over the acquiree is adjusted to acquisition-date fair value. Any resulting gain or loss is recognised in the profit or loss.</td><td>Similar to IFRS.</td></tr>
<tr><td>Transactions between entities under common control:
There is no specific guidance. In practice, the accounting is generally determined by the scheme approved through a court order.</td><td>In practice, acquisition method or pooling of interests method is applied depending on the entity's accounting policy.</td><td>Pooling of interest method is followed i.e. carrying values are used to record the transfer.</td></tr>
</table>

9 Associates, equity method investees and joint ventures

9. Associates and equity method investees and joint ventures

9.1 Joint arrangements

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 27	Primary guidance: IAS 28, IFRS 11	Primary guidance: ASC 323, ASC 808, ASC 810
Introduction		
A joint venture is an entity or asset or operation that is subject to contractually established joint control.	Similar to Indian GAAP. IFRS uses the term 'joint arrangement' instead of the term 'joint venture' that is used under Indian GAAP.	Does not define a joint venture other than a corporate joint venture. The most important feature of a corporate joint venture is joint control among the venturers. Although unlike Indian GAAP and IFRS, joint control is not defined in US GAAP, the SEC staff and SEC guidance have indicated that joint control is typically demonstrated by an agreement between venturers that requires the consent of all venture parties for typical corporate actions.
Jointly controlled entities/ joint venture/ collaborative arrangements		
Indian GAAP defines three broad types of joint ventures: 1. jointly controlled operations 2. jointly controlled assets and 3. jointly controlled entities.	Joint arrangements are either joint operations or joint ventures. A joint arrangement not structured through a separate vehicle is a joint operation. Therefore, jointly controlled assets fall within the ambit of foreign operations (outside joint arrangements).	Does not define a joint venture other than a corporate joint venture. Guidance in ASC 323 only addresses jointly controlled entities. Other types of joint venture arrangements (such as collaborative arrangements) are addressed in other guidance.
Jointly controlled entities (consolidated financial statements)		
Jointly controlled entities are accounted for by proportionate consolidation in the consolidated financial statements.	Unlike Indian GAAP, joint ventures (i.e. Jointly controlled entities) are generally (with certain exceptions) accounted for using equity method of accounting.	Similar to IFRS, jointly controlled entities are generally (with certain exceptions that may vary from those under IFRS) accounted for using equity method of accounting. However, unlike IFRS, proportionate consolidation is allowed in certain industries (e.g., the construction and extractive industries). Further, a jointly controlled entity may qualify as a variable interest entity (see section 8.1 Consolidation) and may be subjected to line by line consolidation.
Uniform accounting policies		
Accounting policies must be uniform to those of its venturer, unless impracticable.	Similar to Indian GAAP except that no impracticability exception exists.	As long as both policies are acceptable, there is no requirement to conform to accounting policies of its venturer.
Reporting period		
Reporting dates must be the same. If impracticable, the difference in dates cannot exceed six months. Adjustments are made for the effects of significant transactions or other events that occur between the two dates.	Similar to Indian GAAP except that the difference in dates cannot be more than three months.	Similar to IFRS except that adjustments are generally not made but are disclosed for significant events and transactions that occur between the two dates.

9.2 Associates, joint ventures and equity method investees—equity method

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 23	Primary guidance: IAS 28	Primary guidance: ASC 323
Introduction		
Significant influence: Significant influence is the power to participate in the financial and/ or operating policy decisions of the investee but not control over those policies. Investee is referred as associate. There is a rebuttable presumption of significant influence if an entity holds 20 to 50 percent of voting power of the investee. Potential voting rights are not considered in assessing significant influence.	Significant influence is the power to participate in the financial and operating decisions of the investee but not control or joint control over those policies. Similar to Indian GAAP, the investee is referred as associate. Similar to Indian GAAP, there is a rebuttable presumption of significant influence if an entity holds 20 to 50 percent of voting power of the investee. However, the potential voting rights that are currently exercisable or convertible are considered in assessing significant influence.	Significant influence is the ability to significantly influence the operating and financial policies of an investee. Unlike Indian GAAP and IFRS, the investee is referred as equity-method investee. Similar to Indian GAAP and IFRS, there is a rebuttable presumption of significant influence if an entity holds 20 to 50 percent of voting power of the investee. Unlike IFRS, potential voting rights that are currently exercisable or convertible are not considered when assessing significant influence.
Equity method: Associates are accounted for using the equity method in the consolidated financial statements unless an investee is a acquired with a view to its subsequent disposal in the near future or the associate operates under severe long-term restrictions that significantly impairs its ability to transfer funds to the investor.	Associates and Joint Ventures are generally accounted for using the equity method in the consolidated financial statements unless a. the investment is classified as 'held for sale' in accordance with IFRS 5; b. the exception to consolidation in IFRS 10 applies; or c. when held by or indirectly through an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities, the investor elects to measure the investment on fair value basis.	Equity method investees are generally accounted for using the equity method in the consolidated financial statements unless the investor elects to measure on fair value basis, the investment is accounted under ASC 815, or specialized industry accounting guidance requires the investment to be measured on fair value basis. Unlike Indian GAAP and IFRS, an equity method investee that is held-for-sale is accounted for under the equity method.
Application of the equity method—initial recognition		
Cost of investment is compared with the investor's share of equity to determine goodwill/ capital reserve. Goodwill/ capital reserve is included in the carrying amount of investment but disclosed separately.	Cost of investment is compared with the investor's share of net fair value of the associate's or joint venture's identifiable assets and liabilities to determine goodwill/ gain on bargain purchase. Goodwill is included in the carrying amount of investment but disclosed separately. Gain on bargain purchase is accounted as income in determining the investors' share of associate's or joint venture's profit or loss.	Similar to IFRS.
Application of the equity method—loss in excess of investor's interest		
Investor discontinues use of the equity method of accounting when the value of an investment reaches zero unless the investor has incurred obligations or made payments on behalf of the associate.	Investor discontinues use of the equity method of accounting when the value of an investment reaches zero unless the investor has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.	Similar to Indian GAAP and IFRS, an investor generally discontinues use of the equity method of accounting when the value of an investment reaches zero, unless the investor has guaranteed obligations of the investee or is otherwise committed to provide further financial support to the investee. However, unlike Indian GAAP and IFRS, the investor continues equity method of accounting when the imminent return to profitable operations by an investee appears to be assured.

9.2 Associates, joint ventures and equity method investees—equity method (contd.)

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 23	Primary guidance: IAS 28	Primary guidance: ASC 323
Application of the equity method—loss of significant influence/ joint control		
The carrying amount of the retained investment if any is regarded as cost and subsequently accounted for in accordance with AS 13, AS 21 or AS 27, as appropriate.	Consequent to loss of significant influence/ joint control, the investor measures any retained investment at fair value and recognises in profit or loss any difference between the following: ▪ the fair value of the retained investment and any proceeds from disposing part of its interest ▪ the carrying amount of the investment at the date when significant influence/ joint control is lost.	The carrying amount of the remaining investment is measured based on investor's carrying amount of investment at the date of loss of significant influence.
Intra-entity gains and losses		
Intra-entity profits and losses are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the investee.	Similar to Indian GAAP.	Unlike Indian GAAP and IFRS, intra-entity profits and losses shall be eliminated until realized by the investor or investee.
Change from cost method to equity method of accounting		
The equity method of accounting is applied prospectively from the date of acquisition.	Similar to Indian GAAP.	The equity method of accounting is applied retrospectively from the date of acquisition for all periods presented.
Uniform accounting policies		
Accounting policies must be uniform to those of its investor, unless impracticable.	Similar to Indian GAAP except that no impracticability exception exists.	As long as both policies are acceptable, there is no requirement to conform accounting policies.
Reporting dates		
Reporting dates must be the same unless impracticable. Adjustments are made for the effects of significant transactions or other events that occur between the two dates.	Similar to Indian GAAP except that the difference in dates cannot be more than three months.	Similar to IFRS except that adjustments are generally not made but are disclosed for significant events and transactions that occur between the two dates.

10 Other matters

10. Other Matters

10.1 Fair value measurements

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 13, AS 14, AS 26	Primary guidance: IFRS 13	Primary guidance: ASC 820
There is no framework for measuring fair value for financial reporting. For example, unlike IFRS and US GAAP, there is no guidance on a. Valuation techniques; b. Inputs to Valuation techniques (i.e. fair value hierarchy); c. Concepts such as highest and best use, most advantageous market and principal market; or d. Fair value disclosures.	Establishes a single framework for measuring fair value for financial reporting.	Similar to IFRS.
Fair value is the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.	Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Therefore, unlike Indian GAAP that uses exchange amount, exit price is considered under IFRS. Further, unlike Indian GAAP, fair value of liability also has been defined.	Similar to IFRS
Fair value may be entity-specific and not market-based. For e.g. as per AS 14, determination of fair values may be influenced by the intentions of the transferee company.	Unlike Indian GAAP, fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.	Similar to IFRS.

10.2 Foreign currency translation

Indian GAAP	IFRS	US GAAP
Primary guidance : AS 11	Primary guidance: IAS 21, IAS 29, IAS 39	Primary guidance: ASC 830
	Functional currency	
Indian GAAP does not define functional or presentation currency. Generally, entity's reporting currency is the currency of the country in which it is domiciled.	Functional currency is defined as the currency of the primary economic environment in which an entity operates. Entities should give priority to number of primary indicators before considering secondary indicators when the indicators are mixed and the functional currency is not obvious.	Similar to IFRS, except that there is no priority given to any indicators when the indicators are mixed and the functional currency is not obvious. Instead, functional currency is evaluated by giving consideration to all the indicators.
	Foreign currency	
Foreign currency is a currency other than the reporting currency.	Currency other than the functional currency is foreign currency.	Similar to IFRS.
	Recognition of exchange difference arising on translation of foreign currency transactions	
Recognised in the statement of profit and loss. However, an entity has an option to recognise unrealised exchange differences on translation of certain long-term monetary assets/ liabilities directly in equity or as adjustment to cost of an asset. The amount so accumulated in equity shall be transferred to profit or loss over the period of maturity of such long-term monetary items in an appropriate manner.	All exchange differences arising on translation of foreign currency transactions are generally recognised in profit or loss.	Similar to IFRS.
	Presentation currency	
Reporting currency (presentation currency) is the currency in which financial statements are presented. Generally Indian Rupees is the reporting currency.	Entity can present its financial statements in a currency other than functional currency (presentation currency).	Similar to IFRS. Reporting currency is the terminology used instead of presentation currency.
	Change in functional currency	
The change in reporting currency is not dealt with in AS 11, though reason for change is required to be disclosed.	Change in functional currency is applied prospectively. In other words, entities should translate all items in the financial statements into new functional currency using the exchange rate at the date of change.	Similar to IFRS.
	Translation of a foreign operation	
The method used to translate the financial statements of a foreign operation depends on whether the foreign operation is integral or non-integral to the reporting entity's operations. Financial statements of integral foreign operations are translated as if the transactions of the foreign operation had been those of the reporting entity itself. Financial statements of non-integral foreign operations are translated as follows: assets and liabilities at the closing rate; income and expenses at actual rate or appropriate rate approximating the actual rate; equity component (excluding current year movements) at historic rate. All resulting exchange differences are accumulated in equity.	Similar to the translation of non-intergral foreign operations under Indian GAAP.	Similar to IFRS.

10.2 Foreign currency translation (contd.)

Indian GAAP	IFRS	US GAAP
Exchange difference arising on translation of foreign operations		
Exchange differences arising on translation of financial statements of integral foreign operations and non-integral foreign operations are recognised in the statement of profit and loss and equity respectively.	Exchange differences arising on translation of financial statements of foreign operations are recognised in other comprehensive income and accumulated as a separate component of equity.	Similar to IFRS.
Disposal or partial disposal of a foreign operation		
When entity disposes of non-integral foreign operation , the cumulative amount for exchange difference accumulated in equity is reclassified to the statement of profit or loss. In the case of a partial disposal, only the proportionate share of the related accumulated exchange differences is reclassified to non-controlling interest (in case of a subsidiary) or the statement of profit and loss (in all cases). There is no specific guidance on what constitutes partial disposal.	Similar to Indian GAAP. Loss of control or significant influence or joint control is a disposal even if the entity retains an interest in the investee.	Similar to Indian GAAP and IFRS. Loss of control or significant influence or joint control is a partial disposal if the entity retains an interest in the investee.

10.3 Government grants and disclosure of government assistance

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 12	Primary guidance: IAS 20	Note: Government grants to business enterprises are not specifically addressed by US GAAP.
	Recognition	
Government grants in the nature of promoters' contribution i.e. they are given with reference to the total investment in an undertaking or by way of contribution towards its total capital outlay and no repayment is ordinarily expected, are credited directly to shareholders' funds. Grants related to revenue are recognised in the statement of profit and loss on a systematic and rational basis over the periods necessary to match them with the related costs. Grants related to depreciable assets are either treated as deferred income and transferred to the statement of profit and loss in proportion to depreciation, or deducted from the cost of the asset. Grants relating to non-depreciable assets are credited to capital reserve. If such grants require fulfilment of some obligation, such grants should be credited to income over the period over which the cost of meeting the obligation is charged to income. Government grants are recognised when there is a reasonable assurance that the entity will comply with relevant conditions and that grant has been earned and it is reasonable certain that grant will be received.	Similar to Indian GAAP, except that Government grants are not directly credited to shareholders' funds.	There is no specific guidance. US GAAP revenue recognition principles would apply.
	Government loans at nil rate of interest or rate below market rate of interest	
There is no specific guidance.	Government loans with below market rate of interest are initially recognised at fair value in accordance with IAS 39 and the difference between proceeds received and the initial fair value is accounted as government grant.	Similar to IFRS.
	Non-monetary grants	
Grants can be recognized either at their fair value or at nominal value.	Grants are recognised only at their fair value.	There is no specific guidance.

10.4 Earnings per share

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 20	Primary guidance: IAS 33	Primary guidance: ASC 260
	Earnings per share—extraordinary items	
EPS with and without extraordinary items should be presented.	There is no concept of extraordinary items.	Entities should present EPS for an extraordinary item on the face of the income statement or in the notes to the financial statements.
	Earnings per share—disclosure in separate and consolidated financial statements	
AS 20 requires disclosure of basic and diluted EPS information both in the separate and consolidated financial statements of the parent.	When an entity presents both separate and consolidated financial statements, EPS is required to be presented only in the consolidated financial statements. An entity may disclose EPS in its separate financial statements voluntarily.	Generally, entities do not present both separate and consolidated financial statements.
	Earnings per share—discontinued operations	
EPS data for discontinued operations is not required to be disclosed.	Separate EPS data is disclosed for discontinued operations, either in the statement of comprehensive income or in the notes to the financial statements.	Similar to IFRS.
	Basic earning per share	
Basic earnings per share should be calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.	Basic EPS is calculated by dividing the earnings attributable to the holders of ordinary equity of the parent by the weighted average number of ordinary shares outstanding during the period.	Similar to IFRS.
	Diluted earning per share	
For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period should be adjusted for the effects of all dilutive potential equity shares.	Similar to Indian GAAP.	Similar to IFRS and indian GAAP.
	Potential equity shares—dilutive/ non-dilutive	
Potential equity shares should be treated as dilutive if their conversion to equity shares would decrease net profit per share from continuing ordinary operations.	Similar to Indian GAAP.	Similar to Indian GAAP and IFRS.

10.4 Earnings per share (contd.)

Indian GAAP	IFRS	US GAAP
Other matters		
In respect of contingently issuable shares, weighting interim periods in the year-to-date computation is not permitted/ permitted.	Similar to Indian GAAP.	Unlike Indian GAAP and IFRS, weighting the interim periods in the year-to-date computation is required.
There is no specific guidance on contracts that may be settled in cash or ordinary shares.	For contracts that may be settled in cash or ordinary shares at the issuer's option, diluted EPS should be based on a presumption that the contract will be settled in ordinary shares. The presumption of share settlement may not be overcome. For contracts that may be settled in cash or ordinary shares at the holder's option, the more dilutive of cash settlement or share settlement should be used in calculating diluted EPS.	For contracts that may be settled in cash or ordinary shares at the election of the entity or the holder, inclusion of the shares in diluted EPS is based on a rebuttable presumption that the contracts will be settled in shares if the effect is more dilutive. Unlike IFRS, the presumption that the contract will be settled in shares may be overcome if past experience or a stated policy provides a reasonable basis to believe that the contract will be paid partially or wholly in cash.
No specific disclosures are required in respect of discontinued operations and instruments that could potentially dilute earnings per share in the future.	Separate basic and diluted earnings per share are disclosed for discontinued operations. Disclosure is also required for instruments that could potentially dilute earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are anti-dilutive for the periods presented.	Similar to IFRS.

10.5 Events after the balance sheet date

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 4, the Companies Act	Primary guidance: IAS 10	Primary guidance: ASC 855
Date through which events after the balance sheet date are evaluated		
Evaluated upto the date the financial statements are approved by the Board of Directors.	Evaluated upto the date the financial statements are authorised for issue. An entity is required to disclose the date of authorisation for issue of financial statements and who gave that authorisation.	In case of a public company, evaluated through the date of issue of financial statements. In case of a non-public entity, evaluated through the date the financial statements are issued or available for issue. Unlike IFRS, only non-public entities are required to disclose the date through which subsequent events are evaluated.
Cash dividends declared		
Dividends declared or proposed after the balance sheet date but before the approval of the financial statements are recorded as liability.	Dividends declared are recognised in the period when declared. It is a non-adjusting event.	Similar to IFRS.
Stock dividend (also known as bonus share), share split or reverse share spilt		
There is no specific guidance. Generally treated as non-adjusting event.	The per share calculations for current period and any prior period financial statements presented shall be based on the new number of shares.	Similar to IFRS except that SEC registrants should adjust the statement of financial position retrospectively.

10.6 Operating segments

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 17	Primary guidance: IFRS 8	Primary guidance: ASC 280
	Determination of segments	
Requires an enterprise to identify two sets of segments (business and geographical), using a risks and rewards approach, with the enterprise's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.	Operating segments are identified based on the financial information that is regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance.	Similar to IFRS.
	Segment reporting measurement	
Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the enterprise as a whole. Segment revenue, segment expense, segment result, segment asset and segment liability are defined. A reconciliation is presented between the information disclosed for reportable segments and the aggregated information in the entity's financial statements.	Segment profit or loss is reported on the same measurement basis as that used by the chief operating decision maker. No requirement to disclose information about liabilities unless such a measure is regularly provided to the chief operating decision maker. Requires reconciliation of segment performance measures and segment assets and liabilities with the corresponding amounts reported in the financial statements.	Similar to IFRS except that Segment liabilities are not required to be disclosed. Similar to IFRS.
Dominant source and nature of risks and returns of an enterprise governs whether its primary segment reporting format will be business segments or geographical segments. **Aggregation criteria**: A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. Factors that should be considered in determining whether products or services are related in principle include characteristics that are similar to IFRS and US GAAP.	There is no concept of primary and secondary segment reporting. Two or more operating segments may be aggregated into a single operating segment if aggregation is consistent with the objective of IFRS 8, the segments have similar economic characteristics and the segments are similar in each of the following respects: • the nature of the products and services • the nature of the production processes • the type or class of customer for their products and services • the methods used to distribute their products or provide their services • If applicable, the nature of the regulatory environment, for example, banking, insurance or public utilities.	Similar to IFRS. Similar to IFRS.
	Entity-wide disclosures	
Disclosures are required based on the classification of segments as primary or secondary.	Requires disclosure of: • revenues from external customers from each product or service • revenues from external customers in the country of domicile and from foreign countries • geographical information on certain non-current assets located in the country of domicile and foreign countries • information on major customers including total revenues from each major customer is disclosed if revenue from such a customer is 10% or more of an entity's revenues.	Similar to IFRS.

10.7 Related party disclosures

Indian GAAP	IFRS	US GAAP
Primary guidance: AS 18	Primary guidance: IAS 24	Primary guidance: ASC 850
	Definitions—related party	
Parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/ or operating decisions.	A related party is a person or entity that is related to the entity that is preparing its financial statements (reporting entity) and includes: • A person or close member of that person's family if that person has control, joint control, significant influence over the reporting entity or is a member of a key management personal of the reporting entity or of a parent of the reporting entity; or • Entities that are member of the same group (parent, subsidiaries, joint ventures, associates and post-employment benefit plans).	Similar to IFRS.
Key management personal and their relatives are related parties. Key management personal are the persons who have the authority and responsibility for planning, directing and controlling the activities of the reporting entity.	Similar to Indian GAAP.	Management and its immediate family members are related parties. management are persons who are responsible for achieving the objectives of the entity and who have the authority to establish policies and make decisions by which those objectives are to be pursued are treated as related party. They are referred as ' Management'.
	Close member of the family	
No definition of close member of family. Instead the term relative has been defined. Relative in relation to individual, means 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.	Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include: • That persons children and spouse or domestic partner • Children of that persons spouse or domestic partner and • Dependents of that person or that persons spouse or domestic partner.	Immediate family means family members who might control or influence a principal owner or a member of management, or who might be controlled or influenced by a principal owner or a member of management, because of the family relationship.
	Post-employment benefit plans	
Not considered as related parties.	Unlike Indian GAAP, considered as related party.	Trusts for the benefit of employees such as pension and profit-sharing trusts that are managed by or under the trusteeship of management are considered as related party.
	Disclosures—Key management personnel compensation	
Generally disclosed in aggregate.	Unlike Indian GAAP, disclosed in total and analysed by component.	Unlike IFRS, management compensation is not required to be disclosed in the financial statements.
	Exemptions	
Entities are exempt from disclosures if such disclosures would conflict with an entity's duties of confidentiality as specifically required in terms of a statute or by any regulator or similar component authority.	No such exemption.	Similar to IFRS.
Entities under the control of Government are not required to disclose related party relationship and transactions with other Government controlled entities.	Certain minimum disclosures should be made by government-related entities.	No exemption for government related entities.

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