Indian Accounting Standards (IND AS): Objectives, Applicability, & List

Indian Accounting Standards (IND AS) are a set of financial reporting standards harmonized with the International Financial Reporting Standards (IFRS) to enhance global accessibility and transparency for Indian companies. As Indian businesses expand their global reach, the convergence of local reporting practices with international standards has become essential. By adopting IND AS, companies in India improve the reliability of their financial statements, facilitating informed decision-making. These standards, issued by the Institute of Chartered Accountants of India (ICAI), ensure that Indian businesses comply with international norms, fostering trust and credibility in the global market. This article provides complete information on Indian Accounting Standards (IND AS).

What is Indian Accounting Standards (IND AS)?

Indian Accounting Standards (Ind AS) are IFRS-converged standards issued by the Central Government of India. They are developed under the supervision of the Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India (ICAI) and in consultation with the National Financial Reporting Authority (NFRA). These standards are mandatory for certain Indian companies, ensuring their financial statements align with global practices. The ASB, established in 1977, oversees the formulation and implementation of Ind AS, making them the primary accounting standards adopted by companies in India.

Objectives of Indian Accounting Standards

The Indian Accounting Standards (IND AS) were introduced in India with the primary objective of aligning Indian accounting practices with international standards. Below, we have given rest of the important objectives of Indian Accounting Standards:

- **Uniformity and Consistency:** IND AS aims to establish a consistent framework for accounting practices across various industries and sectors in India. This uniformity ensures that financial statements are prepared using a common set of principles and methods, making them more comparable and understandable.
- **International Convergence:** One of the primary goals of IND AS is to converge Indian accounting standards with International Financial Reporting Standards (IFRS). This convergence facilitates international trade, investment, and cross-border transactions.
- **Transparency and Accountability:** IND AS promotes transparency in financial reporting by requiring companies to disclose relevant information about their financial

performance, position, and cash flows. This transparency enhances accountability and helps stakeholders make informed decisions.

- **Reliability and Credibility:** IND AS ensures that financial information is reliable and credible by providing a framework for the preparation of financial statements that reflect the economic substance of transactions and events. This enhances the credibility of financial reporting in India.
- **Investor Protection:** IND AS aims to protect investors by providing them with reliable and comparable financial information. This helps investors make informed decisions about their investments.
- **Facilitation of Cross-Border Transactions:** Convergence with IFRS facilitates cross-border transactions and investments by reducing the complexities associated with reconciling financial statements prepared under different accounting standards.

Advantages of Indian Accounting Standards

Below are some of the advantages of Indian Accounting Standards,

- Ind AS provides a clear and consistent framework for accounting practices, reducing ambiguity and simplifying financial reporting.
- Ind AS ensures that companies follow standardized accounting practices, promoting consistency and comparability across industries.
- Convergence with International Financial Reporting Standards (IFRS) facilitates easier comparison of Indian companies with their global counterparts, enhancing their attractiveness to international investors.
- The standardized framework of Ind AS makes financial statements more comparable, aiding in decision-making for investors, creditors, and other stakeholders.
- Ind AS provides a clear framework for auditors, making the auditing process more efficient and effective.
- Adherence to Ind AS enhances the credibility of financial statements, increasing investor confidence.
- Ind AS provides a standardized set of metrics for assessing management performance, facilitating better decision-making and accountability.
- The standardized framework and increased transparency reduce the opportunities for fraudulent activities and manipulation of financial information.

List of Indian Accounting Standards (IND AS List)

In the table, we have provided the major *list of Indian Accounting Standards,*

Indian Accounting Standards No.	**Indian Accounting Standards Description**

Ind AS 1	Presentation of Financial Statements
Ind AS 2	Inventories
Ind AS 7	Statement of Cash Flows
Ind AS 8	Accounting Policies, Changes in Accounting Estimates and Errors
Ind AS 10	Events after Reporting Period
Ind AS 11	Construction Contracts
Ind AS 12	Income Taxes
Ind AS 16	Property, Plant and Equipment
Ind AS 17	Leases
Ind AS 18	Revenue
Ind AS 19	Employee Benefits
Ind AS 20	Accounting for Government Grants and Disclosure of Government Assistance
Ind AS 21	The Effects of Changes in Foreign Exchange Rates
Ind AS 23	Borrowing Costs
Ind AS 24	Related Party Disclosures
Ind AS 27	Separate Financial Statements
Ind AS 28	Investments in Associates and Joint Ventures
Ind AS 29	Financial Reporting in Hyperinflationary Economies
Ind AS 32	Financial Instruments: Presentation
Ind AS 33	Earnings per Share
Ind AS 34	Interim Financial Reporting
Ind AS 36	Impairment of Assets
Ind AS 37	Provisions, Contingent Liabilities and Contingent Assets
Ind AS 38	Intangible Assets
Ind AS 40	Investment Property
Ind AS 41	Agriculture
Ind AS 101	First-time Adoption of Ind AS
Ind AS 102	Share Based Payments
Ind AS 103	Business Combinations
Ind AS 104	Insurance Contracts
Ind AS 105	Non-Current Assets Held for Sale and Discontinued Operations
Ind AS 106	Exploration for and Evaluation of Mineral Resources
Ind AS 107	Financial Instruments: Disclosures

Ind AS 108	Operating Segments
Ind AS 109	Financial Instruments
Ind AS 110	Consolidated Financial Statements
Ind AS 111	Joint Arrangements
Ind AS 112	Disclosure of Interests in Other Entities
Ind AS 113	Fair Value Measurement
Ind AS 114	Regulatory Deferral Accounts
Ind AS 115	Revenue from Contracts with Customers

Applicability of Indian Accounting Standards

Leadline

Phase-Wise Adoption of IND AS

The Ministry of Corporate Affairs (MCA) has implemented a phased approach to the convergence of Indian Accounting Standards (IND AS) from the existing accounting standards. This phased adoption ensures a smooth transition for businesses of varying sizes and complexities.

Phase I (Effective from 1st April 2016)

- **Mandatory for:** Listed and unlisted companies with a net worth of ₹500 crore or more (calculated for the financial years 2013-14, 2014-15, and 2015-16).

Phase II (Effective from 1st April 2017)

- **Mandatory for:** Listed companies and companies in the process of listing (as on 31st March 2016) with a net worth of ₹250 crore to ₹500 crore (calculated for the financial years 2013-14, 2014-15, 2015-16, and 2016-17).

Phase III (Effective from 1st April 2018)

- **Mandatory for:** Banks, Non-Banking Financial Companies (NBFCs), and Insurance companies with a net worth of ₹500 crore or more (calculated for the financial years 2015-16, 2016-17, and 2017-18).
- **Note:** The Insurance Regulatory and Development Authority of India (IRDA) will notify a separate set of IND AS for banks and insurance companies.

Phase IV (Effective from 1st April 2019)

- **Mandatory for:** NBFCs with a net worth of ₹250 crore to ₹500 crore (calculated for the financial years 2015-16, 2016-17, and 2017-18).

Important Note:

- If a company becomes subject to IND AS, its subsidiaries, holding companies, associated companies, and joint ventures must also adopt IND AS, regardless of their individual net worth.
- Foreign operations of Indian companies may continue to use their jurisdictional accounting standards for standalone financial statements. However, these entities will need to report IND AS-adjusted numbers to their Indian parent company for consolidated financial reporting.

Voluntary Adoption of IND AS

Companies have the option to voluntarily adopt IND AS for their financial reporting periods commencing on or after April 1, 2015. If a company chooses to voluntarily adopt IND AS, it must also prepare a comparative report for the periods ending March 31, 2015, or later, to provide a clear comparison between the new and old accounting standards. However, once a company has transitioned to IND AS, it cannot revert to the previous accounting standards.

Difference between IND AS and IFRS

Below, we have give some of the essential **differences between IND AS and IFRS**,

Feature	**IFRS**	**IND AS**
Definition	Globally recognized accounting standards.	Indian adaptation of IFRS.
Formulated by	International Accounting Standards Board (IASB).	Ministry of Corporate Affairs (MCA), India.
Implemented by	144 countries worldwide.	Exclusively implemented in India.
Disclosure	Companies must disclose compliance with IFRS.	No such disclosure requirement.

Components of Financial Statement	Statement of financial position. Statement of profit and loss Statement of changes in equity Statement of cash flows	• Balance Sheet • Profit and loss account • Cash flow statement • Statement of changes in equity • Notes to financial statements Disclosure of accounting policies
Format of Balance Sheet	Specific guidelines for current and non-current classification.	No specific format requirements, but guidelines exist for presentation.

Conclusion

Indian Accounting Standards (IND AS) have been implemented in India to align the country's financial reporting practices with global standards. By converging with International Financial Reporting Standards (IFRS), IND AS aim to enhance transparency, comparability, and reliability of financial statements. This convergence benefits Indian companies by facilitating cross-border transactions, attracting international investors, and improving the overall credibility of the Indian financial reporting landscape.