

A close-up, shallow depth-of-field photograph of a computer keyboard. The focus is on several blue keys with white symbols, including a plus sign (+) and a number 3. Yellow keys with black text, such as 'DEC' and 'PF', are also visible. The background is blurred, showing more keys and the dark surface of the keyboard.

# Deloitte.

New GAAP on the horizon

Decoding the implementation,  
adoption and intricacies of

Ind AS

The Finance Minister in his last Budget Speech in July 2014 stated that the Indian Accounting Standards (Ind AS) converged with the International Financial Reporting Standards (IFRS) shall be implemented on voluntary basis from 1 April 2015 and mandatorily from 1 April 2016.

On 2 January 2015, the Ministry of Corporate Affairs (MCA) has issued a Press Release “Road Map Revised for Implementation of Indian Accounting Standards for Companies Other Than Banking Companies, Insurance Companies and NBFCs...” that sets out the revised roadmap for implementation of Ind AS. Ind AS are the Indian Accounting Standards that are converged with the IFRS subject to a few carve outs/carve-ins.

As of the date of this publication, National Advisory Committee on Accounting Standards (NACAS) has approved and submitted all the revised / new Ind AS to the MCA for its approval. It is expected that the Government will soon issue the detailed roadmap on implementation of Ind AS and the revised / new Ind AS for use by entities.

The key recommendations of the revised roadmap are as follows:

For the accounting periods beginning On or after 1 April 2016 (phase 1) :-	For the accounting periods beginning on or after 1 April 2017 (phase 2):-
<ul style="list-style-type: none"> <li>• The following companies will have to adopt Ind AS for financial statements from the above mentioned date:               <ul style="list-style-type: none"> <li>- Companies whose equity and/or debt securities are listed or are in the process of listing on any stock exchange in India or outside India (listed companies) and having net worth of Rs.500 crores or more.</li> <li>- Unlisted companies having a net worth of Rs.500 crores or more.</li> <li>- Holding, subsidiary, joint venture or associate companies of the listed and unlisted companies covered above.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The following companies will have to adopt Ind AS for financial statements from the above mentioned date:               <ul style="list-style-type: none"> <li>- Listed companies having net worth of less than Rs.500 crore.</li> <li>- Unlisted companies having net worth of Rs.250 crore or more but less than Rs.500 crore.</li> <li>- Holding, subsidiary, joint venture or associate companies of the listed and unlisted companies covered above.</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Comparative for these financial statements will be periods ending 31 March 2016 or thereafter.</li> </ul>	<ul style="list-style-type: none"> <li>• Comparative for these financial statements will be periods ending 31 March 2017 or thereafter.</li> </ul>

### **Mandatory adoption**

It is expected that a notification on the above lines will be issued shortly, and changes to the regulations will take place in the coming months so as to make the transition to Ind AS a smooth journey.

### **Voluntary adoption**

Companies may voluntarily adopt Ind AS for financial statements for accounting periods beginning on or after 1 April 2015, with the comparatives for the periods ending 31 March 2015 or thereafter. Once a company opts to follow the Ind AS, it will be required to follow the Ind AS for all the subsequent financial statements.

### **Applicability to companies listed on SME exchanges and other companies not covered by the roadmap.**

The roadmap will not be applicable to the following:

- Companies whose securities are listed or in the process of listing on SME exchanges.
- Companies not covered by the roadmap in the “Mandatory adoption” categories above.

These companies would need to continue to apply existing Accounting Standards prescribed in Annexure to the Companies (Accounting Standards) Rules, 2006, unless they opt for voluntary adoption.

## Implications of an accelerating trend to move towards globally accepted accounting standards.

The movement toward Ind AS is quickly gathering momentum and companies throughout India are trying to assess the potential implications and benefits of adopting these standards.

The implementation of Ind AS, a principles-based set of standards, is not just about changing accounting policies. It is for companies to ensure that Ind AS is applied in a consistent manner across all group entities which may involve significant efforts around the creation of policies, the modifications of systems, and the training of personnel. With the use of Ind AS, companies, auditors, regulators, and users will need to adapt to an accounting and financial reporting framework that requires more judgment and less reliance on bright lines. Companies will be required to understand base principles and objectives, how judgments are made, and how they are applied.

Implementing Ind AS has an impact on all aspects of a company, including financial reporting systems, internal controls, taxes, treasury, management compensation, cash management, and legal, among others. It requires a transformation that involves employees, processes, and systems.

While implementation of high-quality financial reporting standards is challenging, if planned and managed properly, the conversion can bring about substantial improvements in the performance of the finance function, streamline the statutory financial reporting process, enhance controls, and reduce costs, as it affords:

- Standardized and improved accounting and financial reporting policies
- Heightened efficiency in the use and availability of resources
- Centralized statutory reporting at shared services centers
- Enhanced controls
- Improved cash management

## The Deloitte Difference

Ind AS offers specific advantages and opportunities, but it can't be done in isolation. Converting to Ind AS requires a big-picture strategic approach that ensures consistency in group financial reporting policies and practices.

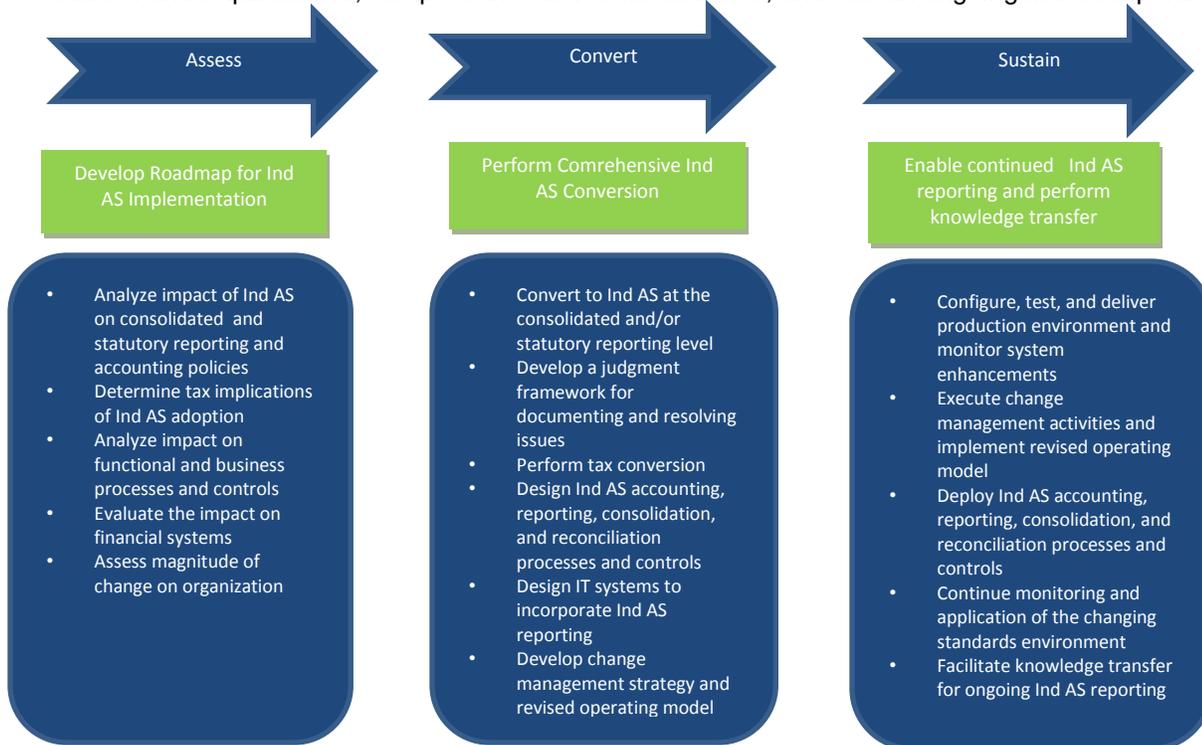
Drawing on our extensive experience in helping companies execute complex and challenging Ind AS and IFRS conversions, Deloitte has identified the following key steps for companies to adopt, plan and execute a comprehensive Ind AS conversion:

- Evaluate the potential impacts of Ind AS
- Assess readiness for Ind AS conversion
- Establish and follow a detailed implementation plan for conversion – including identifying support with project management, technical research and training
- Assess, understand and comply with reporting requirements under Companies Act
- Develop a plan for sustainability
- Address the implications of Ind AS in areas of tax, treasury, financial operations, technology and valuation
- Design and implement control frameworks, efficient information technology architecture and data flow, and fast-close methodologies

By leveraging our previous lessons learned in India and the experience of the global member firms, our Ind AS conversion methodology specified below is structured to address the broad implications of Ind AS.

## A start to finish approach

From Deloitte's perspective, there are 3 distinct stages to Ind AS implementation: assess your individual situation and requirements, complete the conversion activities, and sustain ongoing Ind AS reporting.



## Implementing complex Ind AS strategies and conversions

Deloitte Touche Tohmatsu India Private Limited (“DTTIPL” or “Deloitte”) has extensive experience helping companies plan and execute complex and challenging Ind AS conversions, and provides assistance with various facets of the implementation process. The accounting professionals in our team have made a track record of delivering results, and tap into a broad network of professionals around the globe. As part of the only global professional services organization with full service accounting, tax and consulting capabilities, DTTIPL is uniquely prepared to work with you to implement all aspects of Ind AS strategy and conversion process.

### Deloitte offers companies assistance with:

- Providing insights, advice, and recommendations throughout the Ind AS assessment and conversion including assuming the role of program management office (PMO)
- Assessing readiness for Ind AS conversions and creating road maps towards Ind AS
- Advising the company on differences and issues that arise when converting from Indian GAAP to Ind AS
- Analyzing and advising on statutory reporting requirements
- Providing support with Technical research and Training including delivering General, Bespoke webcasts and class room trainings
- Addressing the implications of Ind AS in areas such as tax, finance, operations, technology, and valuation
- Assisting in the evaluation and documentation of system changes and controls

**Our team has specialized technical knowledge and industry experience to provide a unique perspective in addressing Ind AS conversions with a multifaceted approach**

For any queries or information, please contact – [ingiosindia@deloitte.com](mailto:ingiosindia@deloitte.com)

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a more detailed description of DTTL and its member firms.

This material and the information contained herein prepared by Deloitte Touche Tohmatsu India Private Limited (DTTIPL) is intended to provide general information on a particular subject or subjects and is not an exhaustive treatment of such subject(s) and DTTIPL, Deloitte Touche Tohmatsu Limited, its member firms, or their related parties (collectively, the “Deloitte Network”) is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that might affect your personal finances or business, you should consult a qualified professional adviser.

No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this material.

© 2015 Deloitte Touche Tohmatsu India Private Limited. Member of Deloitte Touche Tohmatsu Limited