

## **IFRS Convergence – Two Separate sets of AS agreed upon**

The Core Group, constituted by the Ministry of Corporate Affairs for convergence of Indian Accounting Standards with International Financial Reporting Standards (IFRS) from April, 2011, that held its meeting on 11<sup>th</sup> January 2010 agreed that in view of the roadmap for achieving convergence, there will be two separate sets of Accounting Standards u/s Section 211(3C) of the Companies Act, 1956.

**THE FIRST SET OF ACCOUNTING STANDARDS** (i.e. converged Indian accounting standards with IFRS) will be applied to specified class of companies in phases:

### **(a) Phase-I: - Opening balance sheets as at 1<sup>st</sup> April, 2011**

The following categories of companies will convert their opening balance sheets as at 1<sup>st</sup> April, 2011, if the financial year commences on or after 1<sup>st</sup> April, 2011 in compliance with the notified accounting standards which are convergent with IFRS. These companies are:-

- a. Companies which are part of NSE – Nifty 50
- b. Companies which are part of BSE – Sensex 30
- c. Companies whose shares or other securities are listed on stock exchanges outside India
- d. Companies, whether listed or not, which have a net worth in excess of Rs.1,000 crores.

### **(b) Phase-II :- Opening balance sheet as at 1<sup>st</sup> April, 2013**

The companies, whether listed or not, having a net worth exceeding Rs. 500 crores but not exceeding Rs. 1,000 crores will convert their opening balance sheet as at 1<sup>st</sup> April, 2013, if the financial year commences on or after 1<sup>st</sup> April, 2013 in compliance with the notified accounting standards which are convergent with IFRS.

### **(c) Phase-III : - Opening balance sheet as at 1<sup>st</sup> April, 2014**

Listed companies which have a net worth of Rs. 500 crores or less will convert their opening balance sheet as at 1<sup>st</sup> April, 2014, if the financial year commences on or after 1<sup>st</sup> April, 2014, whichever is later, in compliance with the notified accounting standards which are convergent with IFRS.

When the accounting year ends on a date other than 31<sup>st</sup> March, the conversion of the opening Balance Sheet will be made in relation to the first Balance Sheet which is made on a date after 31<sup>st</sup> March.

**THE SECOND SET OF ACCOUNTING STANDARDS** is that of the Existing Indian Accounting Standards. Companies which fall in the following categories will not be required to follow the notified accounting standards which are converged with the IFRS (though they may voluntarily opt to do so) but need to follow only the notified accounting standards which are not converged with the IFRS. These companies are: -

(a) Non-listed companies which have a net worth of Rs. 500 crores or less and whose shares or other securities are not listed on Stock Exchanges outside India.

(b) Small and Medium Companies (SMCs).

**SEPARATE ROADMAP FOR BANKING AND INSURANCE COMPANIES** will be submitted by the Sub-Group I in consultation with the concerned regulators by 28<sup>th</sup> February, 2010.

The draft of the Companies (Amendment) Bill, proposing for changes to the Companies Act, 1956 will be prepared by February, 2010 incorporating the recommendation of Sub-Group 1 Report.

Revised Schedule VI to the Companies Act, 1956 according to the converged Accounting Standards has been submitted by the ICAI to NACAS (National Advisory Committee of Accounting Standards) which, after review, will submit to the Ministry by 31<sup>st</sup> January, 2010. Amendments to Schedule XIV will also be made in a time bound manner.

In respect of the converged Accounting Standards, the Chairman of the Accounting Standards Board of ICAI will submit the converged version of Accounting Standards to NACAS from time to time for recommendations and onward submission to Ministry. However, convergence of all the accounting standards will be completed by ICAI by 31<sup>st</sup> March, 2010 and NACAS will submit its recommendations to the Ministry by 30<sup>th</sup> April 2010.