

## INVITATION TO COMMENT

**Whether to apply AS 30 (Revised) *Financial Instruments: Recognition and Measurement* corresponding to IAS 39 or apply early AS 40 corresponding to IFRS 9, *Financial Instruments*, for entities which are required to follow converged Accounting Standards from April 1, 2011**

The Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India (ICAI) has issued the exposure draft of proposed Accounting Standard (AS) 40, *Financial Instruments* corresponding to International Financial Reporting Standard (IFRS) 9, *Financial Instruments*, issued by International Accounting Standard Board (IASB).

The IASB has announced that IFRS 9 will come into effect from January 01, 2013. Until 2013, International Accounting Standard (IAS) 39, *Financial Instruments: Recognition and Measurement*, would remain in force. However, since early adoption of IFRS 9 is encouraged, it is possible to follow IFRS 9 before January 01, 2013. The ASB of ICAI has also issued exposure draft of revised AS 30 incorporating the amendments in IAS 39 since the issuance of AS 30 by ICAI in 2007.

It may be noted that like IFRS 9, the exposure draft of AS 40 deals only with the accounting for financial assets. For accounting for other aspects of financial assets and other financial instruments, e.g., financial liabilities, derecognition, impairment and hedge accounting, it makes reference to AS 30 (Revised). IASB expects that IFRS 9 will be completed incorporating the abovementioned aspects by the middle of 2011.

In respect of entities which are required to converge from April 01, 2011, one of the following options is being considered for:

1. To require application of AS 30 in all respects including financial assets; or
2. To require early application of AS 40 which would mean that accounting for financial assets would be as per AS 40 and accounting for other aspects of financial assets and other financial instruments would be as per AS 30 (Revised).

Comments are invited as to which one of the above options should be followed. It has been decided that allowing both the options will not be considered.

Comments should be submitted in writing to the Secretary, Accounting Standards Board, The Institute of Chartered Accountants of India, ICAI Bhawan, Post Box No. 7100, Indraprastha Marg, New Delhi – 110 002, so as to be received not later than **July 31, 2010**. Comments can also be sent by e-mail at [edcommentsasb@icai.org](mailto:edcommentsasb@icai.org) or [asb@icai.org](mailto:asb@icai.org).

The text of the Exposure Drafts is available at the following links on the web-site of the Institute:

- (i) Exposure Draft of AS 40 (Issued 20XX), *Financial Instruments* at:  
[http://www.icai.org/resource\\_file/19429announas40.pdf](http://www.icai.org/resource_file/19429announas40.pdf)
  
- (ii) Exposure Draft of AS 30 (Revised 20XX) *Financial Instruments: Recognition and Measurement* at  
[http://www.icai.org/resource\\_file/19426announas30.pdf](http://www.icai.org/resource_file/19426announas30.pdf)