

**Update on**  
**247<sup>th</sup> Accounting Standards Board Meeting**  
**June 30, 2018, New Delhi**

**1. International Developments**

- (i) The Board considered IFRS Interpretations Committee (IFRIC) Agenda decision dealing with application of IFRS 15, *Revenue from Contracts with Customers* to real estate sector issued as a part of IFRS IFRIC Update March 2018. The issue referred in the Agenda decision was in context of determining timing of recognition of revenue, i.e., either over a period of time or at a point in time in a contract for sale of a unit in a residential multi-unit complex (real estate unit) by a real estate developer. It dealt with revenue recognition as per criteria laid down in paragraph 35 of IFRS 15 in a jurisdiction specific fact pattern and concluded revenue recognition at a point in time.

The Board noted that various interpretational and practical implementation issues would arise in the context of the aforesaid agenda decision. The Board considered the issues and was of the view that since the aforesaid IFRIC Agenda decision was given in a jurisdiction specific fact pattern and was based on various assumptions, applying the same in all situations without considering facts and circumstances would not be appropriate and may have unintended consequences. Accordingly, the Board concluded that appropriate guidance on application of Ind AS 115 to real estate sector in some of the India specific situations considering Indian legal system and scenarios shall be issued as a part of Educational Material on the Standard.

**2. Release of Publications of Accounting Standards Board**

- (i) In context of the Board's consideration of this initiative in previous meetings, the Board considered the contents of following two publications and authorized the Chairman to release the same on the occasion of 70<sup>th</sup> Chartered Accountants (CA) Day on July 1, 2018:

***a) Indian Accounting Standards (IFRS converged)-Successful Implementation Impact Analysis and Industry Experience***

To assess the quantitative and qualitative impact of transitioning to Ind AS on certain critical financial measures, an impact study has been conducted. It is based on analysis of consolidated financial statements of 170 companies for the year ended March 31, 2017, i.e., samples selected from companies covered in Phase 1 of Ind AS Roadmap prepared for the first time under Ind AS by top listed companies under various sectors selected on random sampling basis. The

analysis covers both quantitative and qualitative impact of implementation of the Ind AS on financial position/performance as well as on quantitative aspects such as disclosures and presentation. The Publication mainly covers the following:

- Quantitative impact on key Financial Parameters of companies' financial statements such as Revenue, Profit after Tax, Equity, Tangible Assets (PPE), Intangible Assets, Total Assets and Total Borrowings.
- Disclosure Analysis in respect of Key Ind AS
- Level of Carve-Outs/ Exemptions/Options exercised/ availed
- Result of high level survey by questionnaire on industry experience of Ind AS implementation.
- Ind AS implementation- words of wisdom by few companies.

***b) Indian Accounting Standards : Disclosure Checklist***

The Publication presents a checklist of Disclosures requirements under Ind AS applicable to entities preparing financial statements in accordance with Ind AS. The publication provides a compilation of all the disclosures required by Ind AS at one place that are effective as on April 1, 2018, and includes disclosures required under recently notified Ind AS 115, *Revenue from Contracts with Customers*.

**3. Ind AS Upgradation**

Draft of upgraded AS 19, *Employee Benefits* prepared by Kolkata based Study Group was considered. The Board authorised Chairman, ASB to finalise the Exposure Draft of AS 19 for inviting public comments.

**4. Other Developments**

- (i) The Board noted that Guidance Note on Accounting and Auditing of Political Parties currently prescribes accrual basis of accounting for political parties. The Board considered the issues raised in context of the Guidance Note, primarily regarding prescribing accrual basis of accounting only while Income Tax permitting cash basis or mixed basis of accounting also. The Board was of view that considering the benefits and superiority of accrual basis of accounting and Government of India's move towards migration to accrual accounting in government sector, it may continue with accrual basis of accounting. However, to examine the matter in detail and to revise the Guidance Note appropriately, the Board decided to constitute a Study Group.

- (ii) A representation received from Rail land Development Authority (RLDA) seeking opinion on certain accounting issues in the context of bid invitation and allotment of Projects was considered. The Board noted that the issues raised by RLDA were entity specific and, therefore, the same may be referred to Expert Advisory Committee of ICAI.

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