

Ind AS Alert

New Headway in Convergence with IFRS Standards

In the larger interest of the Indian economy and industries, the ICAI always endeavours to ensure that Indian Accounting Standards (Ind AS) Framework remains converged at all time with globally acceptable IFRS Standards. The ICAI continuously monitors the financial reporting developments globally and plays a critical role in the Nation's Standard-setting Framework by formulating new Ind ASs and amending the Ind ASs when required in line with IFRS Standards issued by the IFRS Foundation.

In this direction, recently a new Standard on Leases, viz., Ind AS 116, Leases, which is applicable for accounting periods beginning on or after April 1, 2019, has been notified by the Ministry of Corporate Affairs (MCA). Ind AS 116, Leases, replaces the existing standard Ind AS 17, Leases, and interpretation/guidance contained in its appendices. New Ind AS 116, Leases, is based on IFRS 16, Leases which is an outcome of the joint project of IASB of IFRS Foundation and FASB, US National Standard-setter. The new standard on leases brings a substantial change in the accounting for operating leases by lessees and few improvements in the disclosure related aspects for lessors accounting.

Further, amendments in the following Ind AS corresponding to amendments in IFRA/IAS have also been notified by the MCA:

Ind AS 103, *Business Measurement of previously held Combinations & Ind AS interest in a joint operation or 111, Joint Arrangements* associates

Ind AS 109, *Financial Instruments* Particular prepayable financial assets with so-called negative compensation can be classified under Amortised Cost or at FVOCI if a specified condition is met instead of at FVTPL

Ind AS 12, *Income Taxes* Income tax consequences of payments on financial instruments classified as equity
Appendix C, *Uncertainty over Income Tax Treatments*

Ind AS 23, *Borrowing Costs* Specific borrowing costs eligible for capitalisation subsequently

Ind AS 19, *Employee Benefits* Re-measurement of net defined benefit liability (asset) to determine past service cost or a gain or loss when there is plan amendment, curtailment or settlement

IAS 28, *Investments in Associates and Joint Ventures* Accounting for long-term interests in an associate or joint venture to which the equity method is not applied, using Ind AS 109

Compendium of Indian Accounting Standards (Ind AS)

ICAI will be releasing shortly 2nd edition of e-version of Compendium of Indian Accounting Standards (Ind AS) which will include all standards/amendments effective for accounting period beginning on or after April 01, 2019.

Ind AS Implementation in Banks

In April, 2018, Reserve Bank of India (RBI) in its 1st Bi-monthly Monetary Policy Statement, had deferred Ind AS implementation for Banks for 1 year from April 1, 2018 to April 1, 2019, pending certain legislative amendments. Recently, vide Notification dated March 22, 2019, RBI has decided to defer implementation of Ind AS for Banks till further notice. However, we draw the attention of stakeholders to the RBI Notification dated February 11, 2016, wherein banks have been advised to disclose the strategy for Ind AS implementation including the progress made in this regard in the Annual Report from the financial year 2016-17 until implementation.

Developments at IFRS Foundation & IASB

- **Comments on Exposure Draft +-** The IASB has issued an

Contributed by Accounting Standards Board of the ICAI. Comments can be sent to asb@icai.in. Refer https://www.icai.org/post.html?post_id=14058 for Ind AS – IFRS Standards Convergence Status

Exposure Draft of *Onerous Contracts—Cost of Fulfilling a Contract* which proposes to amend IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, that specifies the costs that an entity includes in determining the 'cost of fulfilling' a contract for the purpose of assessing whether a contract is onerous. The Accounting Standards Board of ICAI in its endeavour to proactively participate with the international bodies engaged in the Standard-setting process has submitted the comments on the said Exposure Draft.

Ind AS Implementation Group

- **Webcast on Ind AS 116, Leases**

Ind AS 116, Leases, corresponding to IFRS 16, Leases has been notified by the MCA, which is applicable from accounting periods beginning from 1st April, 2019. In order to educate the members about the key requirements of the Standard and its impact, a Live Webcast on 'Understanding Ind AS 116, Leases – Key requirements and Impact' was organised on April 2, 2019. Viewers from around the country attended the said webcast and queries raised by them were addressed appropriately by the speakers.

The aforesaid recorded webcast can be viewed at the link: <http://ecpl.live/icai/02042019/>

- **Certificate Course on Ind AS**

The Ind AS Implementation Group is conducting a Certificate Course on Ind AS (Indian Accounting Standard). The Course aims at educating the members about the concepts enunciated under Ind AS, Comparison of Ind AS with IFRS, Differences between Ind AS and AS, Ind AS Implementation issues and their clarifications, Conversion of Financial Statements prepared on the basis of Indian GAAP to Ind AS based financial statements.

Certificate Course on Ind AS is organised across India. So far, around 9600 members have been successfully trained in the said course. The next batch of the Certificate Course on Ind AS is scheduled to commence from May 4, 2019 at Delhi. Batches of the Course have also been proposed to be held at Mumbai, Delhi (Rohini), Chennai, Jaipur, Goa, Pune, Bhubaneswar, Vadodara, Ahmedabad, Kanpur. For further details, please follow the link: https://www.icai.org/post.html?post_id=3562&c_id=266

- **Inviting issues involved in implementation of Indian Accounting Standards (Ind AS)**

The Ind AS Implementation Group of the ICAI is also engaged in providing guidance to members and other stakeholders in the form of Frequently Asked Questions on Indian Accounting Standards for proper implementation of these Standards. Apart from other Ind AS, Educational Materials on Standards related to Financial Instruments and new leases Standard i.e. Ind AS 116, Leases, are also being formulated.

In this regard, issues if any involved in implementation of Indian Accounting Standards may be sent to the Institute of Chartered Accountants of India (ICAI) so that the same can be considered while formulating Frequently Asked Questions on Indian Accounting Standards.

Issue involved may be sent by e-mail at indas@icai.in. Issues involved in implementation of Indian Accounting Standards can also be sent in writing to the Secretary, Ind AS Implementation Group, The Institute of Chartered Accountants of India, ICAI Bhawan, Post Box No. 7100, Indraprastha Marg, New Delhi – 110 002. ■