

# Ind AS - A Bridge towards High Quality Globally Acceptable Financial Reporting 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.*

Two weeks beginning with November 4, 2019, were full of exciting events relating to Ind AS and IFRS Standards. ICAI and India was a host to number of overseas dignitaries and delegates.

**Building global partnerships for mutual benefits**—AOSSG is a key consultative body/forum of International Accounting Standards Board (IASB) of IFRS Foundation. ICAI hosted 11<sup>th</sup> Annual AOSSG (Asian Oceanic Standard Setters Group) Meeting on November 11-13, 2019 at Goa, India. The 11<sup>th</sup> Annual AOSSG meeting was inaugurated by the Hon'ble Chief Minister of Goa State, Dr. Pramod Sawant. The ICAI, represented by CA. Dr. S. B. Zaware, took-over as Chair, AOSSG, for a period of two years commencing November 2019 to November 2021. The three-day international meeting witnessed the presence of Ms. Sue Lloyd, Vice Chair, International Accounting Standards Board (IASB), key delegates of the IASB, Board members and representatives from 27 member countries including China, Sri Lanka, Australia, Korea, Hong Kong, Saudi Arabia amongst others. Many technical aspects were deliberated and discussed at this 3 days event. The key topics were IASB Technical updates on Primary Financial Statements and Management Commentary; Post Implementation Review: Issues and Challenges - IFRS 10, IFRS 11, IFRS 12 and IFRS 15, Insurance Contracts, etc. India presented its findings on IFRS 16/Ind AS 116 on the basis of the survey conducted amongst AOSSG members and Indian Stakeholders.

**Interaction with Indian Stakeholders – keeping India's interest in mind:** During the visit of Ms. Sue Lloyd, Vice Chairperson, IASB, for Annual AOSSG

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

meeting, ICAI had organised two outreach events at Delhi and Mumbai on 5<sup>th</sup> and 8<sup>th</sup> November, 2019, respectively with Members and Industry on *IFRS and Ind AS – Recent Progress and Developments*. During the week of November 4<sup>th</sup>-8<sup>th</sup>, 2019, the ICAI also enabled interaction for Ms. Sue Lloyd with various Indian Regulators, viz., Secretary and Joint Secretary, Ministry of Corporate Affairs, Government of India; Chief General Manager-in-Charge, Department of Non-Banking Regulation, Reserve Bank of India (RBI); Managing Director, Global Banking and Subsidiaries, State Bank of India (SBI) and Chief-General Manager, Financial Reporting, SBI; Chief, Finance and Accounts, ED Investments and Actuaries, Life Insurance Corporation of India; Member, Finance and Investments (and team), Insurance Regulatory and Development of India and Executive Director (and team), Securities and Exchange Board of India. The topics discussed related to critical areas, such as, next steps to enable Indian entities to derive benefits of full compliance with IFRS Standards, enhancing coverage of companies under Ind AS, Roadmap for Banking and Insurance Entities, implementation issues of newly issued Ind AS and major improvement/ initiatives at IFRS Standards level.

## **Developments at IFRS Foundation & IASB Comments on Exposure Draft issued by IASB**

- (i) The IASB had issued the Exposure Draft of *Deferred Tax related to Assets and Liabilities arising from a Single Transaction - amendments to IAS 12 Income Taxes*. The proposed amendments would require an entity to recognise deferred tax on initial recognition of particular transactions to the extent that the transaction gives rise to equal amounts of deferred tax assets and liabilities.

The proposed amendments would apply to particular transactions for which an entity recognises both an asset and a liability, such as leases and decommissioning obligations. The ICAI has submitted its comments on the Exposure Draft. The comments submitted can be accessed at ICAI website at <https://resource.cdn.icaai.org/57488asb46957.pdf>

(ii) **Amendments to IFRS 17, *Insurance Contracts*:** The IASB had issued the targeted amendments to IFRS 17, *Insurance Contracts*, in May 2017 to respond to concerns and challenges raised by stakeholders as IFRS 17 is being implemented. The ICAI has submitted its comments on the amendments proposed. The comments submitted can be accessed at ICAI website at <https://resource.cdn.icaai.org/56819asb46103.pdf>

(iii) The IASB has published a proposed update to the IFRS Taxonomy 2019 for *Interest Rate Benchmark Reform*, which amended IFRS 9, IAS 39 and IFRS 7. The Proposed IFRS Taxonomy Update includes IFRS Taxonomy elements to reflect the new disclosure requirements introduced by the amendments to IFRS 9, IAS 39 and IFRS 7, issued by the IASB in September 2019. The comments can be submitted by December 13, 2019 and the same can be accessed online at: <https://www.ifrs.org/projects/work-plan/ifrs-taxonomy-update-ibor/comment-letters-projects/ptu-interest-rate-benchmark-reform/>

(iv) **IASB Chair, Mr. Hans Hoogervorst, keynote address on November 5, 2019, at Eumedion Annual Symposium, Netherlands:** The Chair, IASB, has delivered his keynote address on *The IASB—from financial to integrated standard-setter?* in which he covered two projects of IASB – First, *Primary Financial Statements (PFS) project*, which looks at improving the structure and communication effectiveness of the financial statements and second *Management Commentary project*, which is the most important means of linking new developments, such as sustainability reporting, with financial reporting. The address of Mr. Hoogervorst can be assessed at: <https://www.ifrs.org/news-and-events/2019/11/the-iasb-from-financial-to-integrated-standard-setter/>

(v) The IFRS Foundation has appointed Aleksandro Broedel, Joanna Perry and Maria Theofilaktidis

as new Trustees and re-appointed three of the current Trustees. The IFRS Foundation Trustees are responsible for the governance and oversight of the International Accounting Standards Board, which sets IFRS Standards. The details in this regard can be assessed at <https://www.ifrs.org/news-and-events/2019/11/ifrs-foundation-appoints-three-new-trustees/>

(vi) The Trustees of the IFRS Foundation invite applications to fill a new vacancy on the IFRS Interpretations Committee. For this specific vacancy, when considering candidates, Trustees will look across all geographic regions for individuals who are currently practicing within a non Big Four accounting firm. The details in this regard can be assessed at <https://www.ifrs.org/news-and-events/2019/11/join-the-ifrs-interpretations-committee/>

**Exposure Draft issued by IFRS Interpretations Committee** – IFRS Interpretations Committee had issued for comments Five Tentative Agenda Decision (TAD on Training Costs to Fulfill a Contract (IFRS 15); Definition of Lease: Shipping contract (IFRS 16); Presenting Comparative Amounts when a Foreign Operation First becomes Hyperinflationary; Translation of a Hyperinflationary Foreign Operation: Presenting Exchange differences (IAS 21 and IAS 29) and Cumulative Exchange Difference arising before a Foreign Operation becomes Hyperinflationary. The last date for submitting the comments was November 25, 2019.

## Initiatives of Ind AS Implementation Committee

**Issuance of Ind AS Technical Facilitation Group (ITFG) Clarification Bulletin 22 & 23** – As the implementation of Ind AS began in the country, a number of issues were being raised by the members, preparers and other stakeholders with regard to applicability/implementation of Ind AS. For addressing transition related queries in a timely and speedy manner, an Ind AS Technical Facilitation Group (ITFG) (formerly known as Ind AS Transition Facilitation Group) was constituted in the year 2016 which issues clarification bulletins addressing implementation issues from time to time.

The Group comprises of experts from accountancy firms, industry representatives and other eminent professionals. Recently, the Group has brought out ITFG Clarification Bulletin 22 comprising 7 issues and ITFG Clarification Bulletin 23 comprising 2 issues. All the clarification bulletins can be accessed

at the website of ICAI at the following link: [https://www.icaai.org/post.html?post\\_id=12745](https://www.icaai.org/post.html?post_id=12745)

**ITFG invites suggestions regarding possible responses to various issues on applicability/implementation of Ind AS** – With a view to making the process of issuing the clarifications more participative and effective, it has been decided to invite the stakeholders to make suggestions as to possible responses on the various queries received by the Group.

Members of the Institute as well as other stakeholders are invited to send their suggested responses (or any other comments) on the queries. These suggestions will be considered by the Group at its meeting. After due discussions, clarifications will be issued wherever considered appropriate. The suggested responses should be supported by appropriate reasoning and reference to specific paragraph number(s) of the relevant Standard(s) or other basis for the suggested response. The suggested responses or any other comments should be submitted through e-mail at [indas@icaai.in](mailto:indas@icaai.in).

Queries on which the Group invites suggestions can be accessed on the below mentioned links: [https://www.icaai.org/new\\_post.html?post\\_id=15594&c\\_id=240](https://www.icaai.org/new_post.html?post_id=15594&c_id=240)

**Certificate Course on Ind AS** – The Ind AS Implementation Committee 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 and abroad. So far, around 10032 members have been successfully trained in the said course. Recently, the batch has commenced from November 2<sup>nd</sup>, 2019 at Bengaluru and from November 15<sup>th</sup>, 2019, at Dubai. The next batch of the Certificate Course on Ind AS is scheduled to commence from November 23<sup>rd</sup>, 2019 at Delhi & Mumbai. Batches of the Course have also been proposed to be held at Hyderabad, Patna, Nagpur, Kanpur, Ludhiana, Pune, Kolkata, Noida, Jaipur, Goa, Ghaziabad, and Bhubaneswar. For further details, please follow the link: [https://www.icaai.org/post.html?post\\_id=3562&c\\_id=266](https://www.icaai.org/post.html?post_id=3562&c_id=266) ■

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