ED/AI/2021/4

Exposure Draft

Annual Improvements to Ind AS (2021)

(Corresponding to Annual Improvements to IFRS Standards 2018–2020 Cycle issued by the IASB)

(Last date for Comments: March 20, 2021)

Issued by
Accounting Standards Board
The Institute of Chartered Accountants of India

Exposure Draft

Annual Improvements to Ind AS (2021)
(Corresponding to Annual Improvements to IFRS Standards 2018–2020 Cycle issued by the IASB)

Following is the Exposure Draft of the Amendments to Annual Improvements to Ind AS (2021) issued by the Accounting Standards Board (the Board) of the Institute of Chartered Accountants of India for comments. The Exposure Draft proposes to amend the following Ind AS corresponding to amendments to IFRS Standards issued by the IASB as a part of its annual improvements process:

The Standards proposed to be amended

The following table shows the Standards proposed to be amended and the subject of the proposed amendments.

Standard	Subject of amendment
Ind AS 101 *First-time Adoption of Indian Accounting Standards*	Subsidiary as a First-time Adopter
Ind AS 109 *Financial Instruments*	Fees in the '10 per cent' Test for Derecognition of Financial Liabilities
Ind AS 41 *Agriculture*	Taxation in Fair Value Measurements

The Board invites comments on any aspect of this Exposure Draft. Comments are most helpful if they contain a clear rationale and, where applicable, provide suggestions for alternative wording.

Comments can be submitted using one of the following methods, so as to be received not later than **March 20, 2021**.

1. Electronically: Click on http://www.icai.org/comments/asb/ to submit comments online. (Preferred method)
2. Email: Comments can be sent to commentsasb@icai.in
3. Postal: Secretary, Accounting Standards Board, The Institute of Chartered Accountants of India, ICAI Bhawan, Post Box No. 7100, Indraprastha Marg, New Delhi – 110 002.

Further clarifications on any aspect of this Exposure Draft may be sought by e-mail to asb@icai.in.

Amendments to Ind AS 101, *First-time Adoption of Indian Accounting Standards*

Paragraph 39AG and, in Appendix D, paragraph D13A are added. Paragraph D1(f) is amended. New text is underlined and deleted text is struck through.

Effective date

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39AG *Annual Improvements to Ind AS (2021)*, amended paragraph D1(f) and added paragraph D13A. An entity shall apply that amendment for annual reporting periods beginning on or after 1 April 2022[1].

…

Appendix D

Exemptions from other Ind ASs

This appendix is an integral part of the Ind AS.

D1 An entity may elect to use one or more of the following exemptions:

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(f) cumulative translation differences (paragraphs D12–D13A ~~and D13~~);

...

Cumulative translation differences

...

D13A Instead of applying paragraph D12 or paragraph D13, a subsidiary that uses the exemption in paragraph D16(a) may elect, in its financial statements, to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to Ind ASs, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in paragraph D16(a).

…

[1] Subject to notification by the Ministry of Corporate Affairs (MCA) with the same date.

Amendment to Ind AS 109, *Financial Instruments*

Paragraph 7.1.9, paragraph 7.2.35 and its heading, and paragraph B3.3.6A are added. Paragraph B3.3.6 is amended. New text is underlined. The requirements in paragraph B3.3.6A have not been amended but have been moved from paragraph B3.3.6.

Chapter 7 Effective date and transition

7.1 Effective date

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7.1.9 *Annual Improvements to Ind AS Standards (2021)*, added paragraphs 7.2.35 and B3.3.6A and amended paragraph B3.3.6. An entity shall apply that amendment for annual reporting periods beginning on or after 1 April 2022[2].

7.2 Transition

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Transition for Annual Improvements to Ind AS Standards

7.2.35 An entity shall apply *Annual Improvements to Ind AS Standards (2021)* to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

[2] Subject to notification by the Ministry of Corporate Affairs (MCA) with the same date.

Appendix B
Application Guidance

This appendix is an integral part of the Standard.

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Recognition and derecognition (Chapter 3)

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Derecognition of financial liabilities (Section 3.3)

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B3.3.6 For the purpose of paragraph 3.3.2, the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. In determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

B3.3.6A If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

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Amendment to Ind AS 41, *Agriculture*

Paragraph 22 is amended and paragraph 65 is added. New text is underlined and deleted text is struck through.

Recognition and measurement

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22 An entity does not include any cash flows for financing the assets~~, taxation,~~ or re-establishing biological assets after harvest (for example, the cost of replanting trees in a plantation forest after harvest).

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Effective date and transition

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65 *Annual Improvements to Ind AS (2021)*, amended paragraph 22. An entity shall apply that amendment to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 April 2022[3].

[3] Subject to notification by the Ministry of Corporate Affairs (MCA) with the same date.