

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

(Last date for Comments: May 19, 2017)



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

Exposure Draft

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

Following is the Exposure Draft of the Amendments to Ind AS 101, *First-time Adoption of Indian Accounting Standards* issued by the Accounting Standards Board of the Institute of Chartered Accountants of India, for comments.

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 May 19, 2017.

1. Electronically: Click on <http://www.icaai.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 D7AA and Appendix 1 are amended. Deleted text is struck through and new text is underlined. Paragraph 39ZA has been added.

Deemed cost

D7AA Where there is no change in its functional currency on the date of transition to Ind ASs, a first-time adopter to Ind ASs may elect to continue with the carrying value for all a class of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments in accordance with paragraph D21 and D21A, of this Ind AS. For this purpose, if the financial statements are consolidated financial statements, the previous GAAP amount of the subsidiary shall be that amount used in preparing and presenting consolidated financial statements. Where a subsidiary was not consolidated under previous GAAP, the amount required to be reported by the subsidiary as per previous GAAP in its individual financial statements shall be the previous GAAP amount. ~~If an entity avails the option under this paragraph, no further adjustments to the deemed cost of the property, plant and equipment so determined in the opening balance sheet shall be made for transition adjustments that might arise from the application of other Ind ASs.~~ This option can also be availed for intangible assets covered by Ind AS 38, *Intangible Assets* and investment property covered by Ind AS 40, *Investment Property*.

Effective Date

34-39Z [Refer Appendix 1]

39ZA An entity shall apply the amendments relating to paragraph D7AA for annual periods beginning on or after 1st April, 2017¹.

Appendix 1***Major differences between Indian Accounting Standard (Ind AS) 101 First-time Adoption of Indian Accounting Standards and IFRS 1***

8. IFRS 1 provides for various optional exemptions that an entity can seek while an entity transitions to IFRS from its previous GAAP. Similar provisions have been retained under Ind AS 101. However, there are few changes that have been made, which can be broadly categorized as follows:

- (a) ----
- (b) ----
- (c) Inclusion/modification of existing exemptions to make it relevant for India. For example

¹ Since these amendments to Ind AS will be notified by the Ministry of Corporate Affairs (MCA), the effective date as mentioned in paragraph 39ZA, is subject to the notification of MCA with the same effective date.

1. Paragraph D7AA has been added to provide for transitional relief from the retrospective application of Ind AS 16: *Property, Plant and Equipment*. Paragraph D7AA, provides an entity option to use carrying values of ~~all a class of such assets~~ its Property, Plant and Equipment as on the date of transition to Ind ASs, in accordance with previous GAAP as an acceptable starting point under Ind AS. Paragraph 27AA has been included in Ind AS 101 which requires the disclosure that if an entity adopts for first time exemption the option provided in accordance with paragraph D7AA, the fact and the accounting policy shall be disclosed by the entity until such time that those items of property, plant and equipment, investment properties or intangible assets, as the case maybe, are significantly depreciated, impaired or derecognised from the entity's Balance Sheet.

When the entity chooses to adopt the carrying value as at the date of transition to Ind AS as the deemed cost as per paragraph D7AA, consequential changes arising on the application of other Ind AS should be adjusted from the deemed cost of property, plant and equipment. In order to enable this, the sentence 'if an entity avails the option under this paragraph, no further adjustments to the deemed cost of the property, plant and equipment so determined in the opening balance sheet shall be made for transition adjustments that might arise from the application of other Ind ASs' has been deleted.

9. -----

10. -----

11. -----

12. -----

13. Paragraphs 34-39Z have not been included in Ind AS 101 as these paragraphs relate to effective date except the fact that relevant paragraphs will be inserted at a later stage, such as, paragraph 39X related to Ind AS 115. However, in order to maintain consistency with paragraph numbers of IFRS 1, these paragraph numbers are retained in Ind AS 101.

14. In Ind AS 101, paragraph 39ZA has been added to specify the effective date of the amendments pertaining to paragraph D7AA of Ind AS 101.