



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

Western India Regional Council

WIRC/ICAI/6423/2021

23rd March, 2021

CA. Parminder Kaur

Secretary, Accounting Standards Board,
The Institute of Chartered Accountants of India,
ICAI Bhawan, Post Box No. 7100,
Indraprastha Marg, New Delhi 110 002

Dear Sir/ Madam,

Sub.: Exposure Draft of Reference to the Conceptual Framework (Amendments to Ind AS 103, Business Combinations)

Please find attached comments on Exposure Draft of Reference to the Conceptual Framework (Amendments to Ind AS 103, Business Combinations), for your doing the needful.

Kindly acknowledge the receipt of the same.

Thanking You,

Yours truly,

CA. Manish Gadia
Chairman - WIRC of ICAI



EXPOSURE DRAFT ON IND AS – 103 BUSINESS COMBINATION

Contingent Assets

23A. Ind AS 37 defines a contingent asset as 'a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity'. The acquirer shall not recognise a contingent asset at the acquisition date.

Suggested draft para:

23A. Ind AS 37 defines a contingent asset as 'a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity'. The acquirer shall recognise a contingent asset at the acquisition date at fair value.

Comments for changes:

- As per Ind AS 103, the acquirer shall measure the identifiable assets acquired and the liabilities assumed at their acquisition-date's fair values.
- Further, as exception to recognition principle, the standard requires acquirer to recognize contingent liabilities.
- The exception should be in same line to Contingent asset also.
- Non recognition of Contingent assets would
 - subsequently will be recognised through P&I without giving any economic gain or loss from business operation.
 - lead to higher goodwill or lower capital reserve on acquisition date

Therefore it is recommended that contingent assets should also be recognised at fair value as exception to recognition principle of Ind AS 37, in line with Contingent liability.