



# THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

## WESTERN INDIA REGIONAL COUNCIL

WIRC/ICAI/

/2023

10 November 2023

**CA. Parminder Kaur**

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

Madam,

**Sub.: Comments on 'Exposure Draft on Annual Improvements – Volume 11 issued by the IASB'**

Please find attached comments on 'Exposure Draft on Annual Improvements – Volume 11 issued by the IASB', for your doing the needful.

Kindly acknowledge the receipt of the same.

Thanking You,

Yours truly,

A handwritten signature in blue ink, appearing to read 'Arpit Kabra', with a long horizontal stroke extending to the right.

**CA. Arpit Jagdish Kabra**  
Chairman - WIRC of ICAI



**Proposed amendments to IFRS 9 Financial Instruments:  
Chapter 5 Initial measurement:**

**Amendment to Paragraph 5.1.3 of IFRS 9:**

All relevant paragraphs are being reproduced from IFRS 9 (as they stand before proposed amendment).

**Paragraph 5.1.1**

Except for trade receivables within the scope of paragraph 5.1.3, at initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Paragraph 5.1.1A**

However, if the fair value of the financial asset or financial liability at initial recognition differs from the **transaction price**, an entity shall apply paragraph B5.1.2A.

**Paragraph 5.1.3**

Despite the requirement in paragraph 5.1.1, at initial recognition, an entity shall measure trade receivables at their **transaction price (as defined in IFRS 15)** if the trade receivables do not contain a significant financing component in accordance with IFRS 15 (or when the entity applies the practical expedient in accordance with paragraph 63 of IFRS 15).

**Proposed amendment and comments in respect of the same:**

IFRS 9, paragraph 5.1.3 is being amended to replace the word "transaction price" with "the amount determined by applying IFRS 15".

In the said context following observations may be kept in mind before proceeding with the said amendment.

- Paragraph 5.1.1A continue to use the word "transaction price". The said paragraph continues the rationale as proposed in paragraph 5.1.1 for measurement of financial asset or financial liability (or it could be said that it directly makes a reference to paragraph 5.1.1) which in turn makes a reference to paragraph 5.1.3 for measurement of trade receivables at initial recognition. If the word "transaction price" is removed from paragraph 5.1.3, the use of the said word at paragraph 5.1.1A would also seem to become redundant.
- The word "transaction price" has been defined in IFRS 15 and the same has been used extensively in IFRS 15 at various places. So, instead of replacing the said word with "the amount determined by applying IFRS 15", it would be more apt to amend the definition of transaction price appropriately to include the proposed rationale behind the said exercise.