

Comments on Exposure Draft of Disclosure of Accounting Policies

Sameer Gupta <sameergupta.9876@gmail.com>

Mon 30-08-2021 13:44

To: Comments ASB - ICAI <commentsasb@icai.in>; asb@icai.in <asb@icai.in>

Dear Sir/Madam,

My comments on the Exposure Draft (ED) are as follows:

1. While I could see the logic of changing the requirement from 'significant' to 'material' I could not see any reason for adding the word 'information'. I do not think the word 'information' is adding anything vital.

My suggestion is just to replace the words 'significant accounting policies' with 'material accounting policies'

Reason- There is no benefit of adding a word in a Standard that has no meaning. If you delete the word 'information', I don't think you will lose anything in the financial statements.

Furthermore, Para 7 in the ED says the term 'Accounting Policies' is defined in Ind AS 8. So, the term 'Accounting policies' is defined, not 'Accounting policy information' which does not appear to be in sync. It could lead to confusion.

Also, In other Ind ASs, the words 'Accounting policy (or policies)' are not changed. For eg para 30 of Ind AS 40. It could also add to the confusion with having different terms for the same requirement.

2. Refer para 117D- it implies that companies are allowed/permitted to disclose **immaterial** accounting policies but that should not obscure material accounting policies. Can you please make it explicit (very clear) as to how that can be achieved?

My suggestion is to add a requirement that if a company disclose any immaterial acc policies, it should disclose them under a separate heading.

Reason- Imagine a set of Financial Statements (FS) with a heading '**Material accounting policy information**' as per Ind AS 1 and then a company disclose all its material acc pol info and some immaterial acc policies also. Essentially, as per this ED, the company will disclose its immaterial acc pol info under the main heading of material acc pol info which does not seem correct and may defeat the objective of the amendments.

3. See para 117 of Ind AS 1 and para 21 of Ind AS 107- In Ind AS 1, you are saying info about measurement basis used in preparing FS are not material, by deleting that from Ind AS 1. And in Ind AS 107, you added that measurement basis for financial instruments used in preparing FS are material. With this, you are implying that as per Ind ASs, measurement basis of anything other than Financial Instruments is not material. If that is what you are intended to mean, then it's fine but I don't think that holds true.

4. See para 114(c)- It uses the term 'statement of profit **or** loss' whereas Schedule III uses the term 'statement of profit **and** loss'. Is it possible to use the same term in these two ie Ind ASs and Schedule III? It's a minor point but believe me it does not look good to have two different terms in two key authoritative documents (Ind AS and Sch III), for the same requirement.

My apologies if my comments do not make sense. If you decide not to make any changes (in above said paras), I would be grateful if you can please provide an explanation for not accepting

these comments. It would help me in understanding Ind ASs better and I would be able to provide more valuable comments on your future EDs.

Regards,
Sameer