

Re: Exposure Draft of IFRS Standard issued by the IASB for comments

Vikas Chaturvedi <vikas@valuecent.com>

Wed 05-05-2021 18:34

To: asb@icai.in <asb@icai.in>

Dear Sir/ Madam,

Greetings.

Please see the responses below :

Do you agree that an entity should recognise all its regulatory assets and regulatory liabilities? Why or why not?

Response: Board can clarify - Unless the asset is a contingent asset as per para 10 of Ind AS 37, i.e. "A *contingent asset* is 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."

Do you agree that a 'more likely than not' recognition threshold should apply when it is uncertain whether a regulatory asset or regulatory liability exists? Why or why not? If not, what recognition threshold do you suggest and why?

Response: We suggest to include the same recognition criteria for regulatory liability as given in Ind AS 37, i.e. "probable that an outflow of resources embodying economic benefits will be required to settle the obligations" and not based on 'more likely than not' criteria

Do you have any comments you wish the Board to consider when it sets the effective date for the Standard?

Response: Board shall consider determining a fixed date for the transition by the company and not give a range of period (i.e. 8–24 months from the date of its publication) as currently given.

Board shall also consider updating the transition date based on the fact that the IASB has deferred the comment period to 30 July 2021 for Exposure Draft Regulatory Assets and Regulatory Liabilities.

Thanks & Best Regards,

Dr. Vikas S. Chaturvedi

Founder Chairman, ASSOCHAM Europe

Founder Chairman, ICAI Netherlands

Chairman, India-Dutch Financial Corridor (IDFC)

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Note: My email address has been changed to vikas@valuecent.com. Please make the necessary changes in your records.

From: asb@icai.in <asb@icai.in>

Sent: Monday, March 1, 2021 10:32 AM

To: chairman.sydney <chairman.sydney@icai.in>; chairman@icai.melbourne <chairman@icai.melbourne>; chairman.botswana <chairman.botswana@icai.in>; chairman.toronto <chairman.toronto@icai.in>; chairman.vancouver <chairman.vancouver@icai.in>; chairman.hk@icai.in <chairman.hk@icai.in>; hgkochar@yahoo.com <hgkochar@yahoo.com>; sachin004@yahoo.com <sachin004@yahoo.com>; malkani_ca@yahoo.co.in <malkani_ca@yahoo.co.in>; kamal.shah@ke.gt.com <kamal.shah@ke.gt.com>; chairman.kuwait <chairman.kuwait@icai.in>; icailuxembourg@gmail.com <icailuxembourg@gmail.com>; chairman@icaimalaysia.org <chairman@icaimalaysia.org>; prabhatfa@allianceifa.com.my <prabhatfa@allianceifa.com.my>; Vikas Chaturvedi <vikas@valuecent.com>; sanjayrenujain@yahoo.co.in <sanjayrenujain@yahoo.co.in>; president.papuanewguinea <president.papuanewguinea@icai.in>; scsandy@gmail.com <scsandy@gmail.com>; chairman.jeddah <chairman.jeddah@icai.in>; madhur.nir@gmail.com <madhur.nir@gmail.com>; chairman.saudiArabia@icai.in <chairman.saudiArabia@icai.in>; chairman.singapore <chairman.singapore@icai.in>; chairman@icaitanzania.org <chairman@icaitanzania.org>; chairman.bangkok <chairman.bangkok@icai.in>; manumehra1@hotmail.com <manumehra1@hotmail.com>; chairman@icai-fujairah.org <chairman@icai-fujairah.org>; Rajiv Shah <chairman@icaiah.org>; chairman.london <chairman.london@icai.in>; chair@icaifo.org <chair@icaifo.org>; chairman@icaihouston.us <chairman@icaihouston.us>; chairman.newyork <chairman.newyork@icai.in>; team@icainy.us <team@icainy.us>; sandeep_dey65@yahoo.com <sandeep_dey65@yahoo.com>; chairman@icai.org.nz <chairman@icai.org.nz>; chairman.brisbane <chairman.brisbane@icai.in>; icaibahrain@gmail.com <icaibahrain@gmail.com>; info@icaitoronto.com <info@icaitoronto.com>; chairman.indonesia <chairman.indonesia@icai.in>; muscat@icai.org <muscat@icai.org>; chairman@icaidubai.org <chairman@icaidubai.org>; chairman@icaiug.org <chairman@icaiug.org>; Vijay Gupta <info@icaivancouver.com>

Subject: Exposure Draft of IFRS Standard issued by the IASB for comments

Dear Sir/ Madam,

Indian Accounting Standards (Ind AS) are based on the IFRS issued by the International Accounting Standards Board (IASB) of IFRS Foundation. The IASB, before issuing the new/amendments to IFRS Standards, issues the Exposure Draft (ED) for public comments across the globe. The Accounting Standards Board (ASB) of ICAI with the aim to provide an opportunity to the various stakeholders in India to raise their concerns at the initial International Standard-setting stage (ED stage) itself, invites comments on the ED issued by the IASB. It also helps the Indian stakeholders to be aware of the international developments and preparations required for implementation in future. At present, following ED issued by IASB is open for comments:

- **Regulatory Assets and Regulatory Liabilities**

The ED proposes to supersede existing IFRS 14, *Regulatory Deferral Accounts*, an interim Standard that permits a variety of accounting approaches for the effects of rate regulation to continue temporarily. The proposals would, if implemented, affect entities subject to a regulatory agreement that is capable of creating regulatory assets and regulatory liabilities. For users of financial statements, the IASB expects

that application of the proposals would result in financial statements providing a clearer and more complete picture of the relationship between the revenue and expenses of those entities.

The above mentioned ED is hosted on the website of the ICAI for public comments with last date **as May 10, 2021**, and can be accessed at the following link:

<https://www.icai.org/resource/63089asb51042.pdf>

Comments on the abovementioned ED may be submitted through any of the following modes:

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

Further clarifications on this ED may be sought by e-mail to asb@icai.in.

Thanking you,

Yours Sincerely,

Chairman
Accounting Standards Board

The Institute of Chartered Accountants of India

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