



**Comment on the Exposure Draft of Ind AS 20 Accounting for Government  
Grants and Disclosure of Government Assistance**

Thank you so much for the opportunity to comment on the exposure draft of Ind AS 20 *Accounting for Government Grants and Disclosure of Government Assistance*. Our comment on the same are given below:

1. We welcome the change in Ind AS 20 of including the option to deduct the grant received from the carrying amount of the asset. However, we recommend to add an exception that the carrying amount of the assets that are measured at fair value cannot be adjusted.
2. Paragraph 32 states that a government grant that becomes repayable shall be accounted for as a change in accounting estimate. Paragraph 32 has been amended requiring the cumulative additional depreciation that would have been recognised in profit or loss to date in the absence of the grant shall be recognised immediately in profit or loss. The amendment, though in line with IAS 20, makes the requirements of paragraph 32 internally inconsistent similar to IAS 20. If the government grant that becomes repayable is to be accounted for as a change in accounting estimate, there should not be any cumulative catch up adjustment required. For example, change in depreciation method or change in useful life or change in residual value is accounted as a change in accounting estimate. In such a case, no cumulative adjustment is made. The reason for this being that the depreciation method or useful life or residual value was properly estimated on the basis of the circumstances then prevailing. In a similar manner, if recognition of the grant was proper and not an error, the cumulative adjustment should not be required. The repayment of grant arises due to a new development or information. Accounting for that new development or new information should happen from the moment the new development happened, or the new information was obtained. The cumulative adjustment to depreciation results in modified rectification of error accounting that is similar to the requirements of Accounting Standard (AS) 6 *Depreciation Accounting* for change in method of depreciation which has been superseded by AS 10 *Property, Plant and Equipment*. It may also be noted that AS 12 *Accounting for Government Grants* does not require such cumulative adjustment. The ASB may adopt the provisions of paragraph 11.3 of AS 12 except for the option of reducing the capital reserve as the same is not applicable to Ind AS 20.