

Exposure Draft on Onerous Contracts – Cost of Fulfilling a Contract (Amendments to Ind AS 37) issued by the Accounting Standards Board (ASB)

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To

The Chairman

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Sub: Exposure Draft on Onerous Contracts – Cost of Fulfilling a Contract (Amendments to Ind AS 37) issued by the Accounting Standards Board (ASB)

Respected Sir,

The Nagpur Branch of WIRC of ICAI is in receipt of E-mail from your office dated 19th February, 2021 inviting comments on Exposure Draft on Onerous Contracts – Cost of Fulfilling a Contract (Amendments to Ind AS 37) issued by the Accounting Standards Board (ASB).

The Nagpur Branch of WIRC of ICAI is herewith submitting our comments of the aforesaid Exposure Draft for your kind consideration and perusal.

Comments are given below:

1. In newly inserted paragraph 68A,
 - b) an allocation of other costs that relate *directly* to fulfilling contracts— for example, an allocation of the depreciation charge for an item of property, plant, and equipment used in fulfilling that contract among others.
The word “directly” creates confusion. In fact, in many places depreciation is considered to be an indirect expenditure. It should cover both “directly/indirectly” word in place of only “directly”
2. Transitional Provisions:
94A – In this paragraph the recognition of the cumulative effect of provisions as on the date of the first initial application is covered. There seems to be the situation as to calculate the cumulative effect of these provisions as far as it relates to Deferred Tax Provisions as well as impact on Impairment of assets if any.
Clarification on such aspects can be covered in it.

Thanking You

For Nagpur Branch of WIRC of ICAI

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