

Kindly consider my following comments on ED of AS 103, *Accounting for Amalgamations*:

Paragraph 31(ii)- Firstly, the expression “The date on which the transferor obtains control of the transferee” should read as “The date on which the transferee obtains control of the transferor”. The origin of this mistake is traceable in Ind AS 103-Appendix C-paragraph 13(b). Secondly, even the suggested change is not appropriate. Paragraph 31(ii) should read as “date of amalgamation for accounting purposes”. The reason is that even for amalgamations in the nature of purchase, paragraph 19(b) requires “date of amalgamation for accounting purposes”. If so, why should the term ‘control’ be used for amalgamation in the nature of merger?

#### **Additional comments on ED of AS 103, *Accounting for Amalgamations***

1. Paragraph 2(a)-the term “joint controlled entities” should read as “jointly controlled entities”.
2. Paragraph 3-(i)In the definition of ‘Amalgamation’, the expression “obtaining control of the entity” should read as “obtaining control of one entity”.  
(ii) In the definition of 'Fair value', title of AS 113 should be corrected as 'Fair Value Measurement'. ['Measurements' is incorrect].
3. Paragraphs 6-9-No exception has been given for recognition and measurement principles. This will result in unintended consequences. For example, even timing-difference based deferred taxes and share-based payments may have to be fair valued. To avoid such pitfalls, it is suggested that based on Ind AS 103, some exceptions to recognition and measurement principles should be inserted.
4. Paragraph 23-This paragraph should be **deleted**. The reason is that paragraph 7 of AS 110 requires consolidation of consolidate all subsidiaries, domestic as well as foreign. AS 110 does not provide any optional exemption from, or mandatory exception to, consolidation of a subsidiary.
5. Paragraph 33-The expression “before the issuance of the financial statements” should be corrected as “ before the approval of the financial statements”.
6. Appendix 1-Paragrah 5 incorrectly states that Revised AS 103 does not provide specific guidance on contingent consideration. Limited guidance is given in paragraph 11 of revised AS 103.

#### **Further comments on ED of AS 103, *Accounting for Amalgamations***

Paragraph 11 of the ED gives limited guidance on treatment of contingent consideration. The following should also be specifically stated:

If contingent consideration is included subsequent to the date of amalgamation, upto what period, it can affect goodwill should be clearly stated. If there is time limit, any adjustment beyond that period, will go to profit or loss. For capital reserve also, it should be stated, whether

there is time limit or not. If time limit applies for capital reserve also, then, any adjustment beyond that period will go to profit or loss.

Further, paragraph 11 is not clearly worded. It states “probable and can reasonably be estimated” at the time of amalgamation. In all other cases, “as soon as the amount is determinable”. It is not clear whether ‘determinable’ means ‘reasonably estimable’ or ‘determinable exactly’

[Para 5 of Appendix 1 should also be suitably redrafted considering the above suggestion].