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From: **mohit dhand** <camohitdhand@gmail.com>

Date: Sun, Dec 15, 2024 at 7:39 AM

Subject: Subject: Comments on Exposure Draft: Provisions—Targeted Improvements (Proposed Amendments to IAS 37)

To: <admin@puneicai.org>

Submitted to Pune branch for further submission

To

The Secretary,

Accounting Standards Board,

The Institute of Chartered Accountants of India,

ICAI Bhawan, Indraprastha Marg,

New Delhi – 110002

Dear Sir/Madam,

I, **CA Mohit Dhand** (M.No. 145469), hereby submit my comments on the Exposure Draft titled “*Provisions—Targeted Improvements: Proposed Amendments to IAS 37*” as invited by the Accounting Standards Board.

Comments:

1. Alignment with Conceptual Framework and Clarity on Past Event Recognition

The proposed amendment to update the definition of a liability and align it with the Conceptual Framework is a commendable step towards ensuring consistency in financial reporting. However, the inclusion of the “past-event condition” for recognizing present

obligations (paragraphs 14M–14U) raises concerns about its practical application. Specifically, determining whether cumulative activity during an “assessment period” meets the threshold for liability recognition could lead to ambiguity and inconsistent application. To address this, the IASB should provide clearer guidance and additional illustrative examples for complex scenarios, such as multi-period levies or contingent obligations based on multiple actions. This would help preparers apply the standard consistently while avoiding overstatement or understatement of liabilities.

2. Risk-Free Discount Rate Application and Practical Transition Concerns

The proposal to mandate the use of risk-free discount rates for measuring provisions (paragraph 47A) is a significant improvement for comparability and transparency. However, its practical implications may not adequately consider industry-specific practices. For example, sectors like mining or decommissioning, which traditionally incorporate non-performance risk, could face unintended consequences, such as over-conservative provisioning. Furthermore, the retrospective application requirement (paragraph 94B) may impose an operational burden on entities with long-standing provisions. To address these concerns, the IASB should consider:

- Allowing flexibility for sector-specific discounting practices to ensure practical alignment with industry realities.
- Implementing a phased or simplified transition approach to ease the operational burden while maintaining the intended consistency.

These enhancements would improve the standard’s relevance and feasibility for diverse stakeholders without compromising its objectives.

I trust that these comments will be valuable in the consultation process and remain available for any further clarifications.

Thank you for the opportunity to contribute.

Warm regards,

CA Mohit Dhand

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