

Comments on Exposure Draft of Accounting Standards for Limited Liability Partnerships

Dear Sir,

Please find attached the consolidated observations and suggestions on the Exposure Draft of Accounting Standards applicable to LLPs.

1. Valuation of Inventories (AS 2)

- Introduce specific guidelines for the valuation of inventories in service-based LLPs, particularly for assessing whether work-in-progress qualifies as inventory under AS 2.
- Provide detailed guidance on inventory obsolescence, including practical examples and accounting treatment. The standard should clarify the treatment of write-downs arising due to technological advancements or regulatory changes and establish a framework for handling such exceptional inventory valuation scenarios.

2. Cash Flow Statements (AS 3)

- Clearly define the treatment of restricted cash balances, such as margin money, bank deposits under lien, and other restricted funds, and specify whether they should be included in cash and cash equivalents.

3. Revenue Recognition (AS 9)

- Incorporate guidance on revenue recognition for bundled products and services, ensuring clarity on allocation principles and timing of recognition.
- Address the evolving nature of digital businesses, particularly subscription-based revenue models (e.g., SaaS, digital content platforms), and provide explicit criteria for revenue recognition in such cases.

4. Accounting for Investments (AS 13)

- Establish specific criteria for the valuation of long-term investments, particularly for unquoted investments where market price is not readily available.
- Provide practical methodologies, such as comparing the Net Asset Value (NAV) of the investment over the past three years based on audited financial statements, to ensure a consistent and reliable valuation approach.

5. Segment Reporting (AS 17)

- Expand disclosure requirements to include segment-wise liabilities in addition to segment revenue, results, and assets. This would enhance financial clarity and improve the transparency of financial reporting for LLPs operating in multiple business segments.

Thanking You

Chairman

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