



Outlook

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**Comments on Exposure Draft of Accounting Standards for Limited Liability Partnerships for comments**

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From AHMEDABAD BRANCH OF WIRC OF ICAI <ahmedabad@icai.org>

Date Mon 24-02-2025 16:18

To Comments ASB - ICAI <commentsasb@icai.in>; asb@icai.in <asb@icai.in>

Cc Parminder/ASB/IP Marg/Delhi <parminder@icai.in>; Neerav Agarwal <caneerav@gmail.com>

To

The Secretary, Accounting Standards Board,  
The Institute of Chartered Accountants of India (ICAI),  
ICAI Bhawan, Post Box No. 7100, Indraprastha Marg,  
New Delhi – 110002

**Subject: Comments on Exposure Draft – Accounting Standards for LLPs**

Dear Sir/Madam,

We appreciate the initiative taken by the Accounting Standards Board (ASB) of ICAI in drafting a dedicated set of Accounting Standards for LLPs. This Exposure Draft is a significant step toward ensuring consistency in financial reporting while recognizing the unique structure of LLPs.

After a detailed review of the Exposure Draft, we would like to submit the following comments and suggested corrections for your consideration:

**1. General Observations and Suggestions****1.1 Applicability and Classification of LLPs**

- Observation: The classification of Small and Medium-sized LLPs (SMLLPs) based on turnover (₹250 crore) and borrowings (₹50 crore) is reasonable. However, periodic reviews should be mandated to reflect economic changes.

- Suggestion: Introduce a review mechanism every 3–5 years to reassess these classification limits.

**1.2 Alignment with Other Accounting Standards**

- Observation: The draft largely aligns with Companies (Accounting Standards) Rules, 2021, but a disclosure matrix highlighting key differences would enhance clarity.

- Suggestion: Provide a comparative summary of differences between LLP Accounting Standards and Companies (AS) Rules, 2021 to aid practitioners.

**1.3 Exemptions for Small and Medium-sized LLPs (SMLLPs)**

- Observation: SMLLPs are exempt from preparing Cash Flow Statements (AS 3), reducing compliance burden. However, this may impact financial transparency.

- Suggestion: Instead of a full exemption, consider requiring a simplified cash flow statement for SMLLPs using the direct method only.

**2. Spelling, Grammatical, and Typographical Corrections**

Page No.	Paragraph No.	Existing Text	Suggested Correction
5	3	partners'shareholders' funds	partners' shareholders' funds
12	6	as to partners dividend	as to partners' dividend

18	4	option exercised by the enterprise shall disclose the fact	enterprise exercising the option shall disclose the fact
25	8	extraordinary item (see Accounting Standard (AS) 5, Net Profit or Loss...)	extraordinary item (see Accounting Standard (AS) 5: Net Profit or Loss...)
30	2	An alternative approach is to show such items...	An alternative approach is to present such items...
35	4	As a result of the uncertainties inherent in business...	Due to the uncertainties inherent in business...
42	6	This Standard should be read in the context...	This Standard should be read in the context of the General Instructions...
48	10	Such Companies entities are however encouraged...	Such entities, however, are encouraged...
52	5	Foreign Currency Monetary Item Translation Difference Account	Ensure uniform capitalization throughout the document.
60	14	income or expense recognised on the outcome of a contingency...	Income or expenses recognized due to the resolution of a contingency...

### 3. Formatting and Terminology Consistency

- Ensure uniform capitalization for terms such as 'Foreign Currency Monetary Item Translation Difference Account', 'Financial Statements', and 'Going Concern Assumption'.

- Clarify the use of 'LLP' vs. 'Enterprise' in definitions, as both are used interchangeably in the document.

### Conclusion

We commend the Accounting Standards Board (ASB) of ICAI for this initiative and believe that incorporating the above suggestions will enhance the clarity, consistency, and applicability of the final Accounting Standards for LLPs.

We look forward to further refinements based on stakeholder feedback.

**सादर / With Regards,**

**CA. Neerav Agarwal**

**Chairman**

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**

(Set up by an Act of Parliament)

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