

## Breather for India Inc: NACAS gives nod for deferral of new Accounting Standards?

In a relaxation that will provide immense relief to India Inc, which was grappling with the complexities of the new accounting standard on recognition of revenues in financial statements, NACAS or the National Advisory Committee on Accounting Standards has decided to defer the implementation of Ind AS 115, two sources familiar with the development told ET NOW.

"NACAS has taken a call to push back the implementation of the new standard from its original timeline of 1st April, 2016. It will make its recommendations to the Ministry of Corporate Affairs which will then take a final call on the fresh timeline based on global cues," said one of the sources cited earlier. Corporates and lobby bodies had earlier pushed for a two-year deferral and sought implementation by April 1st, 2018.

The recommended deferral of Ind AS 115 by NACAS follows the path chosen by the IASB ( International Accounting Standards Board) and FASB ( Financial Accounting Standards Board) to defer the corresponding global standards beginning 2018. ? According to experts, Ind AS 115 could especially impact the financial statements of companies in the information technology, telecom, automobiles and real estate sectors and

will have a bearing on several aspects including revenues, expenses, assets, liabilities and equity.

For instance, an earlier adoption of Ind AS 115 would have led to stringent disclosure requirements relating to revenue contracts for IT companies. "The IT players fear that they would be forced to disclose their order backlog, which was not simultaneously being disclosed by their global peers, said Jamil Khatri, Head of Assurance, KPMG India.

Upon adoption of Ind AS, investments in equity instruments will always be measured at fair value. This will be a big change from the current practice. Additionally, Ind AS implementation can also lead to changes in the company's budgeting and reporting processes, IT systems, internal control systems, income taxes and contractual arrangements.

According to Sumit Seth, Partner - Price Waterhouse & Co, "This (recommendation for deferral) will provide Indian companies with time to evaluate the new requirements and complexities under the standard, particularly in the areas of identification of multiple performance obligations in a bundled arrangement, gross vs net presentation of revenue and arrangements involving licensing of IP. At the same time, an option for earlier adoption of the Ind AS standard similar to the IASB's decision will be welcomed by those companies not preferring to make accounting changes twice. It also needs to

be seen as to what will be the new effective date of the standard, especially since Phase II companies will adopt Ind AS beginning April 1, 2017".

NACAS is a body that advises the government on the formulation and laying down of the accounting policy and standards for adoption by companies. It is currently headed by Amarjit Chopra, who was earlier the President of the ICAI or the Institute of Chartered Accountants of India.

( source : [www.articles.economictimes.indiatimes.com](http://www.articles.economictimes.indiatimes.com) )