



**The Institute of Chartered Accountants of India**  
(Set up by an Act of Parliament)



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# Stakeholders Outreach

**2 CPE**  
Hours  
Unstructured

**Proposed Amendments to Ind AS 1, Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants**

**10<sup>th</sup>**

**FEBRUARY, 2023**

**4:00 PM - 6:00 PM (IST)**

**Fees: NIL**



**CA. (Dr.) Debashis Mitra**  
President, ICAI



**CA. Aniket S. Talati**  
Vice-President ICAI

## PANEL DISCUSSION



**CA. Pramod Jain**  
Chairman, ASB



**CA. Abhay Chhajed**  
Vice Chairman, ASB



**CA. (Dr.) Amarjit Chopra**  
Past President, ICAI



**CA. M P Vijay Kumar**  
Past Chairman, ASB



**CA. Archana Bhutani**  
Moderator



**CA. Charanjit Attra**



**CA. Smriti Goyal**

Organised by  
**Accounting Standards Board**

Link to register/attend: <https://live.icai.org/asb/10022023>

Call for question: Participants are required to submit their questions to be taken up during Q&A session by February 07, 2023 at [asb@icai.in](mailto:asb@icai.in)

## ABOUT THE PROPOSAL

Accounting Standards Board (ASB) of ICAI has proposed amendments in Ind AS 1, *Presentation of Financial Statements* with regard to Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants. These amendments have been issued corresponding to amendments in IAS 1, *Presentation of Financial Statements*, issued by International Accounting Standards Board (IASB), in two parts viz., Classification of Liabilities as Current or Non-current, issued in January 2020, and Non-current Liabilities with Covenants, issued in October 2022.

The proposed amendments specify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. In this regard, the proposed amendments require disclosure of information that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

While considering the aforesaid amendments to Ind AS 1, the ASB also considered the related aspect of classification of a long-term arrangement where breach of a material provision has taken place on or before the end of the reporting period but the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment because of the condonation of the breach:

### Present carve-out

IAS 1 requires such a liability to be classified as current because, at the end of the reporting period, the entity does not have the right to defer its settlement for at least 12 months after that date.

Ind AS 1 prescribes that an entity does not classify such a liability as current. Also, changes were made in Ind AS 10.

ASB proposes to remove the above carve-out and consequent changes to Ind AS 10, *Events After the Reporting Period*.

The Exposure Draft is issued by ASB for seeking comments from public at large. Moving forward in this direction, this outreach is being organised to create awareness to help understand these proposed amendments for ease of application and seek views from stakeholders on the proposals.

### *Rationale for removal of carve-out*

- In view of the proposed amendments, the existing carve-out is not conceptually aligned with the other prescriptions of the Standard for classification of liabilities as current or non-current.
- To achieve convergence with IFRS Accounting Standards over a period of time.
- It is a step towards bringing greater financial discipline amongst the entities wrt financial condition of the borrower.

### *Pre-reading material:*

[https://www.icaai.org/comments/asb/viewdetailcomment.html?commentdoc\\_id=120](https://www.icaai.org/comments/asb/viewdetailcomment.html?commentdoc_id=120)