

**Withdrawal of the Accounting Standard AS 30, *Financial Instruments: Recognition and Measurement*, AS 31, *Financial Instruments: Presentation*, AS 32, *Financial Instruments: Disclosures***

1. The Council of the Institute of Chartered Accountants of India (ICAI) issued Accounting Standard (AS) 30, *Financial Instruments: Recognition and Measurement*, Accounting Standard (AS) 31, *Financial Instruments: Presentation* in year 2007 and Accounting Standard (AS) 32, *Financial Instruments: Disclosures* in year 2008. These Accounting Standards were to come into effect in respect of accounting periods commencing on or after April 1, 2009, and were to be recommendatory in nature for an initial period of two years, thereafter, these were to become mandatory in respect of accounting periods commencing on or after April 1, 2011.
2. Owing to global financial crisis which raised issues regarding accounting treatment of financial instruments, various accounting standards setting bodies including the ICAI examined these aspects. Later, the ICAI withdrew the recommendatory as well as mandatory status of AS 30, AS 31 and AS 32 in March 2011 by means of an announcement. The announcement clarified that considering that International Accounting Standard (IAS) 39, *Financial Instruments: Recognition and Measurement*, issued by the International Accounting Standards Board (IASB), on which AS 30 was based, was under revision by the IASB. AS 30 was not expected to be continued in its present form, i.e., was expected to be revised. Further, the status of AS 30, AS 31 and AS 32 was clarified as below:
  - “ (i) To the extent of accounting treatments covered by any of the existing notified Accounting Standards (e.g. AS 11, AS 13 etc.), the existing Accounting Standards would continue to prevail over AS 30, AS 31 and AS 32.
  - (ii) In cases where a relevant regulatory authority has prescribed specific regulatory requirements (e.g. Loan impairment, investment classification or accounting for securitisations by the RBI, etc.), the prescribed regulatory requirements would continue to prevail over AS 30, AS 31, AS 32.
  - (iii) The preparers of the financial statements are encouraged to follow the principles enunciated in the accounting treatments contained in AS 30, AS 31 and AS 32 subject to (i) and (ii) above.”
3. Thereafter, the ICAI issued a *Guidance Note on Accounting for Derivative Contracts*, in June 2015, effective from accounting periods beginning on or after 1st April, 2016; its earlier application is also encouraged. The Guidance Note stated that from the date this Guidance Note comes into effect, application of (AS) 30, *Financial Instruments: Recognition and Measurement*, stands withdrawn to the extent of the guidance covered for accounting for derivatives is within the scope of *Guidance Note on Accounting for Derivative Contracts*.

4. Apart from the above, the Council at its 360<sup>th</sup> meeting held on November 7-9, 2016, noted that with implementation of Indian Accounting Standards (Ind AS) in India, many companies will be preparing their financial statements as per Ind AS, which includes Indian Accounting Standards on financial instruments which are based on current IFRS/IAS issued by International Accounting Standards Board (IASB).
  
5. In view of the above, the Council noted that there may not be any users of (AS) 30, *Financial Instruments: Recognition and Measurement*, (AS) 31, *Financial Instruments: Presentation* and (AS) 32, *Financial Instruments: Disclosures*, and retaining these Accounting Standards will create confusion. Accordingly, the Council decided to withdraw Accounting Standards (AS) 30, *Financial Instruments: Recognition and Measurement*, (AS) 31, *Financial Instruments: Presentation*, (AS) 32, *Financial Instruments: Disclosures*. An announcement 'Application of (AS) 30, *Financial Instruments: Recognition and Measurement*' issued by ICAI in March 2011 on status of AS 30, AS 31 and AS 32 also stands withdrawn.