

ANNOUNCEMENT

Announcements on 'Accounting for exchange differences arising on a forward exchange contract entered into to hedge the foreign currency risk of a firm commitment or a highly probable forecast transaction' withdrawn.

1. The Institute of Chartered Accountants of India (ICAI), in January 2006, issued an Announcement on 'Accounting for exchange differences arising on a forward exchange contract entered into to hedge the foreign currency risk of a firm commitment or a highly probable forecast transaction'. Pending the issuance of the proposed Accounting Standard on 'Financial Instruments: Recognition and Measurement', which was under formulation, the said Announcement prescribed the accounting treatment which should be followed in respect of the exchange differences arising on the forward exchange contracts entered into to hedge the foreign currency risks of a firm commitment or a highly probable forecast transaction. An Announcement prescribing the applicability date of this Announcement was issued in February 2006.

2. Subsequently, an Announcement was issued in June 2006, deferring the applicability of the Announcement issued in January 2006, to the accounting period(s) commencing on or after April 1, 2007. The Council, at its 269th meeting, held on July 18, 2007, decided to further defer the applicability of the Announcement issued in January 2006, to accounting period(s) commencing on or after April 1, 2008.

3. The Council, at its 277th meeting, held on March 27 to 29, 2008, noted that Accounting Standard (AS) 30, 'Financial Instruments: Recognition and Measurement', has already been issued. Accordingly, it has decided to withdraw all the Announcements mentioned in the above paragraphs.