

Introduction & Applicability of Accounting Standards

① Types of Standards

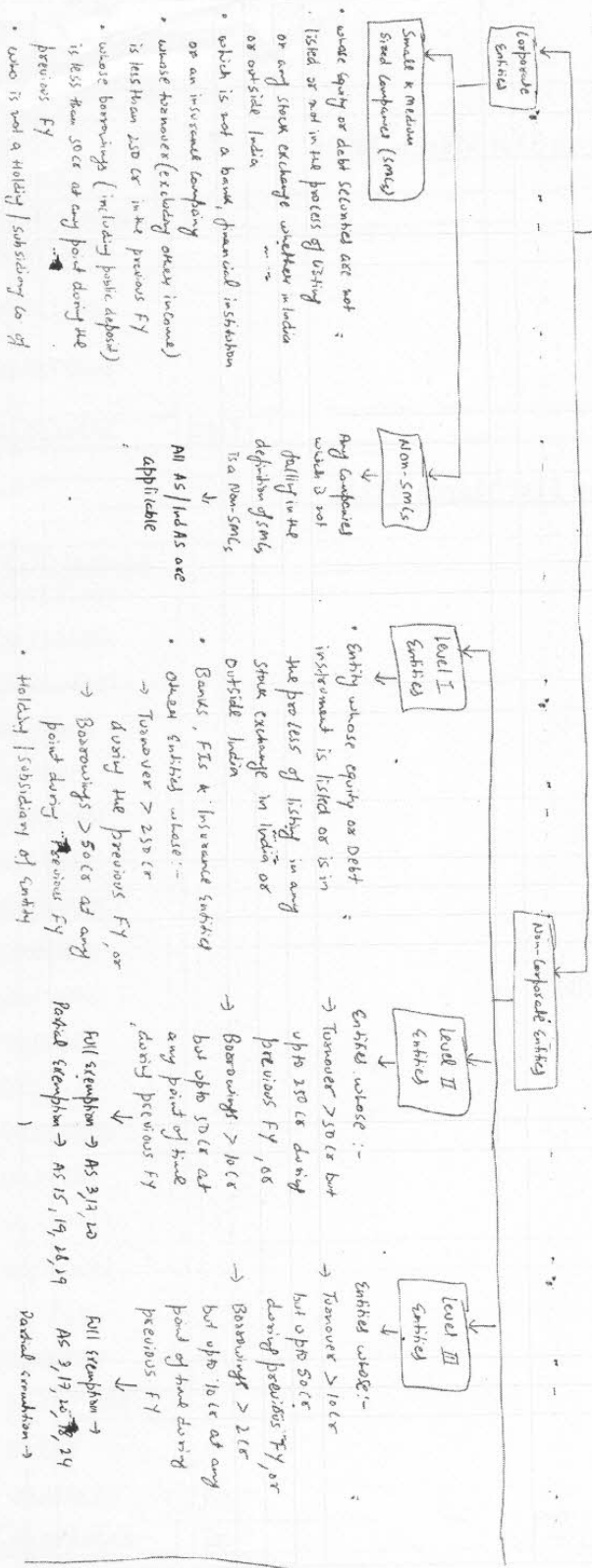
- Accounting Standards
- Indian Accounting Standards
- International Financial Reporting Standards
- US GAAP

② Meaning of Accounting Standards

Accounting Standards (ASs) are written policy documents issued by expert accounting body (ICAI) with support of other regulatory bodies i.e. MCA issuing AS for compliance in consultation with NERFA covering the aspect of recognition, measurement, presentation and disclosure of transaction and events.

③ No of AS = 27

④ Applicability of standards is as follows:-



is less than 50% at any point during the previous FY
 • who is not a holding / subsidiary to of
 Co. which is not SMC

Full exemption: AS 3, 13, 21, 23, 27
 Partial exemption: AS 15, 19, 20, 28, 29, 25

Some Additional Requirements:

(i) An SMC which is availing relaxation & exemption given above shall disclose (by way of note to financial statements) that it is an SMC the fact that it has complied with the applicable AS

(ii) Effects of Re classification:-

SMC → Non-SMC
 in PY in CY

• No need to revise previous year figures
 • Disclose the fact that entity was availing exemption & relaxation applicable to SMC in the previous year and such figures have not been revised

• Non SMC → SMC
 in PY in CY

Exemptions/Relaxation will not be available until entry remains SMC for two consecutive years

List of Accounting Standards

AS 1 - Disclosure of Accounting Policies

→ Investments > 50% at any point during Previous FY
 • Holding / subsidiary of entity listed above

All AS are applicable

Full exemption → AS 3, 14, 20
 Partial exemption → AS 15, 19, 28, 29

Full exemption → AS 3, 13, 20, 18, 24
 Partial exemption → AS 15, 19, 28, 29, 10, 11

Lower II Entity

All other entities which are not falling in criteria of L1, II & III

Full exemption → AS 3, 13, 19, 18, 24
 Partial exemption → AS 15, 22, 19, 10, 11, 13, 26

Apply AS 31, 23, 27, 25, 14 if transaction is done by entity

Some Additional Requirements:

(i) An MSME which is availing relaxation & exemption given above shall disclose (by way of note to financial statements) that it is an MSME, level of MSME and the fact that it has complied with the applicable AS.

(ii) Effects of Re classification:-

L1/II/III → L1
 in PY in CY

• No need to revise previous year figures

List of Accounting Standards

- AS 1 : Disclosure of Accounting Policies
- AS 2 : Valuation of Inventories
- AS 3 : Cash Flow Statement
- AS 4 : Contingencies & Events Occurring after Balance Sheet date
- AS 5 : Net Profit or Loss for the period, prior period items and changes in Accounting Policies
- AS 7 : Construction Contracts
- AS 9 : Revenue Recognition
- AS 10 : Property, Plant & Equipment
- AS 11 : The Effects of Changes in Foreign Exchange Rates
- AS 12 : Accounting for Govt. Grants
- AS 13 : Accounting for Investment
- AS 14 : Accounting for Amalgamation
- AS 15 : Employee Benefit
- AS 16 : Borrowing Costs
- AS 17 : Segment Reporting
- AS 18 : Related Party Disclosures
- AS 19 : Accounting for Leases
- AS 20 : Earning Per Share
- AS 21 : Consolidated Financial Statements
- AS 22 : Accounting for Taxes on Income
- AS 23 : Accounting for Investments in Associates in Consolidated Financial Statements
- AS 24 : Discontinuing operations

in PY
in CY
• No need to restate previous year-figures
• Disclose the fact that entity does qualify exception & relaxation available to LII/III/IV in the previous year and such figures have not been restated

• LI in → LII/III/IV in CY
• Exemptions/Relaxation will not be available until entity remains in LII/III/IV for two consecutive years

- AS 25: Interm Financial Reporting
- AS 26: Intangible Assets
- AS 27: Financial Reporting of Interests in Joint Ventures
- AS 28: Impairment of Assets
- AS 29: Provision, Contingent Assets and Contingent Liabilities