

OVERVIEW OF ACCOUNTING STANDARDS

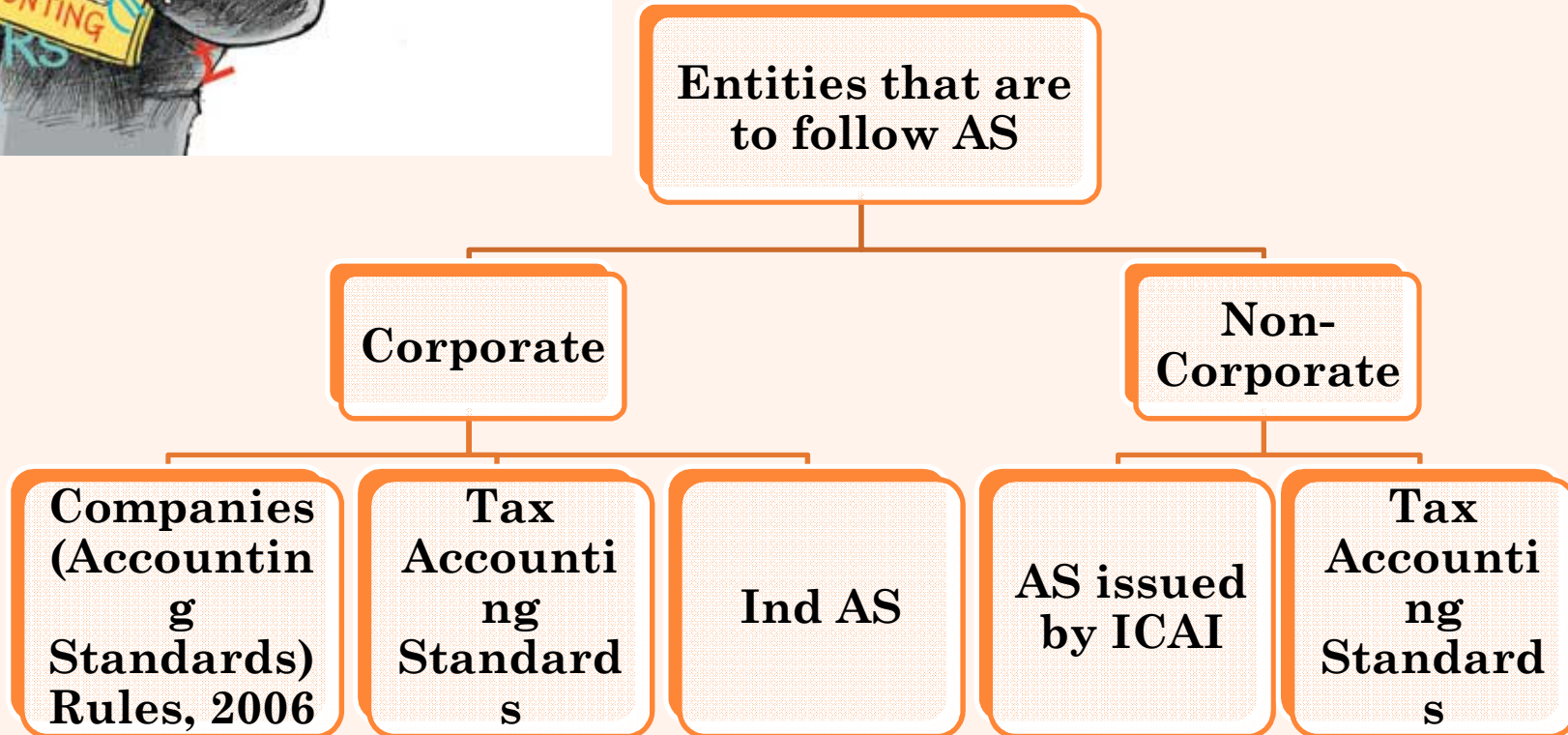


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APPLICABILITY

- Section 211(3C) of the Companies Act
- Notification of Companies (Accounting Standards) Rules, 2006 as per Notification dt. 07.12.2006 prescribing Accounting Standards for the Companies.
- The differences between AS issued by ICAI & AS notified by Govt. are of minor nature, which have been harmonized by the Institute in line with Govt. Notification (Announcement in Feb, 08 issue of CA Journal)





HARMONIZATION OF DIFFERENCES

Nature of Differences

- Minor Language, presentation differences, Para Numbers, etc.
- Preface vs. General Instructions
- Amended by ICAI, in 2008
- Preface being retained. However, the same is revised to include the concept of 'SMCs' as notified by the Govt.



HARMONIZATION OF DIFFERENCES

- ASIs
- Withdrawn and incorporated in Accounting Standards in line with Govt. Notification.
- Instead of Level II & Level III entities
Concept of SMCs
Introduced.
- For non-corporate assessee's Level II & Level III classification continue.



APPLICABILITY- DIFFERENT ENTITIES

- As Per ICAI

- **Level I**

- Equity or Debt listed or in the process of listing
- Banks (including Co-op Banks), Financial Institution, Insurance Co's
- Turnover in the immediately preceding year exceeds 50 Crore in immediate PY.
- Borrowing including public deposits in the immediately preceding yr. exceeds 10 Crore.
- Holding or Subsidiary of any of above entity.

- As Per Govt. Notification

- **Non SMCs
(except co-op bank)**



APPLICABILITY- DIFFERENT ENTITIES

❖ Level II

- Turnover 1 Cr to 50Cr.
(w.e.f. 1.4.2012)
- Borrowing 1Crore –
10Crore.
- Holding or subsidiary of
above

○ SMCs

❖ Level III

- Not covered by Level I or
Level II

○ SMCs




APPLICABILITY - CONTD

- Government notified Accounting Standards are applicable only to companies covered by Companies Act, 1956.
- For other than companies, criteria prescribed by ICAI shall continue. The same includes proprietorship firms, Partnership Firms, Trusts, Societies, LLP or any other entities.
- Future process of issuing Accounting Standards by ICAI.
- Time lag in notification of Accounting Standards.



SMC DISCLOSURE

- **“The Company is a Small and Medium Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 1956. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company.”**
 - Two year wait period if change from Non-SMC to SMC
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SME DISCLOSURE

- **“The Entity is a Small and Medium Sized Enterprise (SME) as per the announcement made by ICAI and has complied with the Accounting Standards insofar as they are applicable to entities falling in Level II or Level III, as the case may be.”**
- **Two year wait period if change from Level I to II or II to III**



MAJOR EFFECT OF GOVERNMENT NOTIFICATION REGARDING APPLICABILITY ON COMPANIES

- AS 3, AS 17, AS 21, AS 23, AS 25 & AS 27 not applicable to SMCs.
- AS 18, AS 20 & AS 24 become applicable to all companies including SMCs.
- Relaxation to SMCs regarding certain paras (primarily relating to disclosure).
The same are almost in line with those not applicable to Level II and Level III enterprises as per ICAI notification.



AS- CLASSIFICATION

- **Disclosure**
- **AS 3, 17, 18, 20, 21, 23, 24, 27**
- **Recognition & Measurement**
- **Capital or Revenue**
- **AS 2, 6 & 10, 12, 13, 16, 26, 28**
- **Expenses/ Income relating to which year- Principle of prudence applied**
- **AS 4, 5, 9, 11, 15, 22, 29**
- **Specific**
- **AS 7, 14, 19, 25**
- **Financial Instruments**
- **AS 30, 31, 32**



AS APPLICABILITY

AS No.	Short Title	Corporate Entities		Non-Corporate Entities		
		Non-SMC	SMC	Level I	Level II	Level III
AS-1	Accounting Policies	Y	Y	Y	Y	Y
AS-2	Inventories	Y	Y	Y	Y	Y
AS-3	Cash Flow	Y	N	Y	N	N
AS-4	Events after Balance Sheet date	Y	Y	Y	Y	Y
AS-5	Prior Period Items & Policies	Y	Y	Y	Y	Y
AS-6	Depreciation	Y	Y	Y	Y	Y
AS-7	Construction	Y	Y	Y	Y	Y
AS-9	Revenue	Y	Y	Y	Y	Y
AS-10	Fixed Assets	Y	Y	Y	Y	Y
AS-11	Foreign Exchange	Y	Y	Y	Y	Y
AS-12	Government Grants	Y	Y	Y	Y	Y
AS-13	Investments	Y	Y	Y	Y	Y
AS-14	Amalgamations	Y	Y	Y	Y	Y
AS-15	Employee Benefits	Y	Partly	Y	Partly	Partly

AS APPLICABILITY

AS-16	Borrowing Cost	Y	Y	Y	Y	Y
AS-17	Segment	Y	N	Y	N	N
AS-18	Related Party	Y	Y	Y	Y	N
AS-19	Leases	Y	Partly	Y	Partly	Partly
AS-20	Earning Per Share	Y	Partly	Y	Partly	Partly
AS-21	Consolidation	Y (listed)	N	Y (listed)	N	N
AS-22	Deferred Taxes	Y	Y	Y	Y	Y
AS-23	Consolidated Statements	Y (listed)	N	Y (listed)	N	N
AS-24	Discontinuing Operation	Y	Y	Y	Y	N
AS-25	Interim Reporting	Y (listed)	N**	Y (listed)	N**	N**
AS-26	Intangible Assets	Y	Y	Y	Y	Y
AS-27	Interest in Joint Ventures	Y (listed)	N	Y (listed)	N	N
AS-28	Impairment	Y	Partly	Y	Partly	Partly
AS-29	Contingency	Y	Partly	Y	Partly	Partly
30, 31, 32	Financial Instruments	N***	N***	****	****	****

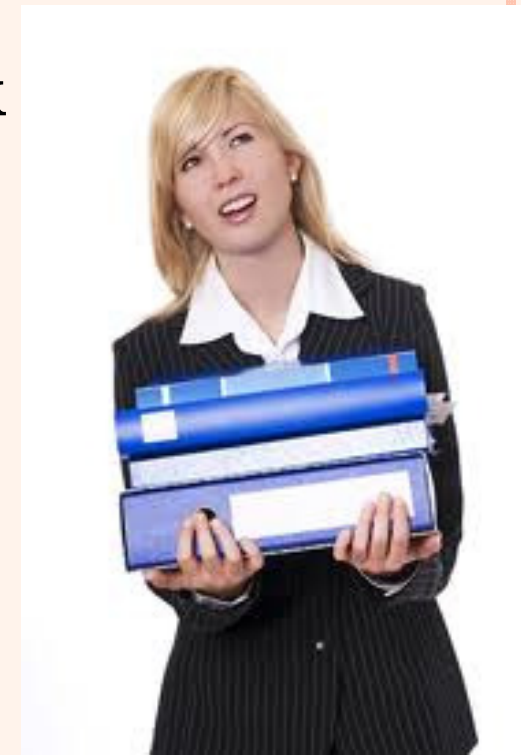
GUIDANCE NOTES ISSUED BY ASB

- **Guidance Note on Accounting for Real Estate Transactions (Revised 2012).**
- **Guidance Note on Accounting for Self-generated Certified Emission Reductions (CERs) (Issued 2012)**
- **Guidance Note on Accounting for Rate Regulated Activities**



DOCUMENTATION

- **Work not documented is work not done.**
- **Have a checklist, tell articles to cross verify**
- **Seniors to cross verify**
- **Take necessary certificates / representation from management**



CONVERGENCE WITH IFRS

- Indian Accounting Standards to be converged with IFRS -Target date 01.04.2015. (ICAI recommendation)
- Ind-AS notified (35 Standards)
- Amendment required in different laws.
- Major Bottleneck – Ministry of Finance
- Conceptual differences e.g.
 - Fair value concept.
 - Preference share capital– Equity or borrowings
- Separate Accounting Standard for SMEs



THANK YOU

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