

ACCOUNTING STANDARDS

INDIA

Accounting Standard Board
(Established in 1977)

Accounting Standards (AS)

IND AS (IFRS Converged Standards)

INTERNATIONAL

International Accounting Standard
Committee (Board)
Established: IASC in 1973 IASB in 2001

International Accounting Standards (IAS)

International Financial Reporting Standard (IFRS)

Accounting Standards

AS

No. 1 to 29 (- 6, - 8)

Non corporate Entities: ICAI

Corporate Entities: MCA with NFRA
(Rules 2011)

- * Rule based Standards
- * Substance over Form ↓
- * Limited use of Fair value concept

Ind AS

Corporate Entities: MCA with NFRA
(Rules 2015)

- * Principle based Standards
- * Substance over Form ↑
- * More use of Fair value concept

Brief History

1929 : Great Depression : Misleading Accounting & Reporting → Inflated stock Prices
↓
Stock Market crashes

1933 & 1934 : Securities Act & Securities Exchange Act : To restore Investor confidence

1938 to 1959 : Committee on Accounting Procedure (CAP) which is a committee of American Institute of Accountants. 1st private sector standard setting body.
Issued 51 Accounting Research Bulletins

1959 to 1973 : CAP replaced by Accounting Principle Board (APB) : Issued 31 opinions

1973 : APB replaced by Financial Accounting Standards Board (FASB) : Issues US GAAP

1973 : Formation of International Accounting Standards Committee (IASC) : Issues IAS

1977: Formation of Accounting Standard Board (ASB) in India : Issues AS

1983: IOSCO (International Organisation of Securities Commission) : Enhance Investor Protection

2001: IASC replaced by IASB : IAS taken over & issue IFRS

2006: G-20 Summit : Prime minister Manmohanji promises to be IFRS compliant.

2015: Application of IndAS (IFRS converged standards) : Applicable to companies.

Companies (Indian Accounting Standard) Rules, 2015

(Notification issued by MCA dated 16/2/15)

Voluntary Basis
(From 1/4/2015)

Mandatory Basis
(From 1/4/2016)

Phasewise Roadmap for Applicability of Ind AS for companies other than Banking, Insurance & NBFC's.

Phase 1 (1/4/2016)

Phase 2 (1/4/2017)

- ★ Listed Co's : Net worth $\geq$ 500 Crores
- ★ Unlisted Co's : Net worth $\geq$ 500 Crores
- ★ Holding, subsidiary, Associate & Joint venture of above
- ★ Listed Co's : Net worth $<$ 500 Crores
- ★ Unlisted Co's : Net worth $\geq$ 250 Crores $<$ 500 Crores
- ★ Holding, subsidiary, Associate & Joint venture of above

Net worth : Shareholder funds : Paid up capital + Reserves & surplus

NOTE: Companies not required to follow Ind AS shall comply with AS as specified to companies (Accounting Standard) Rules, 2011.

Applicability of Accounting Standards

Companies

Ind AS Applicable

- * Companies listed / process of listing in India / outside India
(Other than listed on SME Exchanges)

OR

- * Companies whose Net worth $\geq$ 250 crores at end of Previous year.

Includes Holding, subsidiary, Associate & Joint venture of above

(Ind AS once applicable cannot be withdrawn)

⇒ Ind AS not applicable to Banks & Insurance Companies

AS Applicable

Non SMC

(No Exemption or Relaxations)

- * Banks, Financial Institutions & Insurance Companies

- * Turnover (including other Income) > 250 crore in immediately previous year

- * Borrowings (including public deposits) > 50 crore at any time in previous year

- * Holding, subsidiary of Above

SMC

(Small & Medium Sized Company)

Other Than Non SMC

Full Exemption: AS 17

Partial Disclosure

Exemption: AS 15, AS 19, AS 20, AS 28, AS 29

Event Based: AS 21, AS 23, AS 25, AS 27

Non Company Entities

(Applicable for Accounting Periods commencing from 1/4/24)

Sole Proprietorship, Partnership, LLP, Society, Trust, etc.

Engaged in Commercial, Industrial or Business Activities

Micro, Small & Medium sized Entities
(MSME)

Other than Large Entities

Large Entities

- * Entities listed or in process of listing
- * Banks, Financial Institution or insurance entity
- * Turnover (excluding other income) > 250 crore in immediately previous year
- * Borrowings > 50 crore at any time in previous year
- * Holding, subsidiary of above

Exemption & Relaxation

Full / Entirety: AS 3, AS 17, AS 20, AS 24

AS 18 & AS 28

(T/O ≤ 50 crore, Borrowings ≤ 10 crore)

Disclosure / Partial: AS 10, AS 11, AS 15, AS 19, AS 22,
AS 26, AS 28, AS 29

Event Based: AS 14, AS 21, AS 23, AS 25, AS 27