

AS 1 : Disclosure of Accounting Policies

Meaning of Accounting Policy

- ★ Specific accounting principles and
(AS 2 : Lower of Cost or NRV)
- ★ Methods of applying those principles
(AS 2 : FIFO or Weighted Average)

- Note:
- No single list of Accounting policies applicable to all circumstances
 - Choice of selection is with management

Fundamental Accounting Assumptions (Disclosure if not followed)

- Going Concern
- Consistency
- Accrual

Accounting Policy

Consideration

Primary

True &
Fair view

Secondary

Prudence

Substance
over Form

Materiality

Disclosure

At one place
Integral part of FS
Notes to Accounts

Change

When Possible:

- ★ Statutory Requirement
- ★ Compliance with AS
- ★ Better Presentation of FS

Disclosure:

Material Effect

Current

Amount ✓

Disclose Amount

Later

Amount ✗

Disclose Fact