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 2021)

* 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

U.S.

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)

* Listed Co.'s : Net worth ≥ 500 crores
* Unlisted Co.'s : Net worth ≥ 500 crores
* Holding, subsidiary of Above

Phase 2 (1/4/2017)

* Listed Co.'s : Net worth < 500 crores
* Unlisted Co.'s : Net worth ≥ 250 crores < 500 crores
* Holding, subsidiary 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, 2021.

Applicability of Accounting Standards

Companies

IndAS Applicable

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

OR

* Companies whose Net worth ≥ 250 crores at end of Previous year.

Includes Holding, subsidiary 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)

* Companies listed / process of listing on SME Exchanges
* Banks, Financial Institutions & Insurance companies
* Turnover (excluding 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 Corporate Entities

Sole Proprietorship, Partnership, LLP, Society, Trust, etc.
Engaged in Commercial, Industrial or Business Activities

Level I

- Entities listed or in process of listing
- Banks, Insurance entities (Cooperative Banks, Regional Rural Banks)
- Turnover (excluding other Income) > 250 crore in immediately previous year
- Borrowings (including public deposits) > 50 crore at any time in previous year
- Holding, Subsidiary of Above

Level II

- T/O (excl. other Income) > 50 cr ≤ 250 cr.
- Borrowings > 10 cr ≤ 50 cr.

Level III

- T/O (excl. other Income) > 10 cr ≤ 50 cr.
- Borrowings > 2 cr ≤ 10 cr

Level IV

Other

Exemption	Level II	Level III	Level IV
Full	AS 3, 17, 20	AS 3, 17, 20, 18, 24	AS 3, 17, 20, 18, 24, 14, 28
Disclosure	AS 19, 28, 29	AS 19, 28, 29, 10, 11	AS 19, 29, 10, 11, 13, 26
Partial	AS 15	AS 15	AS 15, 22
Event Based	AS 21, 23, 25, 27		

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