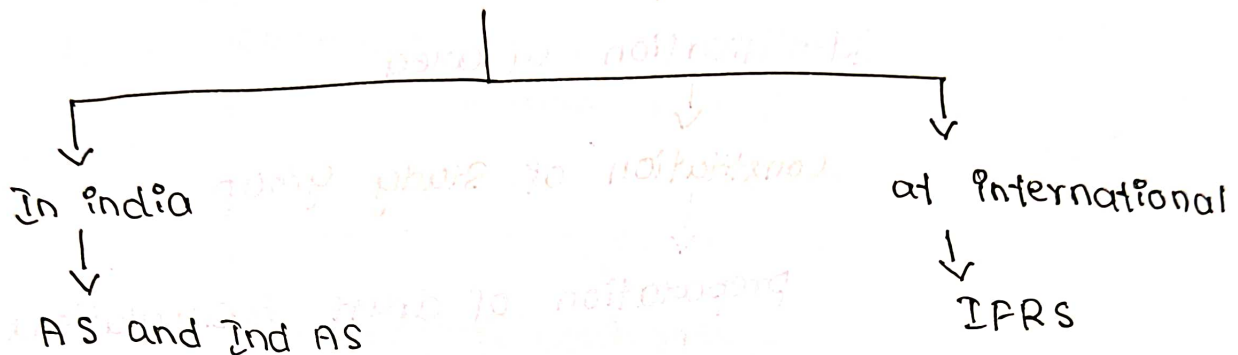


Introduction to accounting Standards

1

Generally accepted accounting principles

It is common set of accepted accounting principles, standards & procedures that business entity must follow when it prepares & presents its financial statements.



Accounting Standard deals with

R. M. P. D

- Recognition events & transactions in the FS
- measurement — " —
- presentation — " —
- Disclosure

example

AS 10 → PPE

R - when to recognize PPE

M - How much to recognize PPE

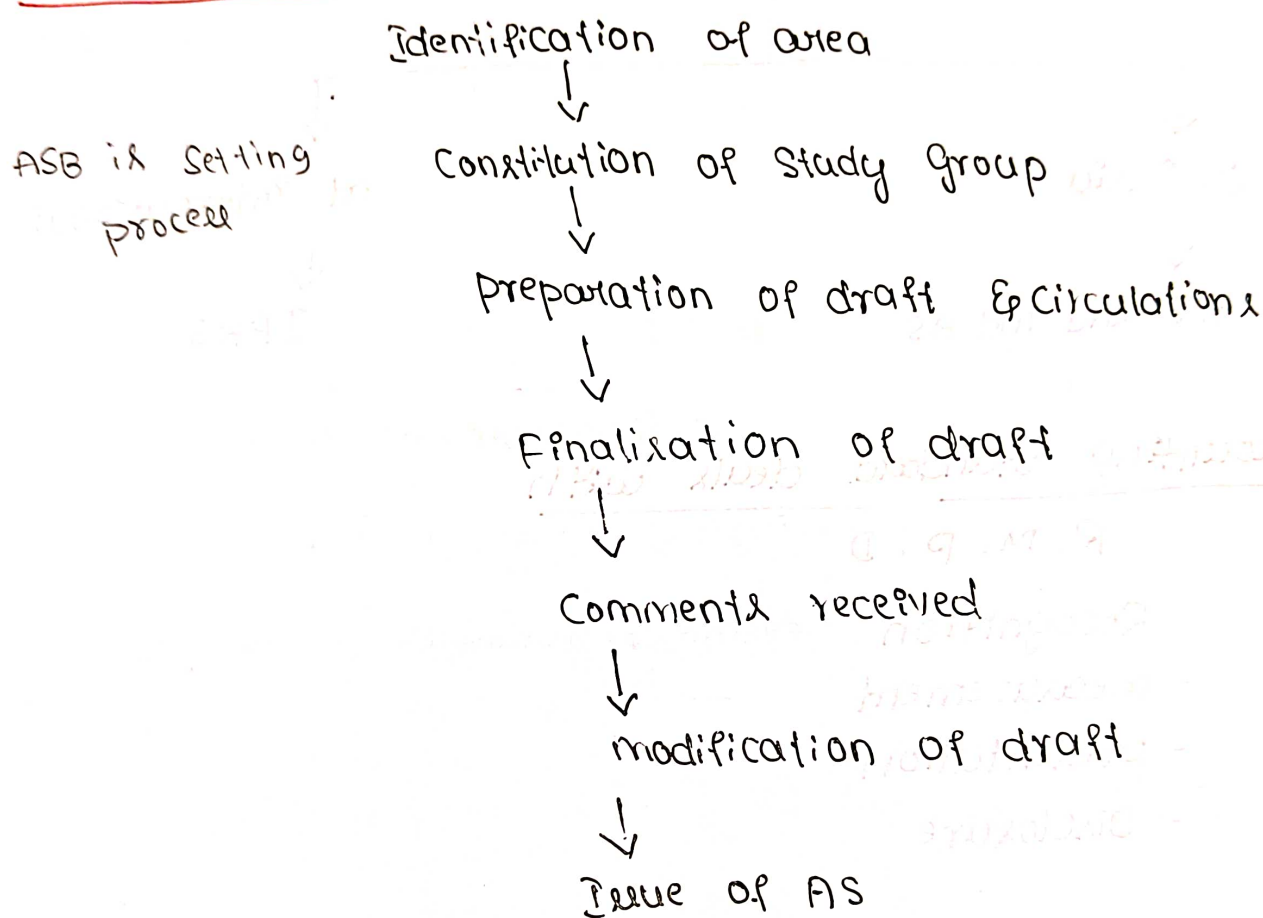
P - How to show PPE

D - what the extra information you need to give about PPE.

Benefits of AS

1. Standardization of alternative accounting treatment reduce or eliminate confusion in accounting treatment while preparing FS.
2. Comparability of financial statements
3. Requirements for additional disclosures

Standard Setting process



- Imp {
- * For Corporate entities the AS are issued by MCA
 - * For Non-Corporate entities the AS are issued by ASB
- ASB - Accounting Standard board

Accounting standards

There are 27 AS at present

AS NO	Accounting standards
1	Disclosure of Accounting policies
2	valuation of Inventory [Revised]
3	Cash flow statement
4	Contingencies & events occurring after the Balance sheet date [Revised]
5	Net profit or loss for the period, prior period items & changes in accounting policies.
7	Construction contracts
9	Revenue recognition
10	Property, plant & equipment
11	The effects of changes in foreign exchange rates
12	Accounting for government grants
13	Accounting for investment [Revised]
14	Accounting for amalgamation [Revised]
15	Employee benefits
16	Borrowing costs
17	Segment reporting

- | | |
|----|--|
| 18 | Related party disclosures |
| 19 | Leases |
| 20 | Earnings per share |
| 21 | Consolidated financial statements [Revised] |
| 22 | Accounting for taxes on income |
| 23 | Accounting for investments in associates in Consolidated financial statements. |
| 24 | Discontinuing operations |
| 25 | Interim financial reporting |
| 26 | Intangible assets |
| 27 | Financial reporting of interests in joint ventures |
| 28 | Impairment of assets |
| 29 | Provisions, Contingent liabilities & Contingent assets [Revised] |

India has not adopted to IFRS

India has converted to IFRS



which is Ind AS

Roadmap for implementation of Ind AS

For companies other than banks, NBFCs & insurance Co

Phase I Compulsory should apply Ind AS	<u>1st April 2016 - mandatory basis</u> a) companies listed / in process of listing on stock exchange in India <u>or</u> outside India having net worth of ≥ 500 crores b) unlisted companies having net worth of ≥ 500 crore c) parent, subsidiary, association, joint venture follow Ind AS
Phase II	<u>1st April 2017 - mandatory basis</u> a) Same as above but networth is less than above b) unlisted co having net worth of ≥ 250 crores c) parent, subsidiary, association, joint venture

For Non-Banking financial companies (NBFCs)

Phase I 1st April 2018 [mandatory basis]

- a)
- b) Same as above phase I

Phase II 1st April 2019 [mandatory basis]

- a)
- b) Same as above phase II

Carve out / carve in in Ind AS

Imp

(India has not adopted IFRS
India has ^{made changes in} converted to IFRS (Ind AS)

Carve out - Diff B/w IFRS and Ind AS

Carve in - Restricting the option

↓
example : IFRS says to follow FIFO or LIFO
Ind AS ————— only FIFO

MCQ

1. Additional guidance given in Ind AS over & above, which is given in IFRS are called

Carve-in.

2. IASB stands → International Accounting Board

3. IFRS stands → International Financial Reporting Standards

4. Phase I of Ind AS was applicable to
Companies with net worth of ₹ ≥ 500 crores

Test your knowledge

1. Explain AS, advantages

2. Carve out / in in Ind AS?