CA Intermediate PAPER-01 Advanced Accounting

Ch-04 → Presentation & Disclosures Based Accounting Standards.

Unit-01 - A.S 1 Disclosure of Accounting Policies.

1. Accounting Policy → These are specific accounting principles & methods of applying such principles in preparation & presentation of financial statements.
   - Balance sheet
   - Statement of P/L A/c
   - Cash flow statement
   - Notes flow A/c

Specific Accounting principle → apply कैसे करना है। (तरीका / method)

eg :- Valuation of depreciation → SLM or WDV

Valuation of Inventories → FIFO, Weighted Average

Cash flow Statement
- Direct method
- Indirect method

Etc. Etc ......

2). All the accounting policies, significant in nature, should be disclosed at one place.

{ 1). —— SLM
2). —— FIFO
3). —— Direct
4). —— ✓
5). —— ✓ } "one Place"

3) Change in Accounting Policy (also in AS-5)

I.M.T

- Accounting policy can be changed :-
  1). If Law (Statue) requires.
  2). If AS requires.
  3). For better presentation of financial statements.

★ ® I.M.T

- Any change in accounting policy which has a material effect in current period or which is resonably expected to have a material effect in later period should be disclosed.

- In case of change in Accounting policies, which has a material effect in the current period, the amount of which is affected by such change should also be disclosed [to the extent ascertainable].

- which such amount is not ascertainable, wholly or partially, the fact should be disclosed.

• Change in accounting policy (SLM → Shift ↔ WDV)

प्रभाव (Important)

Material in Current period

तितना प्रभाव ??

- Amount ascertained (₹ 10,00,000) → Amount to be disclosed.
- Amount "Not" ascertained → Fact to be disclosed

Not material in Current period but ascertainable in later periods.

→ Fact of such Change in later periods should also be disclosed in Current period.

4). How to Select an Accounting policy ??

I.M.T (Consideration for Selecting Accounting policy).

1). True & fair View

2). Materiality ie Importance

3). Prudance ie Provide for future losses but do not anticipate profit.

Benefits

1). Profit are not overstated
2). Losses are not understated
3). Assets are not overstated
4). Liabilities are not understated

4). Substance over form

Economic reality > legal reality

5). Fundamental Accounting Assumption :-

1). Going Concern
2). Consistency
3). Accrual

* Fundamental Accounting Assumption should not be disclosed if followed, disclosure is required only when they not followed.