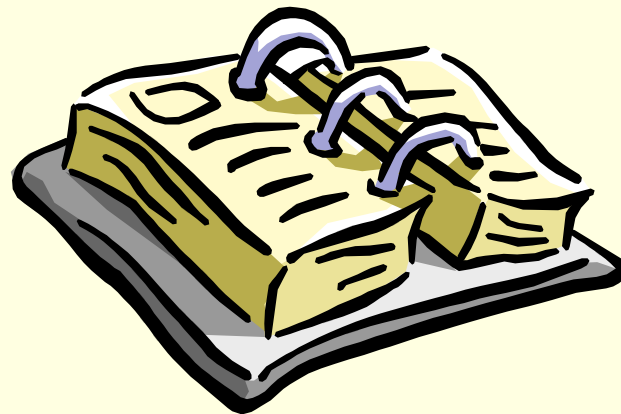


# Accounting Standards

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## An overview & update



Jomon K. George FCA

# WHY AN UPDATE

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- New Standards being issued
- Many standards being revised
- Withdrawal of certain standards.
- Statutory amendments – CASR/CAB

# History & Evolution

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- ASB set up in 1977
- Has issued 29-1 Ass.
- Statutory recognition in 1999
- CASR in 2006
- CAB impact in 2009 – may be ??
- To IFRS by 2011

## Applicability to Non corporate Entities

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If there are deviations in disclosure or presentation from the governing statute, **QUALIFY the report**

If there are deviations from accounting standards only, then **DISCLOSURE is enough** without making it a subject matter of audit qualification

# The CASR impact

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**Emergence of the concept of**

**Small & Medium Companies**

**and non applicability of certain AS' s to them**

## SMC

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*An SMC is a company which meets all the following conditions :*

- Its equity/debt securities are not listed/ proposed to be listed in India/abroad.
- It is not a Bank, FI or Insurance Company.
- Its turnover does not exceed Rs.50 crores in the PY
- Its borrowings does not exceed Rs.10 crores at any time during the PY.
- It is not a holding/subsidiary of a non-SMC.

# APPLICABILITY

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AS 1, AS 2, AS 4-14,

AS 16, AS 18, AS 20,

AS 22, AS 24 & AS 26

are applicable to all companies in entirety

# APPLICABILITY

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**AS 3 & AS 17** are **not** applicable to SMCs.

## AS 15

- Applies to all entities
- Actuarial valuation mandatory
- Funding not mandatory.  
If funded, value depletion should also be provided for
- For SMCTermination Benefits due after 12 months need not be accounted on discounted basis.



# APPLICABILITY

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## AS 19 & SMC

Paras 22 (c ), (e) & (f), 25(a), (b), (e), 37 (a) &(f) and 46 (b)& (d)

Dealing with additional disclosures about operating/finance leases - **not applicable**

# APPLICABILITY

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## AS 20 & SMC

Need not disclose DEPS

## AS 28 & SMC

Option to measure “Value in Use” on a reasonable estimate basis.

## AS 29 & SMC

Disclosures about opening position, additions/deletions in para 66 & 67 does not apply.

## SMCs to make a statement

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The company is a small & medium company as per the AS Rules.

Accordingly, the company has complied with Accounting Standards applicable to SMC.

## ASs – AN UPDATE

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### AS 2

Recognises Absorption Costing only

Only FIFO, WAC & Sp. Identification allowed

Allows exclusive method of ED/VAT only

## ASs – AN UPDATE

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### AS 4

All paras dealing with CONTINGENCIES  
withdrawn

### AS 6

Not to be applied for amortisation of Intangible  
Assets

## ASs – AN UPDATE

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### AS 7

Recognises Percentage of Completion Method only.

### AS 8

Withdrawn fully

## ASs – AN UPDATE

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### AS 9

Disclosure of Turnover & ED

### AS 10

Paras dealing with patents, Designs and knowhow withdrawn

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# AS 11

Recent issues



# Long term Foreign Currency Monetary Item

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- **An asset or liability will be classified as long term foreign currency monetary item , if :**
  - Such asset or liability is expressed in foreign currency.
  - It has a term of 12 months or more at the date of origination of asset or liability.

## Accounting Treatment - Other long term items

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- It can be accumulated in Foreign Currency Monetary Item Translation Difference Account .
- It can be amortised over the balance period of such long term asset / liability.

# ASs – AN UPDATE

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## AS 22

“Virtual Certainty” clarified

### Disclosure of DTA/DTL

- DTA after Investments before Current Assets
- DTL after unsecured loans, separately.