

Accounting Standard's and their Relevance

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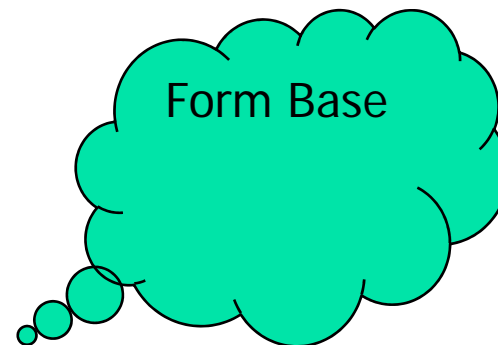
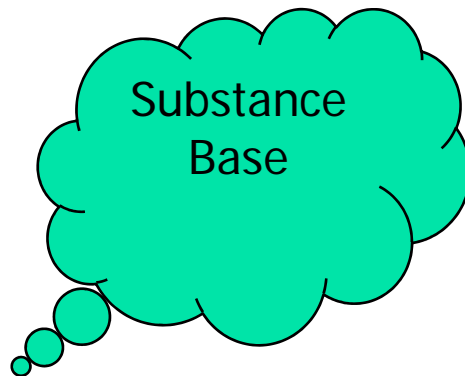
History

- ▲ Accounting Standard Board ('ASB') - 1977
- ▲ Harmonization of diverse accounting policies and practices in use in India

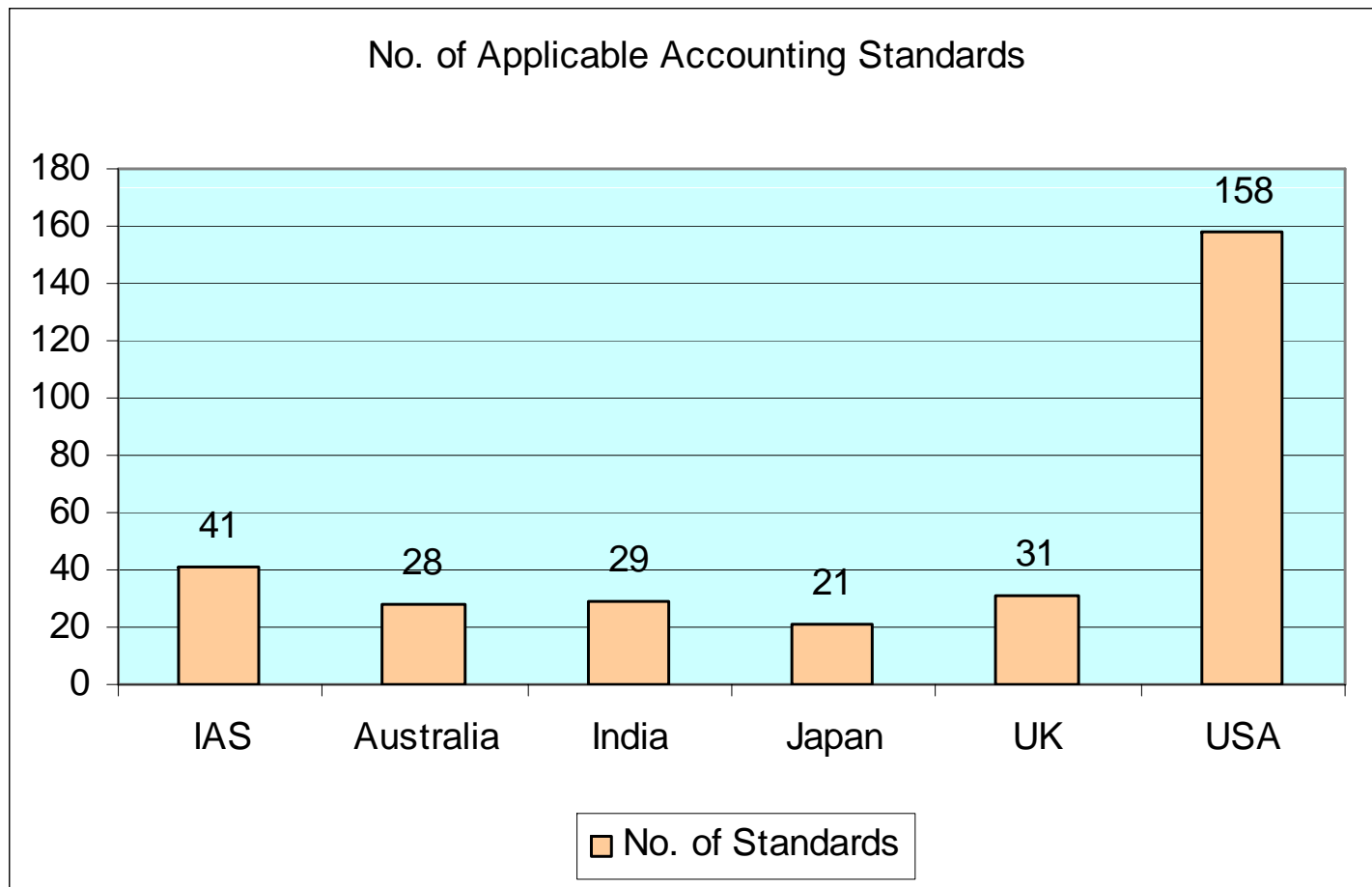
Formulation of Standards...

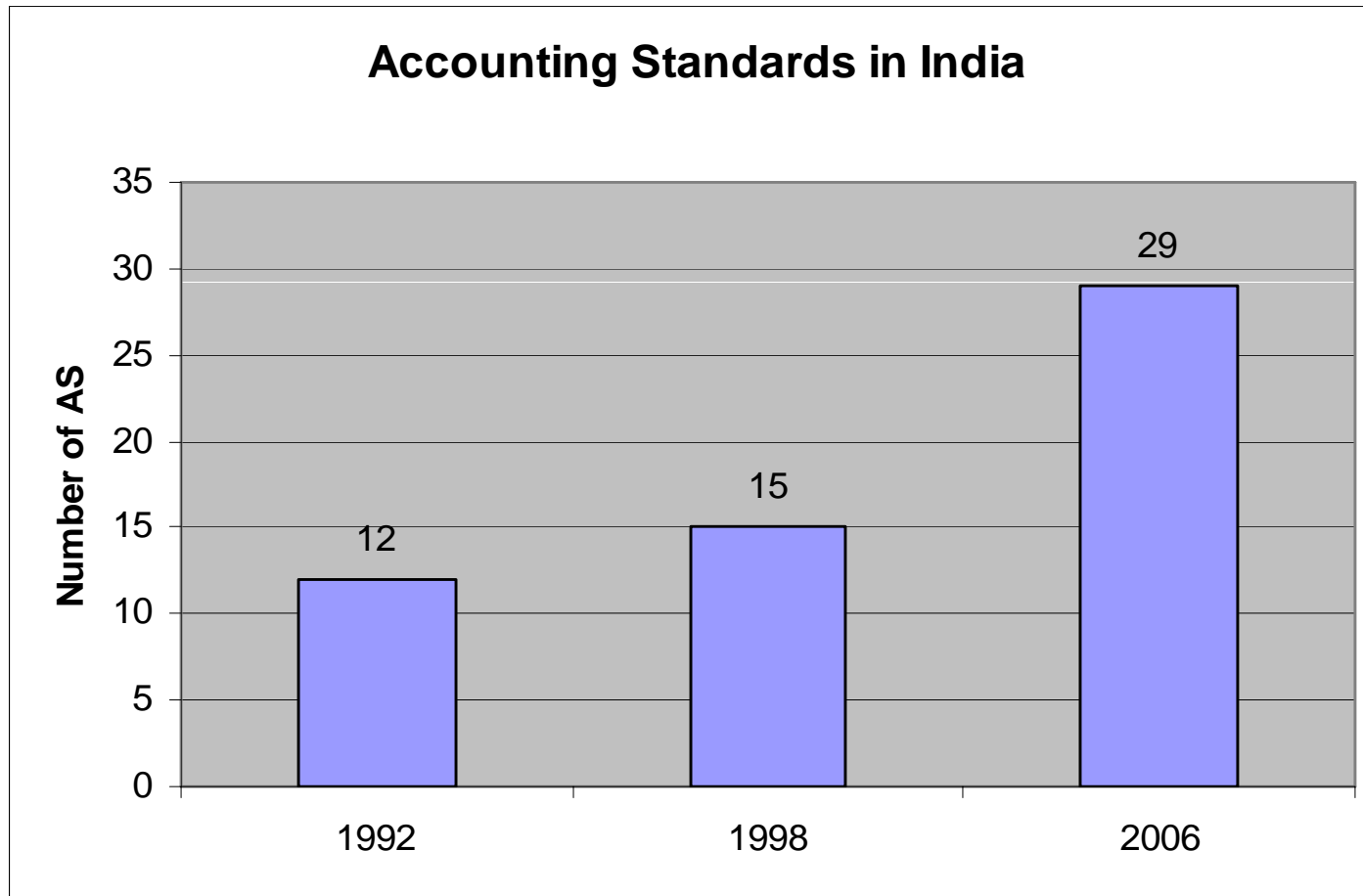


*Building Business
Partnerships*



Present Status





Except AS-24 all are mandatory in nature for Level 1

Applicability of AS

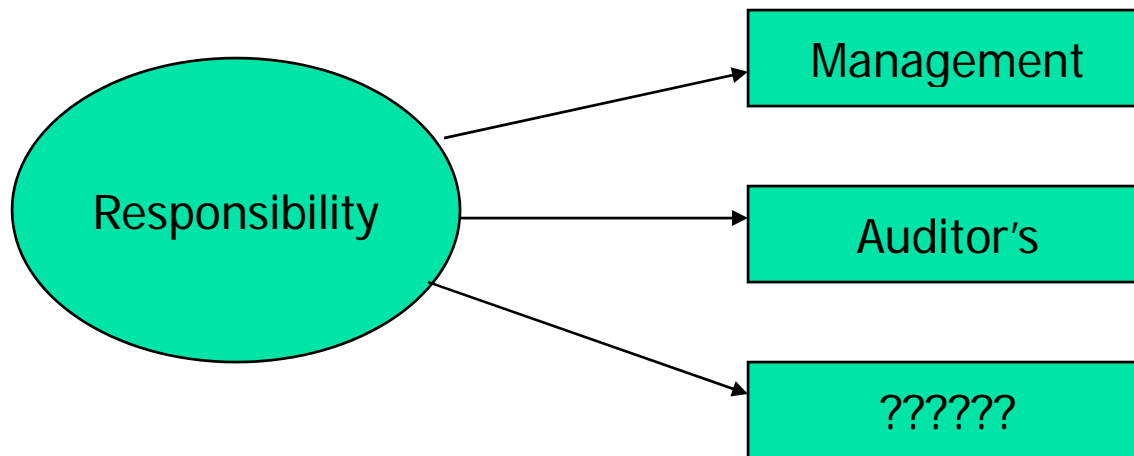
Level	Turnover	Borrowings	Other
I	> 50 cr	> 10 cr	Banking, Insurance
II	40 lacs – 50 cr	1 cr > 10 cr	-
III	Not covered in I & II		

Applicability of AS

AS not applicable on Level I & II

- ▲ AS 3 - Cash flow Statement
- ▲ AS 17 - Segmental Reporting
- ▲ AS 18 - Related party disclosure
- ▲ AS 24 - Discontinuing Operation

Compliance with AS



Structure of Indian AS's

- ▲ Introduction
- ▲ Explanation
- ▲ Standard / Disclosure
- ▲ Date of Applicability

AS-1

**Disclosure of
Accounting Policies**

Introduction

- ▲ Issued in 1979 by ICAI
- ▲ First ever Accounting Standard
- ▲ Mandatory for all enterprises
- ▲ Deals with the disclosure

Fundamental Accounting Assumptions

- ▲ Going Concern
- ▲ Consistency
- ▲ Accrual

Differing Accounting Policies



- ▲ Some areas defined
- ▲ Other Accounting Standards issued

Major Consideration

- ▲ Selection and application of accounting policies
 - ▶ Prudence
 - ▶ Substance over Form
 - ▶ Materiality

Disclosures

- ▲ All significant accounting policies.
- ▲ Any change in the accounting policies.
- ▲ If the fundamental accounting assumptions is not followed.
- ▲ To be disclosed at one place.

AS-9

Revenue Recognition

Introduction

- ▲ Issued in 1985
- ▲ Mandatory for all enterprises after 01.04.1991.
- ▲ Deals with the bases for recognition of revenue in the statement of profit and loss of an enterprise.

Introduction

- ▲ Does not deal with specifics revenues
- ▲ Deals with timing of recognition of revenue

Revenue Recognition



▲ Sale of Goods

- ▶ transfer of goods
- ▶ consideration is involved without any uncertainty.
- ▶ transfer of significant risk and awards

▲ Rendering of Services

- ▶ Proportionate completion method
- ▶ Completed service method

Cont...

Revenue Recognition

- ▲ Interest
- ▲ Royalties
- ▲ Dividend from investment in shares

Disclosures

- ▲ Disclosure of policies followed
- ▲ Disclosure of circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

Examples

- ▲ Delivery is delayed.
- ▲ Delivered subject to conditions.
- ▲ Guarantee case

Questions and Answers

Thanks