

# Overview of Accounting Standards



**NIRC of ICAI**

**10<sup>th</sup> September 2022**

**CA. PRAMOD JAIN**

**FCA, FCS, FCMA, LL.B, MIMA, DISA, IP**

**AS**

- **Companies (Accounting Standards) Rules, 2021 notified vide notification dated 23.06.2021**
- **These have replaced Companies (Accounting Standards) Rules, 2006**
- **Effective for accounting periods commencing on or after 1<sup>st</sup> April, 2021**

# AS Applicability for Companies other than Ind AS

- Effective for Accounting Periods from 1.4.2021

| Conditions                                    | SMC      |          |  | Other than SMC |          |
|---|----------|----------|--|----------------|----------|
|   | Existing | Revised  |  | Existing       | Revised  |
| Turnover<br>(excluding other Income)<br>in PY | < 50 Cr  | < 250 Cr |  | > 50 Cr        | > 250 Cr |
| Borrowing<br>(including public deposit)       | < 10 Cr  | < 50 Cr  |  | > 10 Cr        | > 50 Cr  |

# Accounting Standards



**Entities that  
are to follow  
AS**

**Companies**

**Other than  
Companies**

**Companies  
(Accounting  
Standards)  
Rules, 2021**

**Ind AS**

**ICDS**

**AS issued  
by ICAI**

**ICDS**

# Companies Act 2013

- **FS has to be AS compliant:**
  - **FS to disclose deviation from AS**
  - **Reason for deviation**
  - **Financial effect arising of deviation**
- **Non- compliance**
  - **MD,**
  - **WTD in charge of finance**
  - **CFO**
  - **Any other person charged by Board**
  - **If no one – all directors**
  - **Imprisonment upto 1 yr or F – 50 k to 500 k or both**

???

- **Are Financial Statements Audited during Tax audit of Prop. Partnership?**
- **Are Notes to the accounts prepared for Non-Corporates**
- **Are Accounting Standards applicable to Non-corporates?**
- **What if there is non-compliance?**
- **Where to Report such non-compliance?**



# **Formats of Financial Statements for Non-corporate Entities**



# **Balance Sheet**



Name of the Non-Corporate Entity.....

Balance Sheet as at .....

|     | Particulars                        | Note No | Figures as at the<br>end of (Current<br>reporting period)<br>(in Rs.)<br><br>_____<br>(DD/MM/YYYY) | Figures as at the<br>end of (Previous<br>reporting period)<br>(in Rs.)<br><br>_____<br>(DD/MM/YYYY) |
|-----|------------------------------------|---------|--|---|
|     | 1                                  | 2       | 3  | 4   |
| I.  | <b>EQUITY AND LIABILITIES</b>      |         |  |   |
|     | (1) Owners' Fund                   |         |  |   |
|     | (a) Owners Capital Account         |         |  |   |
|     | (b) Reserves and surplus           |         |  |   |
| (2) | <b>Non-current liabilities</b>     |         |  |   |
|     | (a) Long-term borrowings           |         |  |   |
|     | (b) Deferred tax liabilities (Net) |         |  |   |

|     | Particulars  | Note No | Figures as at the end of (Current reporting period) (in Rs.)<br>_____<br>(DD/MM/YYYY) | Figures as at the end of (Previous reporting period) (in Rs.)<br>_____<br>(DD/MM/YYYY) |
|-----|--|---------|---|--|
|     | ( c) Other Long Term Liabilities   |         |   |  |
|     | Long-term provisions   |         |   |  |
| (3) | <b>Current liabilities</b>   |         |   |  |
|     | (a) Short-term borrowings  |         |   |  |
|     | (b) Trade payables:-<br>(A) total outstanding dues of MSME and<br>(B) total outstanding dues of creditors other than micro, small and medium enterprises . |         |   |  |
|     | (c)Other current liabilities   |         |   |  |
|     | (d)Short-term provisions   |         |   |  |
|     | <b>TOTAL</b>   |         |   |  |
| II. | <b>ASSETS</b>  |         |   |  |
| (1) | <b>Non-Current Assets</b>  |         |   |  |
|     | (a) Property, Plant and Equipment & Intangible assets  |         |   |  |
|     | (i) Property, Plant and Equipment  |         |   |  |
|     | (ii) Intangible assets   |         |   |  |

|     | Particulars                              | Note No | Figures as at the end of (Current reporting period) (in Rs.)<br>_____<br>(DD/MM/YYYY) | Figures as at the end of (Previous reporting period) (in Rs.)<br>_____<br>(DD/MM/YYYY) |
|-----|--|---------|---|--|
|     | (iii) Capital work-in-progress           |         |   |  |
|     | (iv) Intangible assets under development |         |   |  |
|     | (b) Non-current investment               |         |   |  |
|     | (c) Deferred tax assets (net)            |         |   |  |
|     | (d) Long-term loans and advances         |         |   |  |
|     | (e) Other non-current assets             |         |   |  |
| (2) | <b>Current assets</b>                    |         |   |  |
|     | (a) Current investments                  |         |   |  |
|     | (b) Inventories                          |         |   |  |
|     | (c) Trade receivables                    |         |   |  |
|     | (d) Cash and bank balances               |         |   |  |
|     | (e) Short-term loans and advances        |         |   |  |
|     | (f) Other current assets                 |         |   |  |
|     | <b>TOTAL</b>                             |         |   |  |

# **STATEMENT OF PROFIT AND LOSS**

Name of the Non-Corporate Entity..... **CA. Pramod Jain**

Statement of Profit and loss for the year ended .....

(Rupees in.....)

|      | Particulars                           | Note | Figures for the<br>current reporting<br>period (in rs.)<br><br>From _____<br>(DD/MM/YYYY)<br><br>To _____<br>(DD/MM/YYYY) | Figures for the<br>previous reporting<br>period (in Rs.)<br><br>From _____<br>(DD/MM/YYYY)<br><br>To _____<br>(DD/MM/YYYY) |
|------|---------------------------------------|------|---|--|
|      | 1                                     | 2    | 3   | 4  |
| I.   | Revenue from operations               |      | xxx   | Xxx  |
| II.  | Other income                          |      | xxx   | Xxx  |
| III. | <b>Total Income (I + II)</b>          |      | xxx   | Xxx  |
| IV.  | Expenses                              |      |   |  |
| (a)  | Cost of Goods Sold                    |      |   |  |
| (b)  | Employee benefits expense             |      | xxx   | Xxx  |
| (c)  | Depreciation and amortization expense |      | xxx   | Xxx  |
| (d)  | Finance Cost                          |      | xxx   | Xxx  |
| (e)  | Other expenses                        |      | xxx   | xxx  |

|      | Particulars  | Note | Figures for the current reporting period (in Rs.)<br>From _____<br>(DD/MM/YYYY)<br>To _____<br>(DD/MM/YYYY) | Figures for the previous reporting period (in rs.)<br>From _____<br>(DD/MM/YYYY)<br>To _____<br>(DD/MM/YYYY) |
|------|--|------|---|--|
|      | Total expenses   |      | xxx   | xxx  |
| V    | Profit before exceptional and extraordinary items & tax (III-IV)   |      | xxx   | xxx  |
| VI   | Exceptional items  |      | xxx   | xxx  |
| VII  | Profit before extraordinary items and tax (V - VI)                 |      | xxx   | xxx  |
| VIII | Extraordinary Items  |      | xxx   | xxx  |
| IX   | Profit before tax (VII- VIII)                                      |      | xxx   | xxx  |
| X    | Tax expense:   |      |   |  |
| (i)  | Current tax  |      | xxx   | xxx  |
| (ii) | Deferred tax   |      | xxx   | xxx  |
| XI   | Profit (Loss) for the period from continuing operations (VII-VIII) |      | xxx   | xxx  |
| XII  | Profit/(loss) from discontinuing operations                        |      | xxx   | xxx  |
| XIII | Tax expense of discontinuing operations                            |      | xxx   | xxx  |
| XIV  | Profit/(loss) from Discontinuing operations (after tax) (XII-XIII) |      | xxx   | xxx  |
| XV   | Profit/ (Loss) (XI + XIV)  |      | xxx   | xxx  |

# AS Disclosures in Notes

- **SMC / Non- SMC**
- **AS I - Policies**



# SMC Disclosure

- **For FS upto 31.3.2021** - “The Company is a Small and Medium Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 2013. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company.”
- **For FS from 1.4.2021** - “The Company is a Small and Medium Sized Company (SMC) as defined in the Companies (Accounting Standards) Rules, 2021 notified under the Companies Act, 2013. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company.”
- **Two year wait period if change from Non-SMC to SMC**

# **MSME Disclosure**

## **Non Corporate**

- **“The Entity is a Micro Small and Medium Sized Enterprise (MSME) as per the announcement made by ICAI and has complied with the Accounting Standards insofar as they are applicable to entities falling in Level II or Level III or Level IV, as the case may be.”**
- **Two year wait period if change from Level I to II or II to III or III to IV**

# AS Applicability for Non-Corporates

- Effective for Accounting Periods from 1.4.2020
- Instead of 3 levels.. Now 4 levels

| Level | Turnover |           |  | Borrowing |          |
|-------|----------|-----------|--|-----------|----------|
|       | Existing | Revised   |  | Existing  | Revised  |
| I     | > 50 Cr  | > 250 Cr  |  | > 10 Cr   | > 50 Cr  |
| II    | 1-50Cr   | 50-250 Cr |  | 1-10 Cr   | 10-50 Cr |
| III   | < 1 Cr   | 10-50Cr   |  | < 1 Cr    | 2-10Cr   |
| IV    |          | < 10 Cr   |  |           | < 2 Cr   |

# AS Applicability

| AS No. | Short Title                           | Companies |        | Non - Corporates |        |         |        |
|--------|---------------------------------------|-----------|--------|------------------|--------|---------|--------|
|        |                                       | Non-SMC   | SMC    | L - I            | L- II  | L - III | L - IV |
| 1      | Accounting Policies                   | Y         | Y      | Y                | Y      | Y       | Y      |
| 2      | Inventories                           | Y         | Y      | Y                | Y      | Y       | Y      |
| 3      | Cash Flow                             | Y         | N/Y    | Y                | N      | N       | N      |
| 4      | Events after Balance Sheet date       | Y         | Y      | Y                | Y      | Y       | Y      |
| 5      | Prior Period Items & Policies         | Y         | Y      | Y                | Y      | Y       | Y      |
| 6      | Depreciation (Omitted w.e.f. 30.3.16) | NA        | NA     | NA               | NA     | NA      | NA     |
| 7      | Construction                          | Y         | Y      | Y                | Y      | Y       | Y      |
| 9      | Revenue                               | Y         | Y      | Y                | Y      | Y       | Y      |
| 10     | Property, Plant & Equipment           | Y         | Y      | Y                | Y      | Partly  | Partly |
| 11     | Foreign Exchange                      | Y         | Y      | Y                | Y      | Partly  | Partly |
| 12     | Government Grants                     | Y         | Y      | Y                | Y      | Y       | Y      |
| 13     | Investments                           | Y         | Y      | Y                | Y      | Y       | Y      |
| 14     | Amalgamations                         | Y         | Y      | Y                | Y      | Y       | N      |
| 15     | Employee Benefits                     | Y         | Partly | Y                | Partly | Partly  | Partly |

# AS Applicability

| AS No. | Short Title                | Companies  |        | Non - Corporates |        |         |        |
|--------|----------------------------|------------|--------|------------------|--------|---------|--------|
|        |                            | Non-SMC    | SMC    | L - I            | L- II  | L - III | L - IV |
| 16     | Borrowing Cost             | Y          | Y      | Y                | Y      | Y       | Y      |
| 17     | Segment                    | Y          | N      | Y                | N      | N       | N      |
| 18     | Related Party              | Y          | Y      | Y                | Y      | N       | N      |
| 19     | Leases                     | Y          | Partly | Y                | Partly | Partly  | Partly |
| 20     | Earning Per Share          | Y          | Partly | N                | N      | N       | N      |
| 21     | Consolidation              | N/Y        | N/Y    | (listed)         | N      | N       | N      |
| 22     | Deferred Taxes             | Y          | Y      | Y                | Y      | Y       | Partly |
| 23     | Consolidated Statements    | N/Y        | N/Y    | (listed)         | N      | N       | N      |
| 24     | Discontinuing Operation    | Y          | Y      | Y                | Y      | N       | N      |
| 25     | Interim Reporting          | Y (listed) | N**    | N**              | N**    | N**     | N      |
| 26     | Intangible Assets          | Y          | Y      | Y                | Y      | Y       | Partly |
| 27     | Interest in Joint Ventures | N/Y        | N/Y    | (listed)         | N      | N       | N      |
| 28     | Impairment                 | Y          | Partly | Y                | Partly | Partly  | N      |
| 29     | Contingency                | Y          | Partly | Y                | Partly | Partly  | Partly |

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