



Accounting Standards for Non-Corporate Entities

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**How many sets
of AS are there
in India?**

**Whether AS is
applicable to all
non-corporate
entities?**

Applicability as per Preface

“Accounting Standards apply in respect of any enterprise (whether organised in corporate, co-operative or other forms) engaged in commercial, industrial or business activities, irrespective of whether it is profit oriented or it is established for charitable or religious purposes.”

Compliance with AS

“The Accounting Standards will be mandatory from the respective date(s) mentioned in the Accounting Standard(s). The mandatory status of an Accounting Standard implies that while discharging their attest functions, it will be the duty of the members of the Institute to examine whether the Accounting Standard is complied with in the presentation of financial statements covered by their audit.”

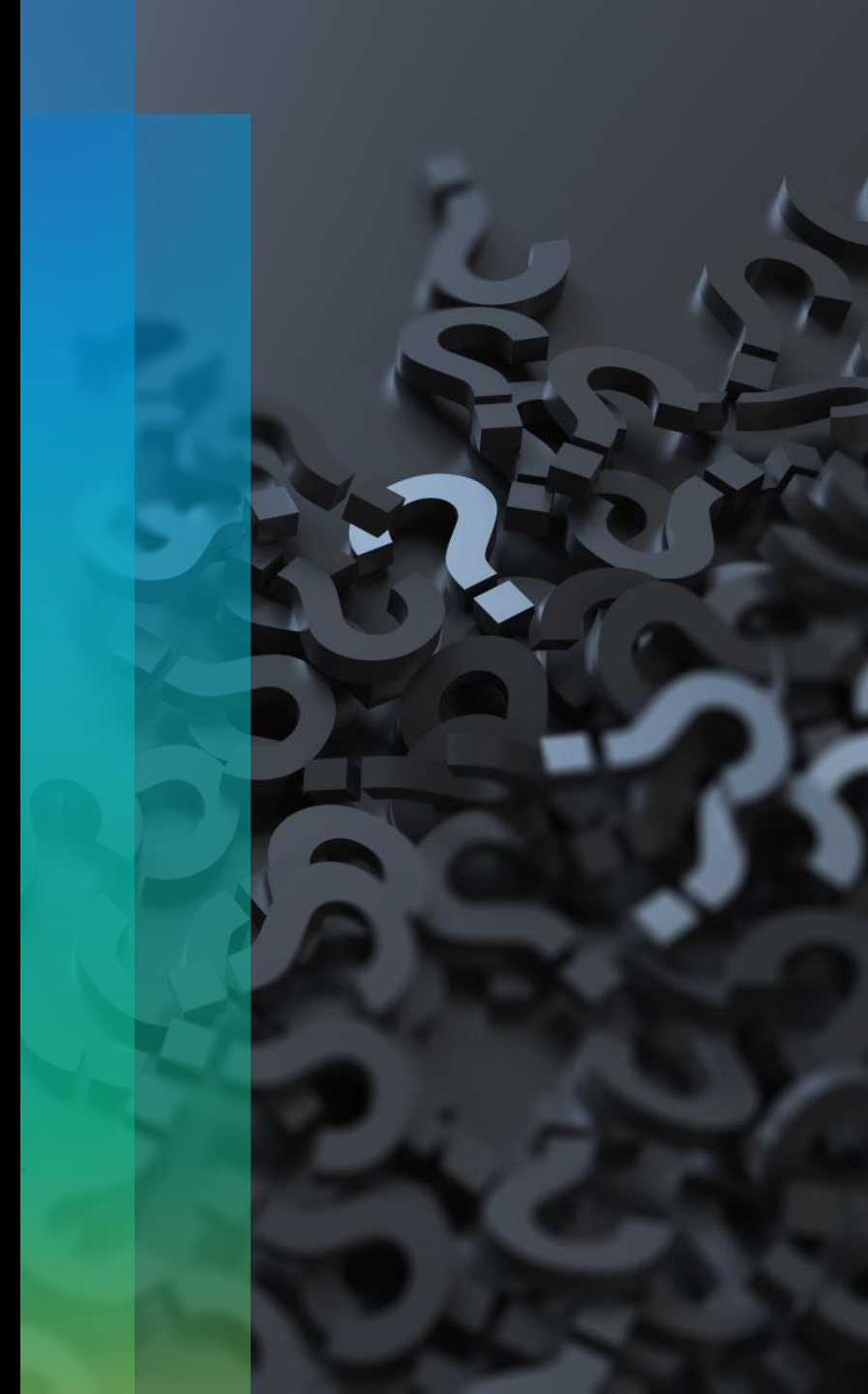
Compliance with AS

In the event of any deviation from the Accounting Standard, it will be their duty to make adequate disclosures in their audit reports so that the users of financial statements may be aware of such deviation.



Let me ask you a few questions...

1. *Are you providing significant accounting policies for a proprietorship accounts?*
2. *Are you creating deferred tax liabilities for a non-corporate client?*
3. *Are you creating provision for gratuity for a partnership accounts?*



Applicability of AS for Non- Companies

Classification of Entities

1

Level I
(Non-SME)

2

Level II
(Medium)

3

Level III
(Small)

4

Level IV
(Micro)

Applicability of AS

Accounting Standard	Level I	Level II	Level III	Level IV	Exemption/ Relaxation
AS 1 Disclosure of Accounting Policies	✓	✓	✓	✓	
AS 2 Valuation of Inventories	✓	✓	✓	✓	
AS 3 Cash Flow Statements	✓	✗	✗	✗	
AS 4 Contingencies and Events Occurring After the Balance Sheet Date	✓	✓	✓	✓	
AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies	✓	✓	✓	✓	

Applicability of AS

Accounting Standard	Level I	Level II	Level III	Level IV	Exemption/ Relaxation
AS 7 Construction Contracts	✓	✓	✓	✓	
AS 9 Revenue Recognition	✓	✓	✓	✓	
AS 10 Property, Plant and Equipment	✓	✓	✓	✓	Disclosure exemption for Level III & IV.
AS 11 The Effects of Changes in Foreign Exchange Rates	✓	✓	✓	✓	
AS 12 Accounting for Government Grants	✓	✓	✓	✓	

Applicability of AS

Accounting Standard	Level I	Level II	Level III	Level IV	Exemption/ Relaxation
AS 13 Accounting for Investments	✓	✓	✓	✓	Disclosure exemption for IV
AS 14 Accounting for Amalgamations	✓	✓	✓	✗	
AS 15 Employee Benefits	✓	✓	✓	✓	Exemptions for II, III & IV
AS 16 Borrowing Costs	✓	✓	✓	✓	

Applicability of AS

Accounting Standard	Level I	Level II	Level III	Level IV	Exemption/ Relaxation
AS 17 Segment Reporting	✓	✗	✗	✗	
AS 18 Related Party Disclosures	✓	✓	✗	✗	
AS 19 Leases	✓	✓	✓	✓	Disclosure exemption for II, III & IV
AS 20 Earnings Per Share	✓	✗	✗	✗	
AS 21 Consolidated Financial Statements	✓	✗	✗	✗	

Applicability of AS

Accounting Standard	Level I	Level II	Level III	Level IV	Exemption/ Relaxation
AS 22 Accounting for Taxes on Income	✓	✓	✓	✓	Level IV – Deferred tax not applicable
AS 23 Accounting for Investments in Associates in Consolidated Financial Statements	✓	✗	✗	✗	
AS 24 Discontinuing Operations	✓	✓	✗	✗	
AS 25 Interim Financial Reporting	✓	✗	✗	✗	

Applicability of AS

Accounting Standard	Level I	Level II	Level III	Level IV	Exemption/Relaxation
AS 26 Intangible Assets	✓	✓	✓	✓	
AS 27 Financial Reporting of Interests in Joint Ventures	✓	✗	✗	✗	
AS 28 Impairment of Assets	✓	✓	✓	✗	Exemption for level II & III
AS 29 Provisions, Contingent Liabilities and Contingent Assets	✓	✓	✓	✓	Disclosure exemptions for II, III & IV

ICDS applicability

- Applicable to all the assessees
- except an individual or a HUF not required to get the accounts audited u/s. 44AB
- following Mercantile System of Accounting and
- Income is chargeable under the head “Profit & gains of business or profession” or “Income from other sources”

AS and ICDS

- Financial Statements should comply with AS
- Adjustments prescribed under ICDS need to be done while computing the tax – Disclose under ITR and Clause 13 of Form 3CD.



Thank you..

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