Obligation to comply with Indian Accounting Standards (Ind AS) with effect from 1st April, 2015

# Companies (Indian Accounting Standards) Rules, 2015 Notified on 16th February 2015

## I. Mandatory Compliance

Criteria-I: The following companies shall comply with the Indian Accounting Standards (Ind AS) for the accounting periods beginning on or after 1st April, 2016, with the comparatives for the periods ending on 31st March, 2016, or thereafter, namely:-

1. Companies whose equity or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and having net worth of rupees five hundred

crore (Rs. 500 crores) or more;

2. Unlisted Companies having net worth of rupees five hundred crore (Rs. 500 crores) or more

3. Holding, Subsidiary, Joint Venture or Associate Companies of companies covered under clause 1 and 2 above

Criteria -II: the following companies shall comply with the Indian Accounting Standards (Ind AS) for the accounting periods beginning on or after 1st April, 2017, with the comparatives for the periods ending on 31st March, 2017, or thereafter, namely

1. Companies whose equity or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and having net worth of less than rupees five hundred crore (Rs. 500 crores)

2. Unlisted Companies net worth of rupees two hundred and fifty crore (Rs. 250 crores) or more but less than rupees five hundred crore (Rs. 500 crores).

3. Holding, Subsidiary, Joint Venture or Associate Companies of companies covered under clause 1 and 2 above

## II. Voluntary Compliance

• Any company may comply with the Indian Accounting Standards (Ind AS) for financial statements for accounting period beginning on or after 1st April, 2015, with the comparatives for the periods ending on 31st March, 2015, or thereafter;

• Any company opting to apply the Indian Accounting Standards (Ind AS) voluntarily shall prepare its financial statements as per the Indian Accounting Standards (Ind AS) consistently.

• Once a company starts following the Indian Accounting Standards (Ind AS) either voluntarily or mandatorily, it shall be required to follow the Indian Accounting Standards (Ind AS) for all the subsequent financial statements even if any of the criteria specified does not subsequently apply to it.

• Once the Indian Accounting Standards (Ind AS) are applied voluntarily, it shall be irrevocable.

## III. Net Worth

• Definition as per section 2(57) Companies Act, 2013

• The net worth shall be calculated in accordance with the stand-alone financial statements of the company as on 31st March, 2014 or the first audited financial statements for accounting period which ends after that date.

• For companies which are not in existence on 31st March, 2014 or an existing company falling under any of thresholds for the first time after 31st March, 2014, the net worth shall be calculated on the basis of the first audited financial statements ending after that date in respect of which it meets the thresholds.

## IV. Manner of Preparation

• Standards once required to be complied with in accordance with these rules, shall apply to both stand-alone financial statements and consolidated financial statements.

• Overseas subsidiary, associate, joint venture and other similar entities of an Indian company may prepare its standalone financial statements in accordance with the requirements of the specific jurisdiction.

• Indian company which is a subsidiary, associate, joint venture and other similar entities of a foreign company shall prepare its financial statements in accordance with the Indian Accounting Standards (Ind AS) either voluntarily or mandatorily if it meets the criteria as specified

## V. Exemptions from applying Indian Accounting Standards (Ind AS)

1. The Insurance Companies,

2. Banking companies

3. Non-Banking finance companies

## VI. Roadmap

First-time Adoption and the exemptions for the first-time adopter of Indian Accounting Standards is given under Part C and Part D of Indian Accounting Standard (Ind AS) 101

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