# Indian Accounting Standards (Ind As)

As we all know that as per Notification of Ministry of Corporate Affairs on 16th February2015

Ind As has come into force. They shall come into force on the 1st day of April, 2015.

**The basic points of notification i.e. applicability of Ind As.**

**Applicability of Accounting Standards**:

1. The Indian Accounting Standards (Ind AS) shall be the accounting standards applicable to

classes of **companies specified in rule 4** of Companies (Indian Accounting Standards) Rules,

2015.

2. The **Accounting Standards Rules, 2006** shall be the Accounting Standards applicable to the

companies **other than the classes of companies specified in rule 4. (3)**

3. A company which follows the Indian Accounting Standards **(Ind AS)** specified **in rule 4** of

Companies (Indian Accounting Standards) Rules, 2015 **shall follow such standards only.**

4. A company which follows the **accounting standards** specified in Annexure to the Companies

(Accounting Standards) Rules, 2006 shall comply with such standards only and **not the**

**Standards** specified in Companies **(Indian Accounting Standards) Rules, 2015.**

**Obligation to comply with Indian accounting Standards (Ind AS)**

The **Companies and their auditors** shall comply with the Indian Accounting Standards (Ind

 AS) specified in Annexure to Companies **(Indian Accounting Standards) Rules**, 2015 in

**preparation of their financial statements and audit** respectively, in the following manner,

namely:-

 1. For Accounting periods beginning on or after 1st April, 2015 with the comparatives for

periods ending on 31st March, 2015, or thereafter.

**Any company may comply with the Ind AS.**

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 *Note:* Both conditions of Net worth & Listing are mandatory to apply Ind As.

3. Companies whose securities are listed or are in the process of being listed on SME exchange

*(as referred to in Chapter XB or on the Institutional Trading Platform )* without initial public

offering *(in accordance with the provisions of Chapter XC of the Securities and Exchange Board*

*of India (Issue of Capital and Disclosure Requirements) Regulations, 2009)* only clause (i) i.e.

 Any company maycomply with Ind AS for financial statements for accounting periods

beginning on or after 1st April,2015, with the comparatives for the periods ending on 31st

March, 2015, or thereafter; shall apply.

**Other Points :**

A. Ind As once required to be complied with in accordance with Companies (Indian Accounting

Standards) Rules, 2015, shall apply to both stand-alone financial statements and consolidated

Financial statements.

B. for companies which are not in existence on 31st March, 2014 or an existing company falling

under any of thresholds specified 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 specified .

Explanation: - The companies meeting the specified thresholds given in sub-rule (1) for the first

time at the end of an accounting year shall apply Ind AS from the immediate next accounting

year in the manner specified

Illustration: - (i) The companies meeting threshold for the first time as on 31st March, 2017 shall

apply Ind AS for the financial year 2017-18 onwards.

(ii) The companies meeting threshold for the first time as on 31st March, 2018 shall apply Ind

AS for the financial year 2018-19 onwards and so on.

C. 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, provided that such Indian company shall prepare its consolidated financial

statements in accordance with Ind AS either voluntarily or mandatorily if it meets the criteria.

D**. 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 Ind AS either

voluntarily or mandatorily if it meets the criteria.

E. Any company opting to apply the Ind AS voluntarily shall prepare its financial statements as

per the **Ind AS consistently**.

F. Once the Ind AS are applied voluntarily, it shall be **irrevocable** and such companies shall not

 be required to prepare another set of financial statements in accordance with Accounting

Standards specified in Annexure to Companies (Accounting Standards) Rules, 2006.

G. Once a company starts following the Ind AS either voluntarily or mandatorily on the basis of

criteria, it shall be required to follow the Ind AS for all the **subsequent financial statements**

even if any of the criteria specified in this rule does not subsequently apply to it.

**Exemption:**

(i) Insurance companies,

(ii) Banking companies and

(iii) non-banking finance companies

Shall not be required to apply Ind AS for preparation of their financial statements either

voluntarily or mandatorily as specified.

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