

APPLICABILITY OF ACCOUNTING STANDARDS

Accounting Standards are written policy documents issued by expert accounting body or by the government or other regulatory body covering the aspects of recognition, measurement, treatment, presentation, and disclosure of accounting transactions in financial statements.

Classification of Enterprises: The enterprises are classified and labeled as **Level-I**, **Level-II** and **Level-III** companies. Based on this classification and the category in which they fall the Accounting standards are applicable to the enterprises.

Level I Enterprises: Enterprises which fall under any one or more category below mentioned are termed as Level I Companies

1. Enterprises whose equity or debt securities are listed whether in India or outside India
2. Enterprises which are in the process of listing their equity or debt securities. Board of directors' resolution must be available as an evidence
3. Banks including co-operative banks
4. Financial institutions
5. Enterprises carrying on insurance business
6. All commercial, industrial & business reporting enterprises, whose turnover not including other income for the immediately preceding accounting period on basis of audited financial statements exceeds Rs.50 crore
7. All commercial, industrial and business reporting enterprises having borrowings, including public deposits, in excess of Rs. 10 crores at any time during the accounting period
8. Holding and subsidiary enterprises of any one of the above at any time during the accounting period

Level II Enterprises

Enterprises which fall under any one or more category below mentioned are termed as Level II Companies

1. All commercial, industrial and business reporting enterprises, whose turnover (excluding 'other income') for the immediately preceding accounting period on the basis of audited financial statements is greater than Rs. 40 lakhs but less than Rs. 50 crore
2. All commercial, industrial and business reporting enterprises having borrowings, including public deposits, is greater Rs. 1 crore but less than Rs. 10 crores at any time during the accounting period
3. Holding and subsidiary enterprises of any one of the above at any time during the accounting period

Level III Enterprises:

Enterprises which do not fall under Level I and Level II, are considered as Level III enterprises

Applicability of Accounting standards

Accounting Standard	Level I	Level II	Level III
AS 1 Disclosure of Accounting Principles	Yes	Yes	Yes
AS 2 Valuation of Inventories	Yes	Yes	Yes
AS 3 Cash Flow Statements	Yes	No	No
AS 4 Contingencies and Events Occurring After the Balance Sheet Date	Yes	Yes	Yes
AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies	Yes	Yes	Yes
AS 7 Construction Contracts (Revised 2002)	Yes	Yes	Yes
AS 9 Revenue Recognition	Yes	Yes	Yes

AS 10 Accounting for Fixed Assets	Yes	Yes	Yes
AS 11 The Effects Of Changes In Foreign Exchange Rates (Revised 2003)	Yes	Yes	Yes
AS 12 Accounting for Government Grants	Yes	Yes	Yes
AS 13 Accounting for Investments	Yes	Yes	Yes
AS 14 Accounting for Amalgamations	Yes	Yes	Yes
AS 15 Employee Benefits (Revised 2005)	Yes	Yes	Yes
AS 16 Borrowing Costs	Yes	Yes	Yes
AS 17 Segment Reporting	Yes	No	No
AS 18 Related Party Disclosures	Yes	No	No
AS 19 Leases	Yes	Partial	Partial
AS 20 Earnings Per Share	Yes	Partial	Partial
AS 21 Consolidated Financial Statements	Yes	No	No
AS 22 Accounting for taxes on income	Yes	Yes	Yes
AS 23 Accounting for Investments in Associates in Consolidated Financial Statements	Yes	No	No
AS 24 Discontinuing Operations	Yes	No	No
AS 25 Interim Financial Reporting	Yes	No	No
AS 26 Intangible Assets	Yes	Yes	Yes
AS 27 Financial Reporting of Interests in Joint Ventures	Yes	No	No
AS 28 Impairment of Assets	Yes	Yes	Yes
AS 29 Provisions, Contingent Liabilities and Contingent Assets	Yes	Partial	Partial

1. AS 19 Leases: Paragraphs 22(c), (e) and (f); 25(a), (b) and (e); 37(a), (f) and (g); and 46(b), (d) and (e), of AS 19 does not apply to Level II and Level III enterprises

2. AS 20 Earnings Per Share: The provisions of Part IV of Schedule VI to the Companies Act, 1956 require all companies to disclose earning per share in their financial statements. AS 20 does not mandate disclosure of diluted earning per share and information required by paragraph 48 for Level II and Level III enterprises. Hence only Level I enterprises are required to apply AS 20 entirely without any relaxations.

3. AS 29, Provisions, Contingent Liabilities, and Contingent Assets: Paragraph 67 does not apply to Level II enterprises and Paragraphs 66 and 67 does not apply to Level II and Level III enterprises.

About Us: LABHYANSH is a professionally managed Accounting, Taxation and Compliance Outsourcing services provider having presence in India. Provides services that are Timely, Accurate and Cost Effective using well defined processes. Our team seek to serve every client in the most efficient manner. We incorporate a passion for client satisfaction and support in their success. Our services enable client's business to enhance operational and financial agility by streamlining and optimizing key processes.

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