



KARWA & ASSOCIATES
CHARTERED ACCOUNTANTS

Applicability of Accounting Standards to Non-Company Entities

The scheme for applicability of Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) to non-company entities shall come into effect for accounting periods commencing on or after 1 April 2020. For the applicability of Accounting Standards, non-company entities are classified into four categories:

Level	Description
Level I	<p>Level I entities are large size, non-company entities which comprise of:</p> <ol style="list-style-type: none"> 1. Entities whose securities are listed or are in the process of listing on any stock exchange, whether in India or outside India 2. Banks (including co-operative banks), financial institutions or entities carrying on insurance business 3. All entities engaged in commercial, industrial or business activities, whose turnover (excluding other income) exceeds rupees 250 crore in the immediately preceding accounting year. 4. All entities engaged in commercial, industrial or business activities having borrowings (including public deposits) in excess of INR 50 crore at any time during the immediately preceding accounting year 5. Holding and subsidiary entities of any one of the above
Level II	<p>Level II entities are medium size entities, which comprise of:</p> <ol style="list-style-type: none"> 1. All entities engaged in commercial, industrial, or business activities, whose turnover (excluding other income) exceeds INR 50 crore but does not exceed INR 250 crore in the immediately preceding accounting year 2. All entities engaged in commercial, industrial, or business activities having borrowings (including public deposits) in excess of INR 10 crore but not in excess of INR 50 crore at any time during the immediately preceding accounting year 3. Holding and subsidiary entities of any one of the above
Level III	<p>Level III entities are small size entities, which comprise of:</p> <ol style="list-style-type: none"> 1. All entities engaged in commercial, industrial, or business activities, whose turnover (excluding other income) exceeds INR 10 crore but does not exceed INR 50 crore in the immediately preceding accounting year 2. All entities engaged in commercial, industrial, or business activities having borrowings (including public deposits) in excess of INR 2 crore but does not exceed INR 10 crore at any time during the immediately preceding accounting year 3. Holding and subsidiary entities of any one of the above
Level IV	<p>Level IV entities are micro entities which comprise of: Non-company entities which are not covered under Level I, Level II, and Level III are considered as Level IV entities. These are the entities with annual turnover less than INR 10 crore and borrowings less than INR 2 crore.</p>

Level I entities are required to comply in full with all the Accounting Standards.

The applicability of Accounting Standards to the above categories of non-company entities is summarized as under:

Accounting Standard (AS)	Level II Entities	Level III Entities	Level IV Entities
AS 1: Disclosure of Accounting Policies	Applicable	Applicable	Applicable
AS 2: Valuation of Inventories	Applicable Not	Applicable Not	Applicable Not
AS 3: Cash Flow Statements	Not Applicable	Not Applicable	Not Applicable
AS 4: Contingencies and Events Occurring After the Balance Sheet Date	Applicable	Applicable	Applicable
AS 5: Net Profit or Loss for the Period, Prior Period Items, and Changes in Accounting Policies	Applicable	Applicable	Applicable
AS 7: Construction Contracts	Applicable	Applicable	Applicable
AS 9: Revenue Recognition	Applicable	Applicable	Applicable
AS 10: Property, Plant, and Equipment	Applicable	Applicable with disclosures exemption	Applicable with disclosures exemption
AS 11: The Effects of Changes in Foreign Exchange Rates	Applicable	Applicable with disclosures exemption	Applicable with disclosures exemption
AS 12: Accounting for Government Grants	Applicable	Applicable	Applicable
AS 13: Accounting for Investments	Applicable	Applicable	Applicable with disclosures exemption Not
AS 14: Accounting for Amalgamations	Applicable	Applicable	Applicable (Refer note 2(C))
AS 15: Employee Benefits	Applicable with exemptions	Applicable with exemptions	Applicable with exemptions
AS 16: Borrowing Costs	Applicable	Applicable	Applicable
AS 17: Segment Reporting	Not Applicable	Not Applicable	Not Applicable
AS 18: Related Party Disclosures	Applicable	Not Applicable	Not Applicable
AS 19: Leases	Applicable with disclosures exemption	Applicable with disclosures exemption	Applicable with disclosures exemption
AS 20: Earnings Per Share	Not Applicable	Not Applicable	Not Applicable
AS 21: Consolidated Financial Statements	Not Applicable	Not Applicable	Not Applicable
AS 22: Accounting for Taxes on Income	Applicable	Applicable	Applicable only for current tax related provisions
AS 23: Accounting for Investments in Associates in Consolidated Financial Statements	Not Applicable	Not Applicable	Not Applicable
AS 24: Discontinuing Operations	Applicable	Not Applicable	Not Applicable
AS 25: Interim Financial Reporting	Not Applicable	Not Applicable	Not Applicable
AS 26: Intangible Assets	Applicable	Applicable	Applicable with disclosures exemption
AS 27: Financial Reporting of Interests in Joint Ventures	Not Applicable	Not Applicable	Not Applicable
AS 28: Impairment of Assets	Applicable with disclosures exemption	Applicable with disclosures exemption	Not Applicable
AS 29: Provisions, Contingent Liabilities, and Contingent Assets	Applicable with disclosures exemption	Applicable with disclosures exemption	Applicable with disclosures exemption



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