ACCOUNTING STANDARDS FOR MSME

ICAI KOZHIKODE

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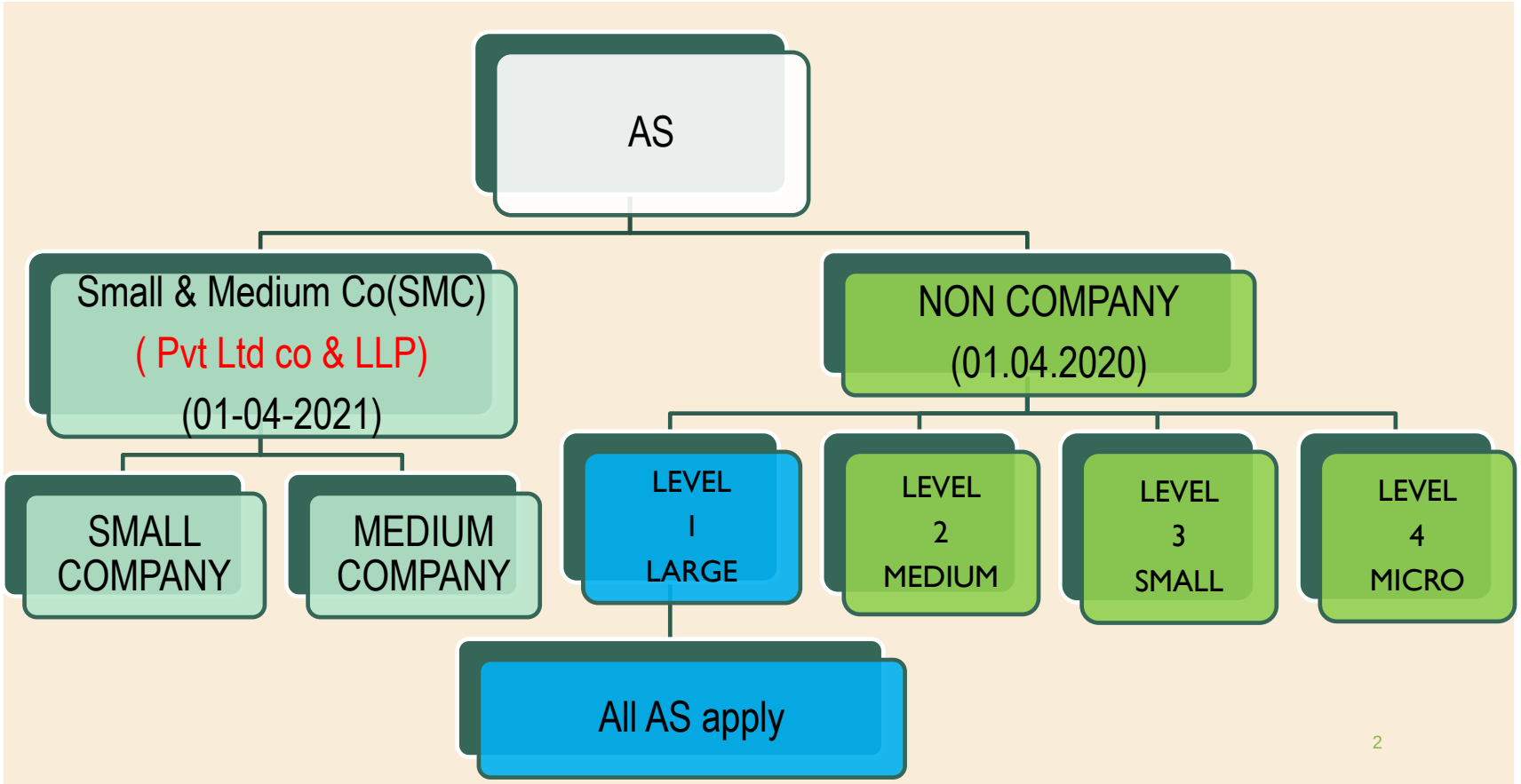
APPLICABILITY OF ACCOUNTING STANDARDS (AS)



NON COMPANY CLASSIFICATION (W.E.F 01.04.2020)

DETAILS (Any one)	MICRO LEVEL-4	SMALL LEVEL -3	MEDIUM LEVEL -2	LARGE LEVEL-1
Turnover in previous year (excl Other Income)	Upto 10 cr	10-50 cr	50-250 cr	+250cr
Borrowings at any time	Upto 2 cr	2-10 cr	10-50 cr	+50 cr
Securities Listed /listing in India or abroad Banks, FI, Insurance				Level - 1
Holding and subsidiary		Holding and subsidiary of any of above		
Accounting Standards				ALL AS Apply

NON COMPANY CLASSIFICATION (W.E.F 01.04.2020)

No need to restate pr year if Level changes in 20-21. Only disclose

If Level falls from 1 to 2 or downward cannot use exemption /relaxation for 2 years

Disclose/recognise if entity DOES NOT want to avail exemptions/relaxations

AS APPLICABLE TO ALL LEVELS

AS No:	ACCOUNTING STANDARD
1	Disclosures of Accounting Policies
2	Valuation of Inventories
4	Contingencies and Events Occurring After the Balance Sheet Date
5	Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies
7	Construction Contracts
9	Revenue Recognition
12	Accounting for Government Grants
16	Borrowing Cost

AS NOT APPLICABLE TO LEVEL 2,3,4

AS No:	ACCOUNTING STANDARD
3	Cash Flow Statement
17	Segment Reporting
20	Earnings Per Share
21	Consolidated Financial Statements
23	Accounting for Investments in Associates in Consolidated Financial Statements
25	Interim Financial Reporting
27	Financial Reporting of Interests in Joint Ventures

EXEMPTIONS/RELAXATIONS TO LEVEL: 2,3,4

AS	LEVEL 2	LEVEL 3	LEVEL 4
AS (1O ,11,29)		DISCLOSURES EXEMPTIONS	DISCLOSURES EXEMPTIONS
AS 13			DISCLOSURES EXEMPTIONS
AS -14			NA
AS-18 (RP)		NA	NA
AS -22 Taxes			No Deferred Tax
AS -24		NA	NA
AS -26 -Intangibles			DISCLOSURES EXEMPTIONS
AS-29	DISCLOSURES EXEMPTIONS	DISCLOSURES EXEMPTIONS	DISCLOSURES EXEMPTIONS

EXEMPTIONS/RELAXATIONS TO LEVEL : 2,3,4

AS	LEVEL 2	LEVEL 3	LEVEL 4
AS -15 Emp benefits	**More than 50 employees (exemption from)** 1. Discounting liability more than 1 year 2. Defined benefit plans & other long term employee benefits Recognition,measurement,presentation ,disclosure exemption: Must do Actuarial valuation using proj unit credit method with market yields. Disclose Actuarial assumptions 3. Non vesting short term acccum comp absences		NA
AS -15 Emp benefits	**Less than 50 employees (exemption from)** 1. Same as above except that General provision must be made for accrued liability		Irrespective of no: of employees

EXEMPTIONS/RELAXATIONS TO LEVEL : 2,3,4

AS	EXEMPTIONS	2	3	4
19 LEASES	subparagraphs (c), (e) and (f) to paragraph 22 - disclosures for finance leases. subparagraphs (a), (b) and (e) to paragraph 25 - disclosures for operating leases. subparagraphs (a) and (f) to paragraph 37 - disclosures for finance leases. subparagraphs (b) and (d) to paragraph 46 - disclosures for operating leases.	YES		
19 LEASES	subparagraphs (g) to paragraph 37 - disclosures for finance leases		YES	
19 LEASES	Para 38			YES

SMALL & MEDIUM SIZED COMPANY (SMC) -W.E.F 01.04.2021

DETAILS	SMC	SMALL
Turnover (Excl Other Income) in previous year	upto 250cr	40cr (Sept 15,2022)
Borrowings at any time in previous year	Upto 50 cr	
Unlisted / not in listing in India or abroad Not Banks/FI/Insurance	Yes	
Not Holding and subsidiary of a non SMC at the end of the relevant period Excludes JV /Associates	Yes	
Paid up share capital		4 cr

MAIN EXEMPTIONS/RELAXATIONS FOR SMC

AS	SMC	SMALL
AS-3 –CASH FLOW		Exempted for small, OPC, dormant company
AS -15 Emp Benefits	1. No need to discount contributions/amounts that fall due more than one year **2. Defined benefit plans/Oth LT empl benefits Recognition & Measurement:** Must do Actuarial valuation using proj unit credit method with market yields 3. Presentation /disclosure of defined benefit plans. Must disclose actuarial assumptions 4. Non vesting short term comp absences	

MAIN EXEMPTIONS/RELAXATIONS FOR SMC

AS	SMC
AS-19 Leases	1. subparagraphs (c), (e) and (f) to paragraph 22 - disclosures for finance leases. 2. subparagraphs (a), (b) and (e) to paragraph 25 - disclosures for operating leases. 3. subparagraphs (a) and (f) to paragraph 37 - disclosures for finance leases. 4. subparagraphs (b) and (d) to paragraph 46 - disclosures for operating leases.
AS -20 EPS	Disclosure of diluted earnings per share (both including and excluding extra- ordinary items)

MAIN EXEMPTIONS/RELAXATIONS FOR SMC

AS	SMC
AS-28 Impairment	1. For SMC, the definition of the term 'value in use' would be different :"instead of using the present value technique, a reasonable estimate of the 'value in use' can be made". 2. If above is chosen the relevant provisions of AS 28, such as discount rate etc., would not be applicable
AS -29	paragraph 66 and 67 Disclosures relating to each class of provisions

SCH III – DIV I

AS	REMARKS
SHORT TERM BORROWINGS	Current maturity of long-term borrowings should be classified as short-term borrowings and presented as a separate line item
AS 13	Long term investment = from date of investment DIV III –SCH I : From date of Balance Sheet (prevails as per guidance note) The portion of long-term investment as per AS13 which is expected to be realized within twelve months from the Balance Sheet date needs to be shown as Current investment under the Schedule III.

SCH III – DIV I

8.9.7 Security of current assets against borrowings

Where the company has borrowings from banks or financial institutions on the basis of security of current assets, it shall disclose the following:

(a) whether quarterly returns or statements of current assets filed by the company with banks or financial institutions are in agreement with the books of accounts.

(b) if not, summary of reconciliation and reasons of material discrepancies, if any to be adequately disclosed.

Quarter	*Name of bank*	*Particulars of Securities Provided*	*Amount as per books of account*	*Amount as reported in the quarterly return/ statement*	*Amount of difference*	*Reason for material discrepancies*
June 20XX	Bank X	Finished Goods	*XX*	*XX*	*XX*	

SCH III – DIV I

Trade Payables ageing schedule

(Amount in Rs.)

Particulars	Outstanding for following periods from due date of payment#				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME (ii) Others (iii) Disputed dues – MSME (iv) Disputed dues – Others					

Trade Receivables ageing schedule

(Amount in Rs.)

Particulars	Outstanding for following periods from due date of payment#					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables – considered good						
(ii) Undisputed Trade Receivables – considered doubtful						
(iii) Disputed Trade Receivables – considered good						
(iv) Disputed Trade Receivables – considered doubtful						

SCH III – DIV I

SCH III – DIV I

Following disclosures shall be made where Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:
(a) repayable on demand; or

(b) without specifying any terms or period of repayment

Type of Borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Promoters		
Directors		
KMPs		
Related Parties		

SCH III – DIV I

CWIP ageing schedule

(Amount in Rs.)

CWIP	Amount in CWIP for a period of				Total*
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
Projects temporarily suspended					

SCH III – DIV I

Name of the struck off company	Nature of transactions with struck off company	Balance outstanding	Relationship with the struck off company, if any, to be disclosed
	Investment in securities		
	Receivables		
	Payables		
	Shares held by struck off company		
	Other outstanding balances (to be specified)		

SCH III – DIV I

8.9.12 Analytical Ratios

The company shall explain the financial statement line items included in numerator and denominator for computing the following ratios:

(a) Current ratio

(b) Debt-equity ratio

(c) Debt service coverage ratio

(d) Return on equity ratio

(e) Inventory turnover ratio

(f) Trade receivables turnover ratio

(g) Trade payables turnover ratio

(h) Net capital turnover ratio

(i) Net profit ratio

(j) Return on capital employed

(k) Return on investment

Further explanation shall be provided for any change in the ratio by more than 25% as compared to the ratio of preceding year.

SCH III – DIV I

8.9.12.2 An illustrative format (Refer **Annexure B**) for this disclosure is given below:

Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Reason for variance
Current Ratio						
Debt-equity ratio						
.						
.						
.						
Return on capital employed						
Return on investment						

SCH III – DIV I

8.9.8 Wilful Defaulter*

Where a company is declared wilful defaulter by any bank or financial institution or other lender, following details shall be given:

(a) Date of declaration as wilful defaulter;

(b) Details of defaults (amount and nature of defaults)

* A 'wilful defaulter' means a person or an issuer who or which is categorized as a wilful defaulter by any bank or financial institution (as defined under the Act) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

SCH III – DIV I

8.9.1 Title deeds of Immovable Property not held in the name of the Company

The company shall provide the details of all the immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) whose title deeds are not held in the name of the company in format given below and where such immovable property is jointly held with others, details are required to be given to the extent of the company's share.

Relevant line item in the Balance Sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative# of promoter* / director or employee of promoter / director	Property held since which date	Reason for not being held in the name of the company**
PPE Investment property PPE retired from active use and held for disposal Others	Land Building Land Building Land Building	-	-	-	-	** also indicate if in dispute

SCH III – DIV I

8.9.6 Details of Benami Property held

Where any proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and the Rules made thereunder, the company shall disclose the following:

(a) Details of such property, including year of acquisition;

(b) Amount thereof;

(c) Details of Beneficiaries;

(d) If property is in the books, then reference to the item in the Balance Sheet;

(e) If property is not in the books, then the fact shall be stated with reasons;

(f) Where there are proceedings against the company under this law as an a better of the transaction or as the transferor then the details shall be provided;

(g) Nature of proceedings, status of same and company's view on the same.

Thank You

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