



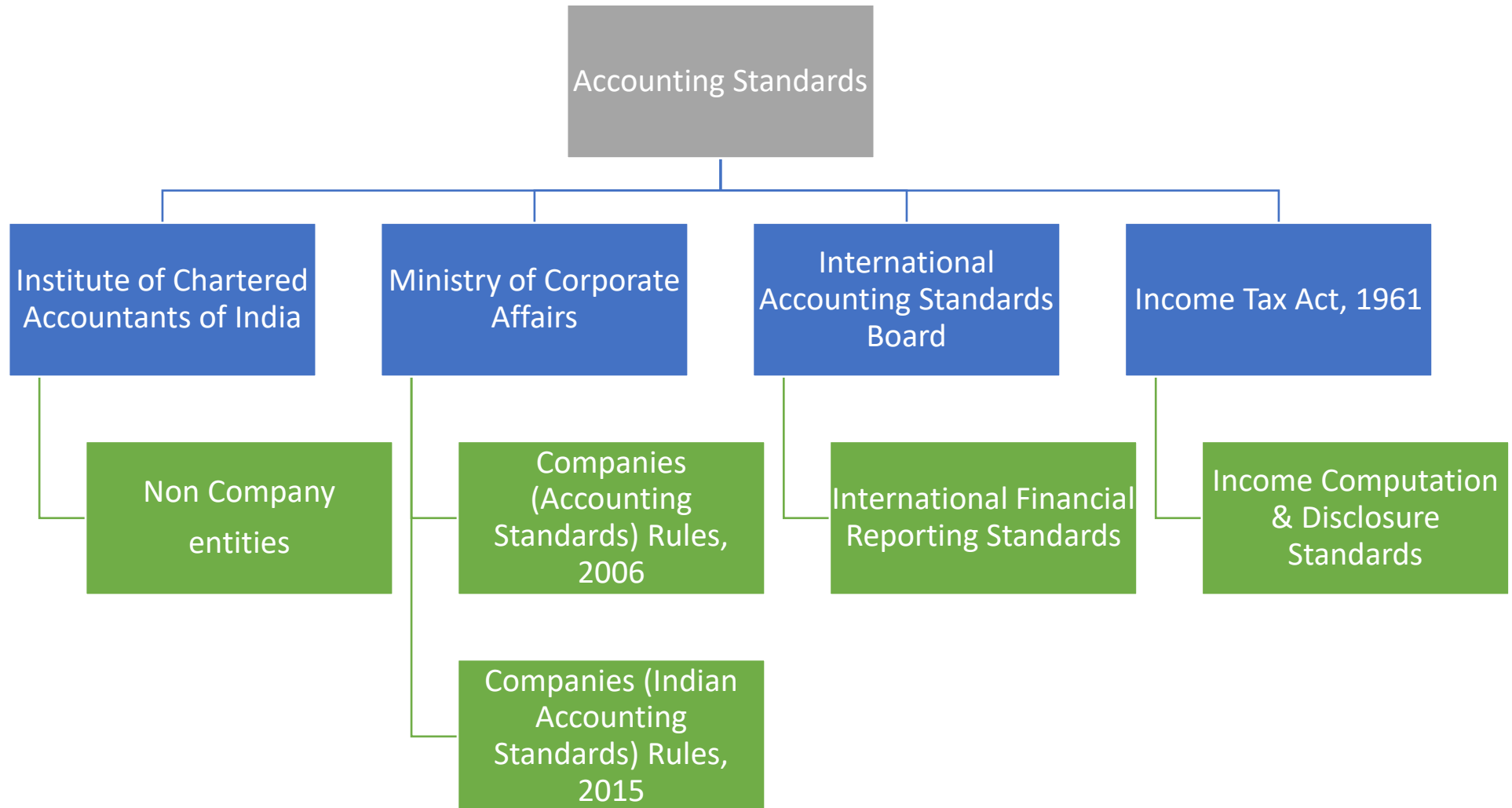
Accounting Standards for Non - Company Entities

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Background and applicability

Accounting Standards referencer



Types of Non-Company entities

- » Individual
- » HUF
- » Proprietorship
- » Partnership
- » Limited Liability Partnership
- » Private Trusts
- » Public Trusts
- » Association of Persons
- » Co-operatives

Applicability of Ind AS

All Companies and Non-Banking Financial Companies (NBFCs) which are listed/or in process of listing inside or outside India on Stock Exchanges (other than SME Exchanges)

Unlisted companies and NBFCs having net worth in excess of INR 250 crore

Holding, Subsidiaries, Joint Ventures and Associates of companies covered under Ind AS (any type of entity)

Non-company entities which are Holding, Subsidiaries, Joint Ventures and Associates of companies following Ind AS will be required to follow Ind AS

Key changes to applicability of AS (ICAI)



The Council of the Institute of Chartered Accountants of India, at its 400th meeting, held on March 18-19, 2021, considered the matter relating to applicability of Accounting Standards issued by The Institute of Chartered Accountants of India (ICAI), to Non-company entities (Enterprises) and implemented the following changes:

- » Non-company entities are classified into four categories - Level I, Level II, Level III and Level IV
- » Level IV, Level III and Level II entities are referred to as Micro, Small and Medium size entities (MSMEs)
- » The terms 'Small and Medium Enterprise' and 'SME' used in Accounting Standards shall be read as 'Micro, Small and Medium size entity' and 'MSME' respectively
- » Turnover and Borrowing limits for classification of Non-Company entities are increased
- » Some additional disclosure exemptions have been given to Level II, Level III and Level IV Non-company entities

Criteria for Level I



Non-Company Entities which fall in any one or more of the following categories, at the end of the relevant accounting period, are classified as Level I entities:

- i. Entities whose equity or debt securities are listed or are in the process of listing on any stock exchange, whether in India or outside India.
- ii. Banks (including co-operative banks), financial institutions or entities carrying on insurance business.
- iii. All entities engaged in commercial, industrial or business activities, whose turnover (excluding other income) > 250 Cr in the immediately preceding accounting year.
- iv. All entities engaged in commercial, industrial or business activities having borrowings (including public deposits) in > 50 Cr at any time during the immediately preceding accounting year.
- v. Holding and subsidiary entities of any one of the above.

Criteria for Level II



Non-Company Entities which are not Level I entities but fall in any one or more of the following categories, are classified as Level II entities:

- i. All entities engaged in commercial, industrial or business activities, whose turnover (excluding other income) > 50 Cr but \leq 250 Cr in the immediately preceding accounting year.
- ii. All entities engaged in commercial, industrial or business activities having borrowings (including public deposits) in > 10 Cr \leq 50 Cr at any time during the immediately preceding accounting year.
- iii. Holding and subsidiary entities of any one of the above.

Criteria for Level III



Non-Company entities which are not Level I and Level II entities but fall in any one or more of the following categories, are classified as Level III entities:

- i. All entities engaged in commercial, industrial or business activities, whose turnover (excluding other income) > 10 Cr but \leq 50 Cr in the immediately preceding accounting year.
- ii. All entities engaged in commercial, industrial or business activities having borrowings (including public deposits) > 2 Cr \leq 10 Cr at any time during the immediately preceding accounting year.
- iii. Holding and subsidiary entities of any one of the above.

Criteria for Level IV



Non-Company Entities which are not covered under Level I, Level II and Level III are considered as Level IV entities.

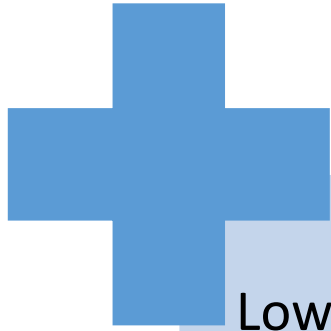
This implies that Non-Company entities falling in all the following categories, shall be classified as Level IV entities:

- i. All entities engaged in commercial, industrial or business activities, whose turnover (excluding 'other income') does not exceeds Rs. 10 crore (≤ 10 crore) in the immediately preceding accounting year.
- ii. All entities engaged in commercial, industrial or business activities, having borrowings including public deposits, does not in excess of Rs. 2 crore (≤ 2 crore) at any time during the immediately preceding accounting year.
- iii. Holding and subsidiary entities of none of Level I or Level II or Level III entity.

Changes made in criteria

LEVEL	TURNOVER		BORROWINGS	
	EARLIER	REVISED	EARLIER	REVISED
Level I	Exceeds 50 Cr	Exceeds 250 Cr	Exceeds 10 Cr	Exceeds 50 Cr
	> 50 Cr	> 250 Cr	> 10 Cr	> 50 Cr
Level II	Exceeds 1 Cr but does not exceed 50 Cr	Exceeds 50 Cr but does not exceed 250 Cr	Exceeds 1 Cr but does not exceed 10 Cr	Exceeds 10 Cr but does not exceed 50 Cr
	> 1 Cr ≤ 50 Cr	> 50 Cr ≤ 250 Cr	> 1 Cr ≤ 10 Cr	> 10 Cr ≤ 50 Cr
Level III	Equal to or less than 1 Cr	Exceeds 10 Cr but does not exceed 50 Cr	Equal to or less than 1 Cr	Exceeds 2 Cr but does not exceed 10 Cr
	≤ 1 Cr	> 10 Cr ≤ 50 Cr	≤ 1 Cr	> 2 Cr ≤ 10 Cr
Level IV	-	Does not exceed 10 Cr	-	Does not exceed 2 Cr
	-	≤ 10 Cr	-	≤ 2 Cr

Change in classification – transitional provisions



Lower Level to Higher

- Relevant standards / requirements of the higher level will become applicable from current period.
- The fact that the entity was covered in Level II or Level III or Level IV, as the case may be, in the previous period and it had availed of the exemptions or relaxations available to that Level of entities shall be disclosed in the notes to the financial statements.
- Figures for the corresponding period of the previous accounting period need not be revised.

Higher level to Lower

- Where an entity has been covered in Level I and subsequently, ceases to be so covered, relaxations / exemptions of the Level II or Level III or Level IV, as applicable, shall be availed only after two consecutive years.
- Similar is the case in respect of an entity, which has been covered in Level II or Level III and subsequently, gets covered under Level III or Level IV.

- » A MSME which avails the exemptions or relaxations given to it shall disclose (by way of a note to its financial statements) the fact that it is an MSME, the Level of MSME and that it has complied with the Accounting Standards insofar as they are applicable to entities falling in Level II or Level III or Level IV, as the case may be.
- » If an entity covered in Level II or Level III or Level IV opts not to avail of the exemptions or relaxations available to that Level of entities in respect of any but not all of the Accounting Standards, it shall disclose the Standard(s) in respect of which it has availed the exemption or relaxation.
- » If an entity covered in Level II or Level III or Level IV opts not to avail any one or more of the exemptions or relaxations available to that Level of entities, it shall comply with the relevant requirements of the Accounting Standard.
- » An entity covered in Level II or Level III or Level IV may opt for availing certain exemptions or relaxations from compliance with the requirements prescribed in an Accounting Standard if such a partial exemption or relaxation and disclosure shall not mislead any person or public.



AS applicable to all Levels in entirety



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

AS applicable to only Level I entities



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

AS 21, AS 23 & AS 27 (to the extent of requirements relating to Consolidated Financial Statements), and AS 25 do not require a Non-company entity to present consolidated financial statements and interim financial report, respectively. Relevant AS is applicable only if a Non-company entity is required or elects to prepare and present consolidated financial statements or interim financial report.

AS applicable to more than 1 entity



No.	Standard	Level I (Large)	Level II (Medium)	Level III (Small)	Level IV (Micro)
AS 14	Accounting for Amalgamations	Applicable in entirety	Applicable in entirety	Applicable in entirety	Not Applicable
AS 18	Related Party Disclosures	Applicable in entirety	Applicable in entirety	Not Applicable	Not Applicable
AS 24	Discontinuing Operations	Applicable in entirety	Applicable in entirety	Not Applicable	Not Applicable

AS applicable with exemptions

No.	Standard	Level I (Large)	Level II (Medium)	Level III (Small)	Level IV (Micro)
AS 10	Property, Plant and Equipment	Applicable in entirety	Applicable in entirety	Applicable with disclosures exemption	Applicable with disclosures exemption
AS 11	The Effects of Changes in Foreign Exchange Rate	Applicable in entirety	Applicable in entirety	Applicable with disclosures exemption	Applicable with disclosures exemption
AS 13	Accounting for Investments	Applicable in entirety	Applicable in entirety	Applicable in entirety	Applicable with disclosures exemption
AS 15	Employee Benefits	Applicable in entirety	Applicable with exemptions	Applicable with exemptions	Applicable with exemptions
AS 19	Leases	Applicable in entirety	Applicable with disclosures exemption	Applicable with disclosures exemption	Applicable with disclosures exemption
AS 22	Accounting for taxes on Income	Applicable in entirety	Applicable in entirety	Applicable in entirety	Applicable with exemptions
AS 26	Intangible Assets	Applicable in entirety	Applicable in entirety	Applicable in entirety	Applicable with disclosures exemption
AS 28	Impairment of Assets	Applicable in entirety	Applicable with disclosures exemption	Applicable with disclosures exemption	Not Applicable
AS 29	Provisions, Contingent Liabilities and Contingent Assets	Applicable in entirety	Applicable with disclosures exemption	Applicable with disclosures exemption	Applicable with disclosures exemption

AS applicable with disclosure exemptions

No.	Standard	Level I (Large)	Level II (Medium)	Level III (Small)	Level IV (Micro)
AS 10	Property, Plant and Equipment	Applicable in entirety	Applicable in entirety	Applicable except Para 87	Applicable except Para 87
	87. An enterprise is encouraged to disclose the following: (a) the carrying amount of temporarily idle property, plant and equipment; (b) the gross carrying amount of any fully depreciated property, plant and equipment that is still in use; (c) for each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model; (d) the carrying amount of property, plant and equipment retired from active use and not held for disposal.				
AS 11	The Effects of Changes in Foreign Exchange Rates	Applicable in entirety	Applicable in entirety	Applicable except Para 44	Applicable except Para 44
	44. Disclosure is also encouraged of an enterprise's foreign currency risk management policy.				
AS 13	Accounting for Investments	Applicable in entirety	Applicable in entirety	Applicable in entirety	Applicable except Para 35(f)
	35. The following information should be disclosed in the financial statements: (f) other disclosures as specifically required by the relevant statute governing the enterprise.				

AS applicable with specific exemptions

No.	Standard	Level I (Large)	Level II (Medium)	Level III (Small)	Level IV (Micro)
AS 15	Employee Benefits	Applicable in entirety	Applicable except as detailed below	Applicable except as detailed below	Applicable except as detailed below
<p>Level II and Level III Non-company entities whose average number of persons employed during the year is 50 or more are exempted from the applicability of the following paragraphs:</p> <p>(a) paragraphs 11 to 16 to the extent they deal with recognition and measurement of short-term accumulating compensated absences which are non-vesting (i.e. in respect of which employees are not entitled to cash payment for unused entitlement on leaving);</p> <p>(b) paragraphs 46 and 139 which deal with discounting of amounts that fall due more than 12 months after the balance sheet date;</p> <p>(c) recognition and measurement principles laid down in paragraphs 50 to 116 and presentation and disclosure requirements laid down in paragraphs 117 to 123 in respect of accounting for defined benefit plans. However, such entities should actuarially determine and provide for the accrued liability in respect of defined benefit plans by using the Projected Unit Credit Method and the discount rate used should be determined by reference to market yields at the balance sheet date on government bonds as per paragraph 78. Such entities should disclose actuarial assumptions as per paragraph 120(I); and</p> <p>(d) recognition and measurement principles laid down in paragraphs 129 to 131 in respect of accounting for other long-term employee benefits. However, such entities should actuarially determine and provide for the accrued liability in respect of other long-term employee benefits by using the Projected Unit Credit Method and the discount rate used should be determined by reference to market yields at the balance sheet date on government bonds as per paragraph 78.</p>					

AS applicable with specific exemptions

No.	Standard	Level I (Large)	Level II (Medium)	Level III (Small)	Level IV (Micro)
AS 15	Employee Benefits	Applicable in entirety	Applicable except as detailed below	Applicable except as detailed below	Applicable except as detailed below
<p>Level II and Level III Non-company entities whose average number of persons employed during the year is less than 50 and Level IV Non-company entities irrespective of number of employees are exempted from the applicability of the following paragraphs:</p> <p>(a) paragraphs 11 to 16 to the extent they deal with recognition and measurement of short-term accumulating compensated absences which are non-vesting (i.e., in respect of which employees are not entitled to cash payment for unused entitlement on leaving);</p> <p>(b) paragraphs 46 and 139 which deal with discounting of amounts that fall due more than 12 months after the balance sheet date;</p> <p>(c) recognition and measurement principles laid down in paragraphs 50 to 116 and presentation and disclosure requirements laid down in paragraphs 117 to 123 in respect of accounting for defined benefit plans. However, such entities may calculate and account for the accrued liability under the defined benefit plans by reference to some other rational method, e.g., a method based on the assumption that such benefits are payable to all employees at the end of the accounting year; and</p> <p>(d) recognition and measurement principles laid down in paragraphs 129 to 131 in respect of accounting for other long-term employee benefits. Such entities may calculate and account for the accrued liability under the other long-term employee benefits by reference to some other rational method, e.g., a method based on the assumption that such benefits are payable to all employees at the end of the accounting year.</p>					

AS applicable with disclosure exemptions

No.	Standard	Level I (Large)	Level II (Medium)	Level III (Small)	Level IV (Micro)
AS 19	Leases	Applicable in entirety	Applicable except Para 22 (c),(e) and (f); 25 (a), (b) and (e); 37 (a) and (f); and 46 (b) and (d) relating to disclosures	Applicable except Para 22 (c),(e) and (f); 25 (a), (b) and (e); 37 (a), (f) and (g); and 46 (b), (d) and (e)	Applicable except Para 22 (c),(e) and (f); 25 (a), (b) and (e); 37 (a), (f) and (g); 38; and 46 (b), (d) and (e)

22. The lessee should, in addition to the requirements of AS 10, Accounting for Property, Plant and Equipment and the governing statute, make the following disclosures for finance leases:

(c) a reconciliation between the total of minimum lease payments at the balance sheet date and their present value. In addition, an enterprise should disclose the total of minimum lease payments at the balance sheet date, and their present value, for each of the following periods: (i) not later than one year; (ii) later than one year and not later than five years; (iii) later than five years;

(e) the total of future minimum sublease payments expected to be received under non-cancellable subleases at the balance sheet date; and

(f) a general description of the lessee's significant leasing arrangements including, but not limited to, the following: (i) the basis on which contingent rent payments are determined; (ii) the existence and terms of renewal or purchase options and escalation clauses; and (iii) restrictions imposed by lease arrangements, such as those concerning dividends, additional debt, and further leasing.

AS applicable with disclosure exemptions

No.	Standard	Level I (Large)	Level II (Medium)	Level III (Small)	Level IV (Micro)
AS 19	Leases	Applicable in entirety	Applicable except Para 22 (c),(e) and (f); 25 (a), (b) and (e); 37 (a) and (f); and 46 (b) and (d) relating to disclosures	Applicable except Para 22 (c),(e) and (f); 25 (a), (b) and (e); 37 (a), (f) and (g); and 46 (b), (d) and (e)	Applicable except Para 22 (c),(e) and (f); 25 (a), (b) and (e); 37 (a), (f) and (g); 38; and 46 (b), (d) and (e)
	<p>25. The lessee should make the following disclosures for operating leases:</p> <p>(a) the total of future minimum lease payments under noncancellable operating leases for each of the following periods: (i) not later than one year; (ii) later than one year and not later than five years; (iii) later than five years;</p> <p>(b) the total of future minimum sublease payments expected to be received under non-cancellable subleases at the balance sheet date;</p> <p>(e) a general description of the lessee's significant leasing arrangements including, but not limited to, the following: (i) the basis on which contingent rent payments are determined; (ii) the existence and terms of renewal or purchase options and escalation clauses; and (iii) restrictions imposed by lease arrangements, such as those concerning dividends, additional debt, and further leasing</p>				

AS applicable with disclosure exemptions

No.	Standard	Level I (Large)	Level II (Medium)	Level III (Small)	Level IV (Micro)
AS 19	Leases	Applicable in entirety	Applicable except Para 22 (c),(e) and (f); 25 (a), (b) and (e); 37 (a) and (f); and 46 (b) and (d) relating to disclosures	Applicable except Para 22 (c),(e) and (f); 25 (a), (b) and (e); 37 (a), (f) and (g); and 46 (b), (d) and (e)	Applicable except Para 22 (c),(e) and (f); 25 (a), (b) and (e); 37 (a), (f) and (g); 38; and 46 (b), (d) and (e)
<p>37. The lessor should make the following disclosures for finance leases:</p> <p>(a) a reconciliation between the total gross investment in the lease at the balance sheet date, and the present value of minimum lease payments receivable at the balance sheet date. In addition, an enterprise should disclose the total gross investment in the lease and the present value of minimum lease payments receivable at the balance sheet date, for each of the following periods: (i) not later than one year; (ii) later than one year and not later than five years; (iii) later than five years;</p> <p>(f) a general description of the significant leasing arrangements of the lessor; and</p> <p>(g) accounting policy adopted in respect of initial direct costs.</p> <p><i>38. As an indicator of growth it is often useful to also disclose the gross investment less unearned income in new business added during the accounting period, after deducting the relevant amounts for cancelled leases.</i></p>					

AS applicable with disclosure exemptions

No.	Standard	Level I (Large)	Level II (Medium)	Level III (Small)	Level IV (Micro)
AS 19	Leases	Applicable in entirety	Applicable except Para 22 (c),(e) and (f); 25 (a), (b) and (e); 37 (a) and (f); and 46 (b) and (d) relating to disclosures	Applicable except Para 22 (c),(e) and (f); 25 (a), (b) and (e); 37 (a), (f) and (g); and 46 (b), (d) and (e)	Applicable except Para 22 (c),(e) and (f); 25 (a), (b) and (e); 37 (a), (f) and (g); 38; and 46 (b), (d) and (e)
	<p>46. The lessor should, in addition to the requirements of AS 10, Accounting for Property, Plant and Equipment, and the governing statute, make the following disclosures for operating leases:</p> <p>(b) the future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following periods: (i) not later than one year; (ii) later than one year and not later than five years; (iii) later than five years;</p> <p>(d) a general description of the lessor 's significant leasing arrangements; and</p> <p>(e) accounting policy adopted in respect of initial direct costs</p>				

AS applicable with specific exemptions



No.	Standard	Level I (Large)	Level II (Medium)	Level III (Small)	Level IV (Micro)
AS 22	Accounting for Taxes on Income	Applicable in entirety	Applicable in entirety	Applicable in entirety	Applicable only for Current Tax*
	* On the first occasion when a Non-company entity gets classified as Level IV entity, the accumulated deferred tax asset/liability appearing in the financial statements of immediate previous accounting period, shall be adjusted against the opening revenue reserves.				

AS applicable with disclosure exemptions



No.	Standard	Level I (Large)	Level II (Medium)	Level III (Small)	Level IV (Micro)
AS 26	Intangible Assets	Applicable in entirety	Applicable in entirety	Applicable in entirety	Applicable except Para 90(d)(iii); 90(d)(iv) and 98
<p>90. The financial statements should disclose the following for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets:</p> <p>(d) a reconciliation of the carrying amount at the beginning and end of the period showing:</p> <p>(iii) impairment losses recognised in the statement of profit and loss during the period (if any);</p> <p>(iv) impairment losses reversed in the statement of profit and loss during the period (if any);</p> <p>98. An enterprise is encouraged, but not required, to give a description of any fully amortised intangible asset that is still in use.</p>					

AS applicable with disclosure exemptions

No.	Standard	Level I (Large)	Level II (Medium)	Level III (Small)	Level IV (Micro)
AS 28	Impairment of Assets	Applicable in entirety	Applicable except (i) entities are allowed to measure the 'value in use' on the basis of reasonable estimate thereof instead of computing the value in use by present value technique. (ii) Para 121(g)	Applicable except (i) entities are allowed to measure the 'value in use' on the basis of reasonable estimate thereof instead of computing the value in use by present value technique. (ii) Para 121(g), 121(c)(ii); 121(d)(i); 121(d)(ii) & 123	Not Applicable
<p>121. (c) for an individual asset: (ii) the reportable segment to which the asset belongs, based on the enterprise's primary format (as defined in AS 17);</p> <p>(d) for a cash-generating unit: (i) a description of the cash-generating unit (such as whether it is a product line, a plant, a business operation, a geographical area, a reportable segment); (ii) the amount of the impairment loss recognised or reversed by class of assets and by reportable segment based on the enterprise's primary format (as defined in AS 17);</p> <p>(i) 123. An enterprise is encouraged to disclose key assumptions used to determine the recoverable amount of assets (cash-generating units) during the period.</p>					

AS applicable with disclosure exemptions

No.	Standard	Level I (Large)	Level II (Medium)	Level III (Small)	Level IV (Micro)
AS 28	Impairment of Assets	Applicable in entirety	Applicable except (i) entities are allowed to measure the 'value in use' on the basis of reasonable estimate thereof instead of computing the value in use by present value technique. (ii) Para 121(g)	Applicable except (i) entities are allowed to measure the 'value in use' on the basis of reasonable estimate thereof instead of computing the value in use by present value technique. (ii) Para 121(g), 121(c)(ii); 121(d)(i); 121(d)(ii) and 123	Not Applicable
<p>121. If an impairment loss for an individual asset or a cash-generating unit is recognised or reversed during the period and is material to the financial statements of the reporting enterprise as a whole, an enterprise should disclose:</p> <p>(g) if recoverable amount is value in use, the discount rate(s) used in the current estimate and previous estimate (if any) of value in use</p>					

AS applicable with disclosure exemptions

No.	Standard	Level I (Large)	Level II (Medium)	Level III (Small)	Level IV (Micro)
AS 29	Provisions, Contingent Liabilities and Contingent Assets	Applicable in entirety	Applicable except Para 66 and 67	Applicable except Para 66 and 67	Applicable except Para 66 and 67
<p>66. For each class of provision, an enterprise should disclose:</p> <ul style="list-style-type: none">(a) the carrying amount at the beginning and end of the period;(b) additional provisions made in the period, including increases to existing provisions;(c) amounts used (i.e., incurred and charged against the provision) during the period; and(d) unused amounts reversed during the period. <p>67. An enterprise should disclose the following for each class of provision:</p> <ul style="list-style-type: none">(a) a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits;(b) an indication of the uncertainties about those outflows. Where necessary to provide adequate information, an enterprise should disclose the major assumptions made concerning future events, as addressed in paragraph 41; and(c) the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.					

#ViShare

#ViShare #01

Cut off Procedures

Purchase of Goods

Goods received after end of year/period
(Inco-Terms: **EXW, FCA, FAS, FOB, CFR, CIF, CIP, CPT**)

Recognition in Balance Sheet

- ✓ 01 Inventory as Raw Material / Traded Goods in Transit
- ✓ 02 Trade Payables / Creditors

Measurement

- ✓ 01 Invoice Value (in case of imports: foreign currency translated into INR)
+ All directly attributable costs from seller's premises / port to location of consignment on cut-off date
- ✓ 02 Lower of Cost or Net Realisable Value (subject to Para 24 of AS -2 and Para 32 of Ind AS 2)

Impact on Profit or Loss will be Nil

#ViShare #02

Cut off Procedures

Sale of Goods

Bill of Lading / receipt of goods after end of year/period
(Inco-Terms: **FCA, FAS, FOB, CFR, CIF, CIP, CPT**)

Recognition in Balance Sheet

- ✓ 01 Inventory as Finished Goods in Transit
- ✓ 02 Reversal of Trade Receivables / Debtors (if sale has been recognized)

Measurement

- ✓ 01 At manufacturing cost similar to other Finished Goods
+ All directly attributable costs from factory / warehouse to location of goods on cut off date (already debited to Statement of Profit & Loss)
- ✓ 02 Lower of Cost or Net Realisable Value

- If inventory has already been recognized at cost, there will be no impact on Profit or Loss
- If sales has been recognized, then sale and profit / loss thereon will be derecognized



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