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Generally accepted accounting principles (GAAP) are defined as the rules of action or conduct which are derived from experience and practice; which when prove useful become accepted as principles of accounting. They are used to maintain consistency and uniformity in accounting records throughout the country. These principles are often called by various names such as postulates, assumptions, concepts and conventions etc. The general acceptability of these principles depend of how well they satisfy the criteria of Relevance i.e. they should be relevant to the extent that it result in the information which is useful and meaning for the end user of accounting information, Objectivity i.e. they are not influenced by the personal bias and judgement of the person providing accounting information and Feasibility i.e. they can be implemented without large cost of complexities.

There are certain basic assumptions and underlying principles on which GAAP are based. Some of these are Cost Benefit Principle i.e. cost of applying a principle should not be more than benefit derived from it, Materiality Principle i.e. all material information should be recorded and unimportant information is left out while making decisions, Consistency Principles i.e. rules and principles used to record transactions should remain consistent so that they remain comparable, Prudence or Conservatism Principle i.e. all potential losses should be recorded while all prospective gains should be left out.

In India, Accounting Standards (AS) are issued by Accounting Standard Board (ASF) constituted by Institute of Chartered Accountants of India (ICAI) to maintain uniformity in maintaining financial records. Accounting Standards act as both guideline and yardstick for measurement. As a general rule, they are applicable to all corporate entities. According to ICAI as on 1st September, 2014 there are 28 mandatory AS and 3 non-mandatory AS. These are as follows:

Mandatory AS:-

AS-1 deals with disclosure of accounting policies

AS-2 deals with valuation of Inventories

AS-3 deals with cash flow statement

AS-4 deals with contingencies and events occurring after the Balance Sheet date

AS-5 deals with net profit or loss for the period, prior period (period before the date of balance sheet) items and changes in accounting policies

AS-6 deals with depreciation Accounting

AS-7 deals with accounting for construction contracts

AS-9 deals with revenue Recognition

AS-10 deals with accounting for fixed assets

AS-11 deals with accounting for the effects of change in foreign exchange Rates.

AS-12 deals with accounting for Government grants

AS-13 deals with accounting for investments

AS-14 deals with accounting for amalgamation

AS-15 deals with accounting for retirement Benefits in the financial statements of employers

AS-17 deals with segment reporting

AS-18 deals with related party disclosures

AS-19 deals with leases

AS-20 deals with earning per share

AS-21 deals with consolidated financial statements

AS-22 deals with accounting for taxes on Income

AS-23 deals with accounting for investments in Associates in consolidated financial statements

AS-24 deals with discontinued operations

AS-25 deals with interim financial reporting

AS-26 deals with intangible Assets

AS-27 deals with financial reporting of interest for joint venture

AS-28 deals with impairment of assets

AS-29 deals with provision for contingent liabilities and contingent assets

Non Mandatory AS:-

AS-30 Financial Instruments: Recognition and Measurement and Limited Revisions to AS 2, AS 11 (revised 2003), AS 21, AS 23, AS 26, AS 27, AS 28 and AS 29

AS-31 Financial Instruments: Presentation

AS-32 Financial Instruments: Disclosures, and limited revision to Accounting Standard (AS) 19, Leases

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