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DIRECTORATE OF COOPERATIVE AUDIT, ODISHA, BHUBNESWAR

Circular No. VI (1) 29/10 6393 /Audit-8 Dated. 10.12.2012

Subject: *Applicability of Accounting Standards to PACS- Guidelines for Auditors*

It is obligatory for every entity in principle, unless exempted otherwise, to follow the Accounting Standards in preparation of its General purpose financial statements namely the balance sheet, the profit & loss Account and the Cash flow statement and other schedules/statements that form part of the General purpose financial statements. In broad sense, Account standard is applicable in respect of any enterprise engaged in commercial, Industrial or business activities, irrespective of whether it is profit oriented or it is established for charitable or religious purpose. Even if a very small proportion of a activities of an enterprise are considered to be commercial, Industrial or business in nature, the Accounting standard would apply to all its activities including those which are not commercial, industrial or business in nature.

Though the Cooperative Societies Act does not prescribe/ recommend application of Accounting Standards in Cooperative institutions, it is important to understand the Accounting standards in order to apply the same for prudence and objectivity in presentation of financial statements. The Accounting standards are methodologies and disclosure requirements for preparation and presentation of General purpose financial statements. Accounting standards principally provide for

- A. Recognition of income/expenditure/asset/liability
- B. Measurement of income/expenditure/asset/liability
- C. Disclosure of financial transactions/events

As applicable of Accounting standards ensure uniformity and consistency in drawing up financial statements, it is essential for the auditors conducting audit of PACS to understand the Accounting standards for applying the same in preparation of financial statements and giving their comments in the Audit reports.

The Assistant A.G.C.S. of Circles are impressed upon to circulate the contents of the Circular and the training module I,II,III sent herewith in electronic form amongst the auditors under their control and discuss the same in the review meeting for its application. The module may be xeroxed at the cost of the Auditors. Clarification, if any on this aspect may be sought for from this Directorate or the Master trainer of the circle who had undergone training on "Certified Auditor for Financial Cooperative" course (PACS).


4/12/2012
Auditor General of
Cooperative Societies
Odisha, Bhubaneswar

Accounting standards

Accounting Standard Number	Description	Applicable/ Not applicable to PACS
AS.1	Disclosure of Accounting Policies	Apply to PACS
AS.2	Valuation of Inventories	Apply to PACS
AS.3	Cash flow statement	Apply to PACS
AS.4	Events occurring after the Balance sheet date	Apply to PACS
AS.5	Prior period items	Apply to PACS
AS.6	Depreciation Accounting	Apply to PACS
AS.7	Construction contracts	Apply to PACS
AS.8	Accounting for Research and Development	Does not apply to PACS
AS.9	Recognition of Revenue	Apply to PACS
AS.10	Accounting for fixed assets	Apply to PACS
AS.11	Effects of changes in foreign Exchange Rates	Does not apply to PACS
AS.12	Accounting for Government Grants and Disclosure of Government Assistance.	Apply to PACS
AS.13	Accounting for Investments	Apply to PACS
AS.14	Accounting for amalgamations	Does not apply to PACS
AS.15	Accounting for employees benefits	Apply to PACS
AS.16	Borrowing costs	Apply to PACS
AS.17	Segment reporting	Apply to PACS
AS.18	Related party Disclosures	Apply to PACS
AS.19	Accounting for leases	Apply to PACS
AS.20	Earning per share	Apply to PACS
AS.21	Consolidated financial aspects	Does not apply to PACS
AS.22	Accounting for taxes on income	Apply to PACS
AS.23	Accounting for Investment in Associates in consolidated Financial statements.	Does not apply to PACS
AS.24	Discontinuing operations	Apply to PACS
AS.25	Interim Financial Reporting	Does not apply to PACS
AS.26	Intangible Assets	Apply to PACS
AS.27	Financial Reporting of Interests in Joint ventures	Does not apply to PACS
AS.28	Impairment of Assets	Apply to PACS
AS.29	Provisions, contingent liabilities & contingent assets.	Apply to PACS
AS. 30 to 32	Financial Instruments Recognition, measurement and Disclosures	Does not apply to PACS

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