Notes on AS-1: Disclosures of Accounting Policies

As we know that Accounting Standards permit more that one accounting policy and therefore the qualitative characteristic of comparability of financial statements suffers and also uniformity is impossible. Hence AS-1 "Disclosure of Accounting Policies" requires enterprises to disclose accounting policies actually adopted by them.

In my opinion at least only 5 headings and 10 paras must be known to all of you.

Introduction [1]

Para 1:

AS-1 deals with

- the disclosure of significant accounting policies
- followed in presentation of Financial Statements.

Para 3:

The disclosures of some accounting policies are required by statute or law in some cases.

Para 8:

The purpose of AS-1 is to promote better understanding of financial statements.

Fundaments Accounting Assumptions

Para 10:

There are 3 fundamental accounting assumptions.

(a) Going Concern: Enterprises has neither the intention nor the necessity of liquidation or of curtailing materially the scale of the operations.

(b) Consistency: Accounting policies are consistently followed from one year to another.

(c) Accrual: Revenue and costs are recognized as they are earned or incurred and not as the money is received and paid.

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