

All Members

IFRS Norms Won't Apply to Small Business in Phase- I, Due From April 1, 2011

SMALL and medium enterprises (SMEs) in the country will not have to prepare their accounts as per the International Financial Reporting Standards (IFRS) from April 1, 2011, saving them significant amount in switching to the more rigorous accounting standard.

A government-constituted core panel on IFRS has decided to exempt SMEs from the first phase of convergence falling due in 2011. Convergence to IFRS is a costly exercise which includes an overhaul of operational and IT processes apart from training costs. Stating company's accounts as per IFRS will involve huge cost and is being considered world wide as a hurdle for SMEs.

Recently, a core committee of the government finalised the road map for IFRS convergence in India. The ICAI has said that all entities having net worth in excess of Rs 1,000 crore will have to follow IFRS. The list also includes all NSE and BSE-listed companies, entities having foreign borrowings of more than Rs 500 crore, insurance entities, mutual funds, venture capital funds and all scheduled banks having operations outside India.