

**NOTIFICATION REGARDING
APPLICABILITY
ACCOUNTING STANDARDS
FOR THE COOPERATIVE
AUDIT**

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No.CSL.2014/C.R.54/13C,dated 6th May 2014.-

Whereas Constitution (97th Amendment) Act, 2011, some amendments are made in the Maharashtra Co-operative Societies Act,1960,by the Maharashtra Act No.XVI of 2013,dated 13th day of August,2013, thereby, the sub-section (1) of section 79 is as under:

“The Registrar may direct any society or class of societies, to keep proper books of accounts in such form, including electronic or any other form, as may be prescribed with respect to all sums of money received and expended by the society, and the matters in respect

of which the receipt and expenditure take place all sales and purchases of goods by the society, and the assets and liabilities of the society, and to furnish such statements and returns and to produce such records as he may require from time to time and the officer or officers of the society shall be bound to comply with his order within the period specified therein.”

WHEREAS, section 79 empowers the Government to prescribe rules regarding compliance with “Accounting Standards” while preparing financial statements of the society.

The Government as framed clause (iv) of sub-rule (4) of Rule 69 by Notification No. CSL.2014/C.R. No.54/13C, dated 6th May, 2014 accordingly, which is as under:-

“whether the accounting standards adopted by the society are consistent with, those laid down by the State Government or the Institute of Chartered Accountants of India, as the case may be, and has no adverse effect on the accounts and financial status of the society.”

WHEREAS, it is necessary to notify ‘Accounting Standards by the State Government. The Institute of

Chartered Accountants of India, New Delhi (hereinafter referred to as “the ICAI, New Delhi” has issued “Accounting Standards”, namely:-

Sr. No.	Accounting Standard No.	Name of Accounting Standard
1	1	Disclosure of Accounting Policies
2	2	Valuation of Inventories
3	3	Cash Flow Statements
4	4	Contingencies and Events Occurring after the Balance Sheet Date
5	5	Net Profit or Loss for the period, Prior period items and Changes
6	6	Depreciation Accounting
7	7	Construction Contracts
8	9	Revenue Recognition

Sr. No.	Accounting Standard No.	Name of Accounting Standard
9	10	Accounting for Fixed Assets
10	11	The effects of Changes in Foreign Exchange Rates
11	12	Accounting for Government Grants
12	13	Accounting for Investments
13	14	Accounting for Amalgamations
14	15	Employee Benefits
15	16	Borrowing Costs
16	17	Segment Reporting
17	18	Related Party Disclosures
18	19	Leases
19	20	Earnings per share
20	21	Consolidated Financial Statements
21	22	Accounting for Taxes on Income

Sr. No.	Accounting Standard No.	Name of Accounting Standard
22	23	Accounting for Invt. in Associates in Consolidated financial statements
23	24	Discontinuing Operations
24	25	Interim Financial Reporting
25	26	Intangible Assets
26	27	Financial Reporting of Interests in Joint Ventures
27	28	Impairment of Assets
28	29	Provisions, Contingent Liabilities and Contingent Assets

WHEREAS accounting standards are written documents, policy documents issued by the ICAI, New Delhi (a body constituted by an Act of Parliament for the growth and regulation of the accounting profession in

India) covering aspects of recognition, measurement, treatment, presentation and disclosure of accounting transaction in the financial statements. Objective of accounting standards is to standardize the diverse accounting policies and practices with a view to eliminates to the extent possible the non comparability of financial statements and to ensure correct accounting treatment:

AND WHEREAS, it is prime responsibility of the management of co-operative society to ensure compliance with “Accounting Standards” while

preparing financial statements of co-operative society. While discharging their attest functions, it will be the duty of statutory auditors of co-operative societies or co-operative bank to examine whether “Accounting Standards” are complied within presentation of financial statement may be aware of such deviation.

NOW, considering the need to harmonize diverse accounting policies and practices and also considering above legal requirement and in exercise of the powers conferred by clause (iv) of sub-rule (4) of Rule 69 of the Maharashtra Co-operative Societies Rules, 1961, the

Government of Maharashtra hereby notifies “Accounting Standards” issued by the ICAI, New Delhi are applicable to Co-operative Societies and Co-operative Banks.

UPTILL N OW, the ICAI, New Delhi has issued 1 to 29 mandatory “Accounting Standards”. These “Accounting Standards” are issued and updated by the ICAI, New Delhi, from time to time and are available on the official website of the ICAI, New Delhi (www.icaai.org). For applicability of “Accounting Standards”, Co-operative Societies and Co-operative Banks are classified in three different types of Societies as under:-

Sr. No. (1)	Level (2)	Type of Co-operative Societies and Co-operative Banks (3)	
1	Level : I	a) b) c)	<p>All Co-operative Banks.</p> <p>Co-operative Societies whose turnover (excluding other income) exceeds Rs. 50 crores in immediately preceding accounting year.</p> <p>Co-operative Societies having borrowing including deposits exceeds Rs. 10 crores at any time during immediately preceding accounting year.</p>
2	Level : II	a) b)	<p>All Co-operative Societies having turnover (excluding other income) exceeds Rs. 1 crore but does not exceed Rs. 50 crores in immediately preceding accounting year.</p> <p>All Co-operative Societies having borrowing (including deposits) exceeds Rs. 1 crores but does not exceed Rs. 10 crores at any time during immediately preceding accounting year.</p>
3	Level : III	All Co-operative Societies not covered in Level I and II above.	

Applicability of “Accounting Standards (AS)” to different Levels are as under :-

Sr. No. (1)	Level (2)	Applicable Accounting Standards (AS) (3)
1	Level : I	AS : 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16, 17,
2	Level : II	18, 19, 20, 22, 24, 26, 28 and 29
3	Level : III	AS : 1, 2, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16, 18, 19, 20, 22, 24, 26, 28 and 29. As : 1, 2, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16, 19, 20, 22, 26, 28 and 29.

Note:- Exemptions in applicability of AS : 19, 20, 28 and 29 to Level : II and III Co-operative Societies are as under :-

AS (1)	Level : II - Co-operative Societies (2)	Level : III- Co-operative No. Societies (3)
19	<p>Certain disclosures relating to reconciliation and break up of minimum sublease payments, minimum sublease payments and general descriptions are not applicable, namely :-</p> <ul style="list-style-type: none"> •paragraph 22 (c), (e) and (f); •paragraph 25 (s), (b) and (e); •paragraph 37 (a) and (f); and •paragraph 46 (b) and (d). 	<p>Same as level : II entities. Further disclosure of accounting policy of initial direct costs is not applicable namely :-</p> <ul style="list-style-type: none"> •paragraph 37 (g); and •paragraph 46 (e).
20	<p>Dilute earning per share (both including and excluding extraordinary items) is not required to be disclosed.</p>	<p>Same as level : II entities. Further, information required by paragraph 48 (ii) is not required to be disclosed.</p>

AS (1)	Level : II - Co-operative Societies (2)	Level : III- Co-operative No. Societies (3)
28	Have an option to measure 'value in use, on the basis of reasonable estimate thereof instead of using present value technique. Consequently, if they exercise that option, the relevant provisions of AS : 28 such as discount rate etc. and the disclosure requirements of paragraph 121 (g) will not be applicable	Same as level : II entities.
29	Paragraphs 66 and 67 relating to certain disclosure not applicable.	Same as level : II entities.

HENCEFORTH, all auditors and auditing firms, those are conducting audit of any Co-operative Societies or Co-operative Banks under sub-section (1) of section 81 should clearly state in their 'Audit Memorandum' that the accounting policies and procedures adopted by the society are consistent with the above mandatory "Accounting Standards" as applicable to the concerned society or otherwise and has no adverse effect on the accounts and financial status of society or otherwise, as per clause (iv) of sub-rule (4) of Rule 69 of the Maharashtra Co-operative Societies Rules, 1961.

