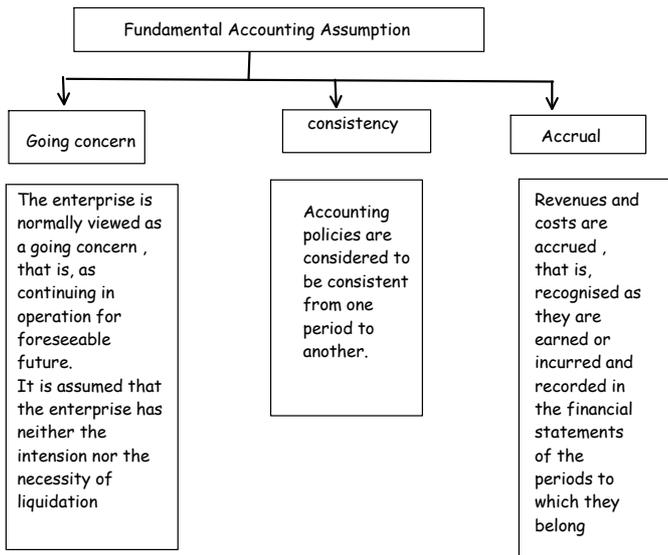
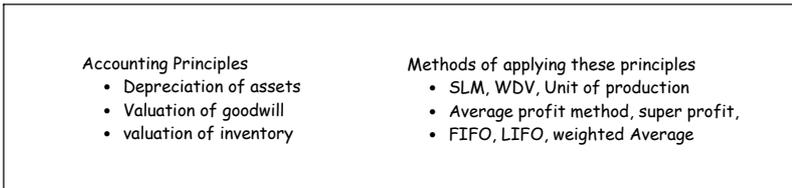


# AS-1 Disclosure of accounting policies

This AS covers

- Fundamental Accounting Assumptions
  - Accounting policies
- Accounting policies are the combination of accounting principles and methods of applying those principles .
- example - accounting policy given by company "to follow SLM method while providing depreciation of Asset



There is no need of disclosure if these assumptions are followed but a disclosure will be required if not followed.

Consideration for selection of Accounting policies

- Financial statements are prepared to portray a true and a fair view of the performance and state of affair an enterprise . In selecting a policy , alternative accounting policies should be evaluated in that light . In particular, major considerations that govern selection of particular policy are:

*→ Primary consideration*

**Prudence**

In view of the uncertainty attached to future events, profits are not anticipated but recognised only when realised though not necessarily in cash.

Provision is made for all known liabilities and losses even though the amount cannot be determined with certainty and represents only a best estimate in the light of available information

**Substance over Form**

The Accounting treatment and presentation in Financial Statements of transactions and events should be governed by their substance and not merely by the legal form.

**Materiality**

Financial Statements should disclose all "material" items, i.e. items the knowledge of which might influence the decisions of the users of the Financial Statements.

Disclosure of Accounting Policies

All significant Accounting Policies adopted in the preparation and presentation of Financial Statements should be disclosed.  
Disclosure should form part of the Financial Statements.  
Disclosure of Accounting Policies or of changes therein cannot remedy a wrong or inappropriate treatment of the item in the Accounts.

