Applicability of ICAI's New Financial Statement Format for Non-Corporate Entities – Is It Mandatory for FY 2023-24?

Description

Whether format as per Guidance note on Financial Statements of Non-Corporate Entities issued by ICAI, containing comparative figure of previous year is mandatory for FY 2023-24 ?

My View!!

For FY 2023-24, this new format is NOT mandatory. Instead, the Technical Guide on Financial Statements of Non-Corporate Entities (June 2022) remains applicable. Importantly, this Technical Guide is recommendatory in nature, not a mandatory standard. Therefore, professionals have the flexibility to prepare financial statements without being required to include comparative figures as per the new format.

The distinction is crucial because applying the new Guidance Note prematurely might create unnecessary compliance burdens for non-corporate entities. Many professionals may still choose to voluntarily adopt the new format for consistency and ease of transition, but it is not a regulatory requirement for FY 2023-24.

Understanding when a standard or guidance note becomes applicable is essential for professionals handling financial statements and audits of non-corporate entities. Adhering to the correct framework ensures that financial statements are prepared in accordance with ICAI's authoritative guidance while avoiding premature implementation of new rules.

Thus, for FY 2023-24, the previously existing Technical Guide of June 2022 remains the applicable reference, and the comparative figure requirement as per the August 2023 Guidance Note does not apply. Professionals must ensure they follow the correct framework and avoid unnecessary changes unless they wish to adopt the new format voluntarily.

? **Reference Links:**
? Guidance Note (Aug 2023)
? Technical Guide (June 2022)

It may be clarified that Limited Liability Partnerships (LLPs) form of entities are scoped out of this Guidance Note.

Effective Date

This Guidance Note is effective for financial statements covering periods beginning on or after April 1, 2024. The Technical Guide on Financial Statements of Non-Corporate Entities stands superseded by this Guidance Note.

Chapter VI
Formats of Financial Statements for Non-corporate Entities

The financial statements should give true and fair view of the state of affairs of the entity, comply with the applicable Accounting Standards and are recommended in the form as provided hereafter.

GENERAL INSTRUCTIONS FOR PREPARATION OF BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS OF A NON-CORPORATE ENTITY

1. These formats are recommended for preparation of Balance Sheet and Statement of Profit and Loss of a non-corporate entity. Where compliance with the requirements of the relevant statute including Accounting Standards as applicable to the Non-Corporate entity require any change in treatment or disclosure including addition, amendment, substitution or deletion in the head or sub-head or any changes, inter se, in the financial statements or statements forming part thereof, the same shall be made and the formats shall be modified accordingly.

Category

1. GST
2. Income Tax
3. Others

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