



Effective date for implementation of NFRS, NFRS for SMEs, NAS for MEs, NAS for NPOs and NSAs

Background

ICAN has been continuously working on improving quality of accounting and developing credibility of accounting profession in the society. In line with achieving the objective and developing consistency in the accounting profession, ICAN has pronounced various standards to be implemented for accounting and auditing. The date of effectiveness of such standards are listed below under 3 sections:

Section 1

Nepal Financial Reporting Standards (NFRS 2018)

| S.No. | NFRS | Name | Effective Date | Effective FY |
|-------|---------|--|----------------|--------------|
| 1 | NFRS 1 | First-Time Adoption of Nepal Financial Reporting Standards | July 16, 2020 | 2077/78 |
| 2 | NFRS 2 | Share based Payment | | |
| 3 | NFRS 3 | Business Combination | | |
| 4 | NFRS 4 | Insurance Contracts | | |
| 5 | NFRS 5 | Non-Current Assets Held for Sale & Discontinued Operation | | |
| 6 | NFRS 6 | Exploration for and Evaluation of Mineral Resources | | |
| 7 | NFRS 7 | Financial Instruments: Disclosure | | |
| 8 | NFRS 8 | Operating Segments | | |
| 9 | NFRS 9 | Financial Instruments | July 16, 2021 | 2078/79 |
| 10 | NFRS 10 | Consolidated Financial Statements | July 16, 2020 | 2077/78 |
| 11 | NFRS 11 | Joint Arrangements | | |
| 12 | NFRS 12 | Disclosure of Interests in other Entities | | |
| 13 | NFRS 13 | Fair Value Measurements | | |
| 14 | NFRS 14 | Regulatory Deferral Accounts | July 16, 2021 | 2078/79 |
| 15 | NFRS 15 | Revenue from Contracts with Customers | | |
| 16 | NFRS 16 | Leases | | |



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| 17 | NFRS 17 | Insurance Contracts | July 16, 2023 | 2080/81 |
| 18 | NAS 1 | Presentation of Financial Statements | July 16, 2020 | 2077/78 |
| 19 | NAS 2 | Accounting Policies, Changes in Accounting Estimated and | | |
| 20 | NAS 7 | Statements of Cash Flow | | |
| 21 | NAS 8 | Accounting Policies, Changes in Accounting Estimates and Errors | | |
| 22 | NAS 10 | Events after Reporting Period | | |
| 23 | NAS 12 | Income Tax | | |
| 24 | NAS 16 | Property, Plant and Equipment | | |
| 25 | NAS 19 | Employee Benefits | | |
| 26 | NAS 20 | Accounting for Government Grants and Disclosure of Government Assistance | | |
| 27 | NAS 21 | The Effects of Changes in Foreign Exchange Rates | | |
| 28 | NAS 23 | Borrowing Cost | | |
| 29 | NAS 24 | Related Party Disclosures | | |
| 30 | NAS 26 | Accounting and Reporting by Retirement Benefits Plan | | |
| 31 | NAS 27 | Separate Financial Statements | | |
| 32 | NAS 28 | Investment in Associates and Joint Ventures | | |
| 33 | NAS 29 | Financial Reporting in Hyperinflationary Economics | July 16, 2021 | 2078/79 |
| 34 | NAS 32 | Financial Instruments: Presentation | July 16, 2020 | 2077/78 |
| 35 | NAS 33 | Earnings Per share | | |
| 36 | NAS 34 | Interim Financial Reporting | | |
| 37 | NAS 36 | Impairment of Assets | | |
| 38 | NAS 37 | Provision, Contingent Liabilities and Contingent Assets | | |
| 39 | NAS 38 | Intangible Assets | | |
| 40 | NAS 39 | Financial Instruments: Recognition and Measurement | | |
| 41 | NAS 40 | Investment Property | | |
| 42 | NAS 41 | Agriculture | | |



Section 2

NFRS for SMEs, NAS for MEs and NAS for NPOs

| S.No. | Applicable Standards | Original Effective Date | Revised Effective Date | Revised Effective F.Y. |
|--------------|-----------------------------|--------------------------------|-------------------------------|-------------------------------|
| 1 | NFRS for SMEs | July 16, 2021 | July 17, 2023 | 2080/81 |
| 2 | NAS for MEs | | | |
| 3 | NAS for NPOs | | | |

Applicability of the above standards

For financial reporting purpose the entities can be classified as

1. Those having public accountability: NFRS shall be applicable
2. Those NOT having public accountability: NFRS for SME shall be applicable
3. Those NOT having public accountability other than SMES:
Micro Entities- NAS for MEs
NPOs- NAS for NPOs

1. Entities having Public Accountability

- a. Whose debt or equity instruments are traded in public market or is in process of issuing such instruments (except listed Micro Finance not having economic significance)
- b. It holds assets in a fiduciary capacity for broad group of outsiders as one of its primary businesses:
 - i. banks, credit unions, insurance companies, security dealers and mutual funds, investment banks (except Micro Finance and Cooperatives not having economic significance)
 - ii. Pension and retirement funds
- c. Government Business Enterprises (GBEs), Public entities established under special acts not preparing financial statements under NPSAS
- d. Entities having economic significance
 - i. Borrowings from banks or financial institutions or public funds or from entities holding assets in fiduciary capacity of NRs 500 million or more;
 - ii. Statement of Financial Position (Balance Sheet) total (without off-setting current liabilities with current assets) of NRS 1000 million or more;
 - iii. Employing more than 300 employees including workers in an average or
 - iv. Annual Turnover (Revenue of Entity) of NRS 1000 million or more;
 - v. Holding assets in fiduciary capacity in excess of NRs 500 million (includes security brokers handling demat account, micro finance and cooperatives),



An entity which attains at least 1 of these limits in 2 consecutive years shall be deemed to be an entity having economic significance to qualify as an entity with Public Accountability and once qualified, must fall below all of these limits for 2 consecutive years to cease to qualify.

2. Small and Medium Sized Entities

Small and Medium Sized Entities are those entities that:

- a. Do not have public accountability; and
- b. Publish general purpose financial statements for external users

3. Micro Entities:

Micro entities are those entities with the following thresholds (all):

- (i) Annual Turnover (Revenue of Entity) of NRs 100 million or less;
- (ii) Borrowings from banks or financial institutions or public funds or from entities holding assets in fiduciary capacity of NRS 50 million or less;
- (iii) Statement of Financial Position (Balance Sheet) total of NRs 100 million (without off-setting current liabilities in current assets) or less; and
- (iv) Holding assets in fiduciary capacity of NRS 50 million or less (includes security brokers handling demat account, micro finance and cooperatives).

An entity must meet all of these limits in 2 consecutive years to qualify as a micro- entity and once qualified, must exceed at least 1 of these limits for 2 consecutive years to cease to qualify.



Section 3

Nepal Standards on Auditing (NSA)

| S.No. | NSA No. | Standards | Effective Date |
|--|-------------------|--|-----------------------|
| NEPAL STANDARDS ON QUALITY CONTROL(NSQCs) | | | |
| 1 | NSQC 1 | Nepal Standard on Quality Control (NSQC) 1 : Quality Control For Firms that Perform Audits and Reviews Of Financial Statements, and Other Assurance and Related Services Engagements | July 17, 2019 |
| Audits of Historical Financial Information | | | |
| 200-299 GENERAL PRINCIPLES AND RESPONSIBILITIES | | | |
| 1 | NSA 200 | Overall Objective of the Independent Auditor and the conduct of an Audit in Accordance with Nepal Standards on Auditing | July 17, 2019 |
| 2 | NSA 210 | Quality Control for an Audits of Financial Statements | |
| 3 | NSA 220 | Audit Documentation | |
| 4 | NSA 230 | The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements | |
| 5 | NSA 240 | The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements | |
| 6 | NSA 250 | Consideration of Laws and Regulations in an Audit of Financial Statements | |
| 7 | NSA 260 (Revised) | Communication with Those Charged with Governance | |
| 8 | NSA 265 | Communicating Deficiencies in Internal Control to Those Charged with Governance and Management | |
| 300-499 RISK ASSESSMENT AND RESPONSE TO ASSESSED RISKS | | | |
| 9 | NSA 300 | Planning an Audit of financial statements | July 17, 2019 |
| 10 | NSA 315(Revised) | Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment | |
| 11 | NSA 320 | Materiality in Planning and Performing an Audit | |
| 12 | NSA 330 | The Auditor's Responses to Assessed Risks | |
| 13 | NSA 402 | Audit Considerations Relating to an Entity Using a Service Organization | |
| 14 | NSA 450 | Evaluation of Misstatements Identified during the Audit | |
| 500-599 AUDIT EVIDENCE | | | |
| 15 | NSA 500 | Audit Evidence | July 17, 2019 |
| 16 | NSA 501 | Audit Evidence-Specific Considerations for Selected Items | |



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| 17 | NSA 505 | External Confirmations | |
| 18 | NSA 510 | Initial Audit Engagements—Opening Balances | |
| 19 | NSA 520 | Analytical Procedures | |
| 20 | NSA 530 | Audit Sampling | |
| 21 | NSA 540 | Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures | |
| 22 | NSA 550 | Related Parties | |
| 23 | NSA 560 | Subsequent Events | |
| 24 | NSA 570 (Revised) | Going Concern | |
| 25 | NSA 580 | Written Representations | |
| 600-699 USING THE WORK OF OTHERS | | | |
| 26 | NSA 600 | Special considerations-Audit of Group Financial statements (including the work of component Auditors) | July 17, 2019 |
| 27 | NSA 610(Revised) | Using the work of Internal Auditors | |
| 28 | NSA 620 | Using the work of an Auditors Expert | |
| 700-799 AUDIT CONCLUSIONS & REPORTING | | | |
| 29 | NSA 700 (Revised) | Forming an opinion and Reporting on financial statements | July 17, 2019 |
| 30 | NSA 701 | Communicating Key Audit Matters in the Independent Auditors Report | July 16, 2020 for MNCs, Listed and Government entities, and July 16, 2021 for Other Institutions |
| 31 | NSA 705 (Revised) | Modifications to the opinion in the Independent Auditors report | July 17, 2019 |
| 32 | NSA 706 (Revised) | Emphasis of Matter Paragraphs and other Matter Paragraphs in the Independent Auditors Report | |
| 33 | NSA 710 | comparative information-corresponding Figures and comparative Financial Statements | |
| 34 | NSA 720 (Revised) | The auditor's responsibilities relating to Other information in Documents Containing Audited Financial statements. | |
| 800-899 SPECIALIZED AREAS | | | |
| 35 | NSA 800 (Revised) | special Considerations-Audit of financial statements Prepared in accordance with special Purpose Frame works | July 17, 2019 |
| 36 | NSA 805 (Revised) | special Considerations-Audits of Single Financial statements and Specific Elements, Accounts or Items of a Financial statements | |
| 37 | NSA 810 (Revised) | Engagements to Report on Summary of Financial Statements | |



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| | NEPAL AUDITING PRACTICE NOTES | | |
| 38 | NAPN 1000 | Special considerations in Auditing Financial Instruments | July 17, 2019 |
| | AUDITS AND REVIEW OF HISTORICAL FINANCIAL INFORMATION | | |
| | 2000-2699 NEPAL STANDARDS ON REVIEW ENGAGEMENTS(NSREs) | | |
| 39 | NSRE 2400 | Engagement to Review Financial Statement | July 17, 2019 |
| 40 | NSRE 2410 | Review of Interim Financial Information Performed by the Independent Auditor of the Entity | |
| | ASSURANCE ENGAGEMENTS OTHER THAN AUDITS OR REVIEWS OF HISTORICAL FINANCIAL INFORMATION | | |
| | 3000-3699 NEPAL STANDARDS ON ASSURANCE ENGAGEMENTS (NSAEs) | | |
| | 3000-3399 APPLICABLE TO ALL ASSURANCE ENGAGEMENTS | | |
| 41 | NSAE 3000 | Assurance Engagements Other than Audits or Reviews of Historical Financial Information | July 17, 2019 |
| | 3400-3699 SUBJECT SPECIFIC STANDARDS | | |
| 42 | NSAE 3400 | The Examination of Prospective Financial Information | July 17, 2019 |
| 43 | NSAE 3402 | Assurance Reports on Controls at a Service Organization | |
| 44 | NSAE 3410 | Assurance Engagements on Greenhouse Gas Statements | |
| 45 | NSAE 3420 | Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus | |
| | RELATED SERVICES | | |
| | 4000-4699 NEPAL STANDARDS ON RELATED SERVICES (NSRSs) | | |
| 46 | NSRS 4400 | Engagements to Perform Agreed-Upon Procedures Regarding Financial Information | July 17, 2019 |
| 47 | NSRSs 4410(Revised) | Compilation engagements | |
| 48 | AUDIT QUALITY | A Framework for Audit Quality: Key Elements that Create an Environment for Audit Quality | |
| 49 | ASSURANCE FRAMEWORK | Amended Nepal Framework for Assurance Engagements | |