

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

Background

The Institute of Chartered Accountants of Nepal (ICAN) has been steadfast in its commitment to enhancing the quality of accounting services and strengthening the credibility of the accounting profession within the country. In pursuit of this mission, and to foster uniformity within the profession for its continuous relevance, ICAN has introduced a range of standards to guide accounting and auditing practices. The effective dates of these standards are outlined below for ease of reference which are categorized into three distinct sections.

Section 1

Nepal Financial Reporting Standards (NFRS 2024)

S.N	NFRS	Name of Standards	Effective Date	Effective FY
		The Conceptual Framework for Financial Reporting	1 st Shrawan 2082	2082/83
1	NFRS 1	First-time Adoption of Nepal Financial Reporting Standards		
2	NFRS 2	Share-based Payment		
3	NFRS 3	Business Combinations		
4	NFRS 5	Non-current Assets Held for Sale and Discontinued Operations		
5	NFRS 6	Exploration for and Evaluation of Mineral Resources		
6	NFRS 7	Financial Instruments: Disclosures		
7	NFRS 8	Operating Segments		
8	NFRS 9	Financial Instruments		
9	NFRS 10	Consolidated Financial Statements		
10	NFRS 11	Joint Arrangements		
11	NFRS 12	Disclosure of Interests in Other Entities		
12	NFRS 13	Fair Value Measurement		
13	NFRS 14	Regulatory Deferral Accounts		
14	NFRS 15	Revenue from Contracts with Customers		
15	NFRS 16	Leases		
16	NFRS 17	Insurance Contracts		
17	NAS 1	Presentation of Financial Statements		
18	NAS 2	Inventories		
19	NAS 7	Statement of Cash Flows		

20	NAS 8	Accounting Policies, Changes in Accounting Estimates and Errors		
21	NAS 10	Events after the Reporting Period		
22	NAS 12	Income Taxes		
23	NAS 16	Property, Plant and Equipment		
24	NAS 19	Employee Benefits		
25	NAS 20	Accounting for Government Grants and Disclosure of Government Assistance		
26	NAS 21	The Effects of Changes in Foreign Exchange Rates		
27	NAS 23	Borrowing Costs		
28	NAS 24	Related Party Disclosures		
29	NAS 26	Accounting and Reporting by Retirement Benefit Plans		
30	NAS 27	Separate Financial Statements		
31	NAS 28	Investments in Associates and Joint Ventures		
32	NAS 29	Financial Reporting in Hyperinflationary Economies		
33	NAS 32	Financial Instruments: Presentation		
34	NAS 33	Earnings per Share		
35	NAS 34	Interim Financial Reporting		
36	NAS 36	Impairment of Assets		
37	NAS 37	Provisions, Contingent Liabilities and Contingent Assets		
38	NAS 38	Intangible Assets		
39	NAS 39	Financial Instruments: Recognition and Measurement		
40	NAS 40	Investment Property		
41	NAS 41	Agriculture		

S.N	IFRIC	Name of IFRIC	Effective Date	Effective FY
1	IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 st Shrawan 2082	2082/83
2	IFRIC 2	Members' Shares in Co-operative Entities and Similar Instruments		
3	IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds		
4	IFRIC 6	Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment		
5	IFRIC 7	Applying the Restatement Approach under NAS 29 Financial Reporting in Hyperinflationary Economies		
6	IFRIC 10	Interim Financial Reporting and Impairment		
7	IFRIC 12	Service Concession Arrangements		

8	IFRIC 14	IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction		
9	IFRIC 16	Hedges of a Net Investment in a Foreign Operation		
10	IFRIC 17	Distributions of Non-cash Assets to Owners		
11	IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments		
12	IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine		
13	IFRIC 21	Levies		
14	IFRIC 22	Foreign Currency Transactions and Advance Consideration		
15	IFRIC 23	Uncertainty over Income Tax Treatments		

S.N	SIC	Name of SIC	Effective Date	Effective FY
1	SIC-7	Introduction of the Euro	1 st Shrawan 2082	2082/83
2	SIC-10	Government Assistance—No Specific Relation to Operating Activities		
3	SIC-25	Income Taxes—Changes in the Tax Status of an Entity or its Shareholders		
4	SIC-29	Service Concession Arrangements: Disclosures		
5	SIC-32	Intangible Assets—Web Site Costs		

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	1 st Shrawan 2078	1 st Shrawan 2080*	2080/81
2	NAS for NPOs			
3	NAS for MEs		1 st Shrawan 2081	2081/82

***Exemptions availed in Applicability of the above standards**

S.N	Applicable Standards	Conditions	Voluntary Compliance F.Y	Mandatory Compliance F.Y
1.	NFRS for SMEs	Entities with Turnover (total assets/total liabilities or total income whichever is higher) of Rs 10 Crore to Rs 40 Crore	2080/81	2081/82
2.	NAS for NPOs	Entities other than International Non-governmental Organizations(INGO)	2080/81	2081/82

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)

Standard-wise Proposed Dates for the Implementation of Nepal Standards on Auditing - 2024

Volume - I of the Handbook

S. N.	NSA No	Standards	Effective for Audits of Financial Statement for the Periods Beginning on:	
			Voluntary Compliance	Mandatory Compliance
1		Structure of Pronouncements Issued by the Auditing Standards Board	Not Applicable	Not Applicable
2		Preface to the Nepal Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements	Not Applicable	Not Applicable
3		Glossary of Terms	Not Applicable	Not Applicable
NEPAL STANDARDS ON QUALITY CONTROL				
4	NSQC 1	Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements (<i>Note: It will be repealed once NSQM - 1 & 2 become mandatory</i>)	1st Shrawan, 2081	1st Shrawan, 2082
AUDITS OF HISTORICAL FINANCIAL INFORMATION				
200-299 General Principles and Responsibilities				
5	NSA 200	Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Nepal Standards on Auditing	1st Shrawan, 2081	1st Shrawan, 2082
6	NSA 210	Agreeing the Terms of Audit Engagements	1st Shrawan, 2081	1st Shrawan, 2082
7	NSA 220	Quality Control for an Audit of Financial Statements	1st Shrawan, 2081	1st Shrawan, 2082
8	NSA 230	Audit Documentation	1st Shrawan, 2081	1st Shrawan, 2082
9	NSA 240	The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements	1st Shrawan, 2081	1st Shrawan, 2082
10	NSA 250 (Revised)	Consideration of Laws and Regulations in an Audit of Financial Statements	1st Shrawan, 2081	1st Shrawan, 2082

11	NSA 260 (Revised)	Communication with Those Charged with Governance	1st Shrawan, 2081	1st Shrawan, 2082
12	NSA 265	Communicating Deficiencies in Internal Control to Those Charged with Governance and Management	1st Shrawan, 2081	1st Shrawan, 2082
300-499 Risk Assessment and Response to Assessed Risks				
13	NSA 300	Planning an Audit of Financial Statements	1st Shrawan, 2081	1st Shrawan, 2082
14	NSA 315 (Revised)	Identifying and Assessing the Risks of Material Misstatement	1st Shrawan, 2081	1st Shrawan, 2082
15	NSA 320	Materiality in Planning and Performing an Audit	1st Shrawan, 2081	1st Shrawan, 2082
16	NSA 330	The Auditor's Responses to Assessed Risks	1st Shrawan, 2081	1st Shrawan, 2082
17	NSA 402	Audit Considerations Relating to an Entity Using a Service Organization	1st Shrawan, 2081	1st Shrawan, 2082
18	NSA 450	Evaluation of Misstatements Identified during the Audit	1st Shrawan, 2081	1st Shrawan, 2082
500-599 Audit Evidence				
19	NSA 500	Audit Evidence	1st Shrawan, 2081	1st Shrawan, 2082
20	NSA 501	Audit Evidence – Specific Considerations for Selected Items	1st Shrawan, 2081	1st Shrawan, 2082
21	NSA 505	External Confirmations	1st Shrawan, 2081	1st Shrawan, 2082
22	NSA 510	Initial Audit Engagements—Opening Balances	1st Shrawan, 2081	1st Shrawan, 2082
23	NSA 520	Analytical Procedures	1st Shrawan, 2081	1st Shrawan, 2082
24	NSA 530	Audit Sampling	1st Shrawan, 2081	1st Shrawan, 2082
25	NSA 540 (Revised)	Auditing Accounting Estimates and Related Disclosures	1st Shrawan, 2081	1st Shrawan, 2082
26	NSA 550	Related Parties	1st Shrawan, 2081	1st Shrawan, 2082
27	NSA 560	Subsequent Events	1st Shrawan, 2081	1st Shrawan, 2082
28	NSA 570 (Revised)	Going Concern	1st Shrawan, 2081	1st Shrawan, 2082
29	NSA 580	Written Representations	1st Shrawan, 2081	1st Shrawan, 2082
600-699 Using the Work of Others				
30	NSA 600	Special considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)	1st Shrawan, 2081	1st Shrawan, 2082
31	NSA 610 (Revised)	Using the work of Internal Auditors	1st Shrawan, 2081	1st Shrawan, 2082
32	NSA 620	Using the work of an Auditor's Expert	1st Shrawan, 2081	1st Shrawan, 2082
700-799 Audit Conclusions and Reporting				

33	NSA 700 (Revised)	Forming an Opinion and Reporting on Financial Statements	1st Shrawan, 2081	1st Shrawan, 2082
34	NSA 701	Communicating Key Audit Matters in the Independent Auditor's Report	1st Shrawan, 2081	1st Shrawan, 2082
35	NSA 705 (Revised)	Modifications to the Opinion in the Independent Auditor's Report	1st Shrawan, 2081	1st Shrawan, 2082
36	NSA 706 (Revised)	Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report	1st Shrawan, 2081	1st Shrawan, 2082
37	NSA 710	Comparative Information – Corresponding Figures and Comparative Financial Statements	1st Shrawan, 2081	1st Shrawan, 2082
38	NSA 720 (Revised)	The Auditor's Responsibilities Relating to Other Information	1st Shrawan, 2081	1st Shrawan, 2082
800-899 Specialized Areas				
39	NSA 800 (Revised)	Special Considerations – Audit of Financial Statements Prepared in Accordance with Special Purpose Frameworks	1st Shrawan, 2081	1st Shrawan, 2082
40	NSA 805 (Revised)	Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement	1st Shrawan, 2081	1st Shrawan, 2082
41	NSA 810 (Revised)	Engagements to Report on Summary Financial Statements	1st Shrawan, 2081	1st Shrawan, 2082

**Standard-wise Proposed Dates for the Implementation of Nepal Standards on Auditing - 2
Volume - II of the Handbook**

S. No.	NSA No	Standards	Effective for Audits of Financial Statement for the Periods Beginning on:	
			Voluntary Compliance	Mandatory Compliance
NEPAL AUDITING PRACTICE NOTES				
1	NAPN 1000	Special Considerations in Auditing Financial Instruments	Not Applicable	Not Applicable
AUDITS AND REVIEWS OF HISTORICAL FINANCIAL INFORMATION				
2000-2699 Nepal Standards on Review Engagements				
2	NSRE 2400 (Revised)	Engagements to Review Historical Financial Statements	1st Shrawan, 2081	1st Shrawan, 2082

3	NSRE 2410	Review of Interim Financial Information Performed by the Independent Auditor of the Entity	1st Shrawan, 2081	1st Shrawan, 2082
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				
4	NSAE 3000 (Revised)	Assurance Engagements Other than Audits or Reviews of Historical Financial Information	1st Shrawan, 2081	1st Shrawan, 2082
3400-3699 Subject Specific Standards				
5	NSAE 3400	The Examination of Prospective Financial Information (Previously NSA 810)	1st Shrawan, 2081	1st Shrawan, 2082
6	NSAE 3402	Assurance Reports on Controls at a Service Organization	1st Shrawan, 2081	1st Shrawan, 2082
7	NSAE 3410	Assurance Engagements on Greenhouse Gas Statements	1st Shrawan, 2081	1st Shrawan, 2082
8	NSAE 3420	Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus	1st Shrawan, 2081	1st Shrawan, 2082
RELATED SERVICES				
4000-4699 Nepal Standards on Related Services (NSRS)				
9	NSRS 4400	Engagements to Perform Agreed-Upon Procedures Regarding Financial Information (Previously NSA 920)	1st Shrawan, 2081	1st Shrawan, 2082
10	NSRS 4410 (Revised)	Compilation Engagements	1st Shrawan, 2081	1st Shrawan, 2082
AUDIT QUALITY				
11		A Framework for Audit Quality: Key Elements that Create an Environment for Audit Quality	Not Applicable	Not Applicable
ASSURANCE FRAMEWORK				
12		Amended Nepal Framework for Assurance Engagements	Not Applicable	Not Applicable

Standard-wise Proposed Dates for the Implementation of Nepal Standards on Auditing - 2024

For Some New and Revised Standards (Included in Volume - I & II of the Handbook)

S. N.	NSA No	Standards	Effective for Audits of Financial Statement for the Periods Beginning on:	
			Voluntary Compliance	Mandatory Compliance
1	NSQM 1	Quality Management for Firms That Perform Audit or Reviews of Financial Statements, or Other Assurance or Related Services Engagements	1st Shrawan, 2081	1st Shrawan, 2083
2	NSQM 2	Engagement Quality Reviews	1st Shrawan, 2081	1st Shrawan, 2083
3	NSA 220 (Revised)	Quality Management for an Audit of Financial Statements	1st Shrawan, 2081	1st Shrawan, 2083
4		Confirming Amendments to Nepal Standards on Auditing (NSA) and Related Material Arising from the Quality Management Standards	Not Applicable	Not Applicable
5	NSA 600 (Revised)	Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)	1st Shrawan, 2081	1st Shrawan, 2083
6		Conforming and Consequential Amendments Arising from Proposed NSA 600 (Revised)	Not Applicable	Not Applicable
7	NSRS 4400 (Revised)	Agreed-upon Procedures Engagements	1st Shrawan, 2081	1st Shrawan, 2083
8		Conforming and Consequential Amendments to the AuSB's Other Standards as a Result of the New and Revised Quality Management Standards	Not Applicable	Not Applicable