Globalization and Indian Accounting Standards

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Abstract

The globalization of world economy brings a lot of changes in business modules everywhere in the world. It has modied, changed or rectified most of the tradition business trends and the process is continue. Accounting is also not any exception and many changes have been accumulated year-to-year in Indian Accounting Standards to compete with Internation Accounting Standards. Now, either a business is already global or it may be in coming time so, each country require to make its Accounting Standard system compitable with international accounting standards.

Keywords: Globalization, business, accounting, Indian Accounting Standards, International Accounting Standards.

Introduction

Language is referred to a group of meaningful words or sentences. It has broadly two principal components, one is 'symbols' and another is 'Rules' to make it purposeful. Symbols are meaningful words identification in any language, known as linguistic objects and which are used to convey particular meaning or concepts. The arrangement of symbols in a systematic manner becomes a language. The rules which influence the usage and pattern of the symbols are known as grammar of language or grammatical rules.

Accounting is often called the language of business because it communicates the information relating to the business to interested parties like owners, creditors, investors, Government, etc. Accounting as a language has two components like symbols and grammatical rules. In accounting, numerals and words and debits and credits are accepted as symbols which are unique to the accounting discipline. The grammatical rules in accounting refer to the general set of procedures followed to create all financial data for the business.

Review of Literature

Salim Mohammad (2011) had indicated that Revised Schedule VI provides flexibility in the format of financial statement which will be easy for corporates to merge Indian accounting standards with International Financial Reporting Standards.

Sarbapriya Ray (2012) examined Wipro Ltd annual report for the period ended 2009 comparing the accounting numbers prepared using International Financial Reporting Standards and Indian Generally Accepted Accounting Practices. The study found noticeable difference in total liabilities and equity which was due to reclassification suggested in International Financial Reporting Standards. The value of equity improved and total liabilities decreased by 4.28% in IFRS reporting compared to Indian Generally Accepted Accounting Practices. The study found significant changes in leverage ratio on comparison of IFRS reporting with Indian Generally Accepted Accounting Practices reporting but the study was not statistically tested.

Vidhi Bhargava and Divya Shika (2013) in their paper examined the impact of transition to International Financial Reporting Standards on financial ratios in India. They analysed Wipro Limited Annual report for the period 2012. It was observed that the IFRS reported an increase in Total Assets and Total liabilities by 0.79% compared with Indian Accounting standard. The reasons stated for the differences were mainly because of reclassification between equity and liabilities and difference in the concept of revenue recognition. But their paper was not statistically proved. They had stated that International Financial Reporting Standards is a fair value principles based accounting which will improve quality of disclosures and enhance international comparability and understanding of financial statements. It was stated in the study that International Financial Reporting Standard implementation will boost investment from across globe for Indian corporates.

Ambrish Gupta (2013) carried out the study to find the impact of Revised Schedule VI on disclosures. A case study base analysis of Reliance Industries Limited was examined by making a comparative study of the Schedule VI covering the period 2011 and 2012. The study found that the new format reveals better disclosure of equity holders fund, revenue, actual liquidity, solvency position and directly disclosing net worth on the face of the Balance sheet.

Pramod Kulkarni and Raju L. Hyderabad (2015) examined the awareness level of Chartered Accountants in Hubli and Dharwad regions in India. By way of sample survey of fifty Chartered Accountants, the study found that Chartered Accountants possessed conceptual knowledge in International Financial Reporting Standard. Further it was found that absence of listed corporate client in the Hubli and Dharwad regions was the reason for lack of interest by Chartered Accountants to know about International Financial Reporting Standard.

Ajay Adhikari, Manish Bansal and Ashish Kumar (2021) conducted a study which examines the impact on accounting quality in India after converging Indian Generally Accepted Accounting Principles (IGAAP) with International Financial Reporting Standards (IFRS). The converged form of IGAAP is referred as Indian Accounting Standards (Ind AS). Using a pre-and post-IFRS adoption period design, this study compares the quality of accounting information reported under IGAAP and Ind AS. The results show that accounting quality deteriorates immediately after the adoption of Ind AS. In particular, the document that the implementation of IFRS-converged standards results in lower variability in net income, a higher magnitude of discretionary accruals, less timely recognition of losses, and lower value relevance of reported earnings.

Development in Accounting

Accounting is a very old profession and was well known in the early civilization of the Egyptians, the Greeks and the Romans.

In India, Chankya in his *Arthashatra* emphasized the existence and need of paper accounting and auditing. However, modern system of accounting owes its origin to Pacioli, who lived in Italy in the Sixteenth century. In these early days the businessorganization and transactions were not so complex due to their being small and easily manageable by the owner itself. Things have been changed rapidly during the last fifty years. The advent of industrial revolution has resulted in large scale production, cut through competition and widening of the market. This has also reduced the effectiveness of personal supervision resulting in the decentralization of authority and responsibility.

Today, there is a greater need for coordination and control, old technique of management is no longer considered dependable in the situation in which the modern firm operates. Accounting today, therefore, cannot be the same as it used to be about help a century back. It has also grown in importance and changes in its structure with the evolution of complex and giant industrial organizations. In the early stages, accounting development as a result of need of business firms to keep track of their relationship with outsiders and listing of their assets and liabilities. The technology has resulted into big changes in accounting recently. The interest in international accounting began to grow in the late 1950s and early 1960s due to post World War II economic integration and the related increase in cross-border capital flows.

The focus of American Institute of Certified Public Accountants' (AICPA) was on the world economy in relation to accounting in 8thInternational Congress of Accountants held in 1962, where it was suggested that steps be undertaken to foster development of auditing, accounting, and reporting standards on an international basis. Similarly, the AICPA reactivated its Committee on International Relations through establishing programs to improve the international cooperation among accountants and the exchange of information and ideas, so as to reach an agreement on common standards. The Committee completed a review of accounting standards internationally in with a publication of Professional Accounting in 25 Countries in 1964 and formed a group of United Kingdom and Canada to study the differences between their standards in 1966. The group studied 20 areas of accounting for about 10 years, for producing studies of differences in best practices. The first international accounting standard-setting body was created during 1970s and a gradual increase in voluntary cooperation among the FASB, the IASC, and other national standard setters. The International Accounting Standards Committee was formed in 1973. It was the first international standards-setting body. The IASC was established by the AICPA and its counterparts in 8 other countries with a mission to formulate and publish, in the public interest, basic standards to be observed in the presentation of audited accounts and financial statements and to promote their worldwide acceptance. It was reorganized in 2001 and became an independent international standard setter, the International Accounting Standards Board (IASB). Since then, the use of international standards has progressed rapidly. The European Union and over 100 other countries either require or permit the use of international financial reporting standards (IFRSs) issued by the IASB or a local variant of them in 2009. In 1979, FASB took on a project to revise its accounting standard on foreign currency; it decided to include representatives of the UK Accounting Standards Board, the Accounting Standards Board of Canada, and the IASC on its Task Force. This was one of the FASB's first efforts to formally collaborate internationally when developing a standard. By 1987, the

IASC had issued 25 standards covering various issues. Because those standards were essentially distillations of existing accounting practices used around the world, they often allowed alternative treatments for the same transactions. The IASB decided to undertake comparability and improvements project to reduce the number of allowable alternatives and make the standards more prescriptive rather than descriptive.

During the late 1980s, the need for a common body of international standards to facilitate cross-border capital flows had generated a high level of worldwide interest. The FASB decided that the need for international standards was strong enough to warrant more focused activity on its part. FASB Chairman Dennis Beresford expressed his support for “superior international standards” that would gradually replace national standards and identified new initiatives to get the FASB more directly involved in the drive to improve international standards (Status Report No. 195, June 27, 1988). In 1988, The AICPA coordinated U.S. involvement in IASC activities. The FASB/IASB relationship was an informal one, when the FASB became a member of the IASC Consultative Group (a body established to provide the IASC with input on technical and others issues and an Observer to the IASC), which meant that a FASB representative was permitted to attend and participate in IASC meetings.

The FASB developed its first strategic plan for international activities during 1990 to significantly expand the scope of its collaboration with other standard setters. The U.S. Congress and the SEC also became involved in the issues of international accounting standards. At the end of the decade, the FASB directly participated in the working party that led efforts to restructure the IASC into the IASB. In 1991, The FASB’s first formal plan for international activities described the ultimate goal of internationalization as a body of superior international accounting standards that all countries accepted as GAAP for external financial reports. Since the Board had concluded that the ultimate goal was beyond immediate reach, it established a near-term strategic goal of making financial statements more useful by increasing the international comparability of accounting standards while improving their quality. The plan outlined specific efforts toward achieving that goal.

The following points were included:

- Actively considering the existing requirements of international standards in the Board’s projects,
- Taking on joint projects with other standard setters,
- Actively participating in the IASC’s processes,
- Strengthening international relationships, and
- Expanding international communications.

In 1993, the FASB and its counterpart in Canada undertook a joint project that resulted in both Boards issuing improved standards on segment reporting that were substantially the same. The FASB and its counterparts in Canada, the United Kingdom, and Australia formed a group to research and propose solutions to common accounting and reporting issues. Originally referred to as the “G4,” the group published 11 research reports on various issues such as reporting financial performance and accounting for leases. The Group was later renamed the "G4+1" when New Zealand became a member. Representatives of the IASB participated as an observer.

In 1994, The FASB and IASC undertook concurrent projects to improve their earnings per share standards with a specific objective of eliminating the differences between them.

During 1995, the FASB updated its strategic plan for international activities, essentially affirming the strategic goals and action plans set forth in 1991. Consistent with that plan, the FASB staff undertook a broad project to compare U.S. GAAP and existing IASC standards. That effort resulted in the FASB's publication of The IASC-U.S. Comparison Project: A report on the Similarities and Differences between IASC Standards and U.S. GAAP (1996). In 1999, the FASB published an update of that staff research study. The IASC and the International Organization of Securities Commissions (IOSCO, of which the SEC is a member) agreed on what constitutes a comprehensive set of core standards.

The IASC undertook a project to complete those core standards by 1999. The IOSCO agreed that if it found those core standards acceptable, it would recommend endorsement of IASC standards for cross-border capital and listing purposes in all capital markets. In October 1996, the National Securities Markets Improvement Act of 1996 became law. Section 509, which dealt with promoting the global preeminence of American Securities Markets, stated that, among other things, "establishment of a high-quality comprehensive set of generally accepted international accounting standards in cross-border securities offerings would greatly facilitate international financing activities and, most significantly, would enhance the ability of foreign corporations to access and list in United States markets." The Act required the SEC to report to Congress within a year on the progress toward developing international standards (the SEC published that report in October 1997). The SEC issued a press release stating its intent to consider the acceptability of IASC standards as the basis for the financial reports of foreign private issuers.

To be accepted by the SEC, the IASC standards would have to be (1) sufficiently comprehensive, (2) high-quality, and (3) rigorously interpreted and applied.

Following the Asian financial crisis, the World Bank, International Monetary Fund, G7 finance ministers, and others called for rapid completion and global adoption of high-quality international accounting standards during 1998.

In 1999, the FASB published International Accounting Standard Setting: A Vision for the Future, describing its vision of the ideal international financial reporting system. The report said that such a system would be characterized by a single set of high-quality accounting standards established by a single, independent, international standard setter. The report also identified the characteristics of high-quality standards and of a highquality global standard setter. In the beginning of the 1990s, efforts to harmonize accounting standards internationally evolved into a broad convergence effort.

In 2001, the IASC was restructured into the IASB; and by 2009, the European Union and over 100 other countries had adopted international standards or a local variant of them. Several other countries, including Canada, Korea, India and Brazil, had committed to adopt international standards by 2011.

In 2002, the FASB and IASB embarked on a partnershipto improve and converge U.S. GAAP and international standards. Japan and China have also forged convergence plans with the IASB.

In late 2008, the SEC issued a proposed Roadmap that, if adopted, could result in the mandatory use of international standards by U.S. SEC registrants as early as 2014. In 2002, The European Union (EU) adopted legislation requiring all listed companies to prepare their consolidated financial statements using IFRS starting in 2005, becoming the first major capital market to require IFRS. The EU subsequently decided to “carve-out” a portion of the international standard for financial instruments, producing a European version of IFRS. In September 2002, the FASB and the IASB met jointly and agreed to work together to improve and converge U.S. GAAP and IFRS. That partnership is described in “The Norwalk Agreement,” issued after that joint meeting. The Norwalk Agreement set out the shared goal of developing compatible, high-quality accounting standards that could be used for both domestic and cross-border financial reporting. It also established broad tactics to achieve their goal: develop standards jointly, eliminate narrow differences whenever possible, and, once converged, stay converged. Pursuant to the Sarbanes-Oxley Act of 2002, the SEC issued a Policy Statement in 2003 that reaffirmed the FASB as the private-sector accounting standard setter for the U.S. That policy statement also said that the SEC expects the FASB to consider, in adopting accounting principles, the extent to which international convergence of high-quality standards is necessary or appropriate in the public interest and for investors’ protection.

In April 2005, SEC Chief Accountant Don Nicholiasen provided his views on a proposed “Roadmap” to eliminate by 2009 the requirement that foreign private issuers filing financial statements prepared under IFRSs reconcile reported net income and equity to U.S. GAAP (the 20-F reconciliation). The proposed Roadmap identified several milestones that, if achieved, would support eliminating the reconciliation. One of those milestones was the continued progress of the IASB/FASB convergence program. In February 2006, the FASB and the IASB issued a Memorandum of Understanding (MoU) that described the progress they hoped to achieve toward convergence by 2008. In the MoU, the two Boards reaffirmed their shared objective of developing high-quality, common accounting standards. The MoU elaborated on the Norwalk Agreement, setting forth the following guidelines in working toward convergence:

(a) Convergence of accounting standards can best be achieved by developing highquality, common standards over time.

(b) Instead of trying to eliminate differences between standards that are in need of significant improvement, the Boards should develop a new common standard that improves the quality of financial information.

(c) Serving the needs of investors means that the Boards should seek to converge by replacing weaker standards with stronger standards.

In July 2007, the SEC issued a proposing release, Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance with International Financial Reporting Standards without Reconciliation to U.S. GAAP, to eliminate the reconciliation requirement for foreign registrants that use IFRS as issued by the IASB. After considering the input received, the SEC issued a final rule eliminating that requirement in December 2007. On August 7, 2007, the SEC issued Concept Release on Allowing U.S. Issuers to Prepare Financial Statements in Accordance with International Financial Reporting Standards. The Concept Release sought public input on whether to give U.S. public companies the option of using IFRS as issued by the IASB in their financial statements filed with the SEC.

On November 7, 2007, the Financial Accounting Foundation (FAF) and the FASB responded to the SEC's request for comments on its Concept Release (see above). While reaffirming the FASB's support for a single set of high-quality common standards developed by an independent, international standard setter, the letter argued against permitting the optional use of IFRS in the absence of the planned adoption by all SEC registrants, citing the complexity that would result from such a dual reporting system. In September 2008, the FASB and the IASB issued an update to the 2006 Memorandum of Understanding (MoU) to report the progress they have made since 2006 and to establish their convergence goals through 2011.

In November 2008, the SEC published for public comment a proposed Roadmap to the possible use of IFRS by U.S. issuers beginning in 2014. Under the proposed Roadmap, the Commission would decide by 2011 whether adoption of IFRS would be in the public interest and would benefit investors. The proposed Roadmap identified several milestones that, if achieved, could lead to the use of IFRS by U.S. issuers. The SEC also proposed that U.S. issuers meeting certain criteria be given the option of filing financial statements prepared using IFRS as issued by the IASB as early as years ending after December 15, 2009.

On March 11, 2009, the FAF and FASB responded to the SEC's request for comments on its proposed Roadmap. The letter reiterated the FASB's strong support for the goal of a single set of high-quality international standards and recommended additional study to better evaluate the strengths, weaknesses, costs, and benefits of possible approaches the U.S. could take in moving toward that goal. Most recently, in a joint meeting held in October 2009, the FASB and IASB reaffirmed their commitment to convergence, agreed to intensify their efforts to complete the major joint projects described in the MoU, and committed to making quarterly progress reports on these major projects available on their websites. As a further affirmation of that commitment, the Boards issued a joint statement describing their plans and milestone targets for achieving the goal of completing major MoU projects by mid-2011.

In February 2010, the SEC issued a statement that lays out the SEC's current position regarding global accounting standards. That Statement reflects the Commission's consideration of the input it received on its November 2008 proposed rule, Roadmap for the Potential Use of Financial Statements Prepared In Accordance With International Financial Reporting Standards (IFRS) by U.S. Issuers. The Statement makes clear that the SEC continues to believe that a single set of high-quality, globally accepted accounting standards would benefit U.S. investors.

The Statement also:

- Continues to encourage the convergence of U.S. GAAP and IFRS.
- Outlines factors that are of particular importance to the Commission as it continues to evaluate IFRS through 2011.
- Directs the staff of the SEC to develop and execute a work plan that transparently lays out specific areas and factors for the staff to consider before potentially transitioning our current financial reporting system for U.S. issuers to a system incorporating IFRS.

In April 2010, the FASB and IASB published a first-quarter progress report on their work to improve and achieve convergence of U.S. GAAP and IFRS. In June 2010, the FASB and IASB agreed to modify their joint work plan to (a) prioritize the major projects in the MoU to permit a sharper focus on issues and projects for which the need for improvement is most urgent and (b) phase the publication of exposure drafts and related consultations to enable the broad-based and effective stakeholder participation that is critically important to the quality of the standards. On June 24, 2010, the FASB and IASB issued a quarterly joint progress report that describes that modified work plan.

In November 2010, the FASB and IASB issued a quarterly progress report on the status of their work to complete the Memorandum of Understanding. That progress report describes the Boards' affirmation of the priorities laid out in their June 2010 report described above. It also describes how the Boards modified aspects of their plans for other projects in order to put them in the best position to complete the priority projects by the June, 2011 target date.

In March 2011, The FASB hosted the semi-annual meeting of national standards setters in New York City. Over 60 individuals representing more than 20 different national standards setting and other organizations met to discuss a variety of matters of mutual interest, such as progress on technical projects of the IASB and joint projects between the FASB and IASB, the IASB's post-implementation review process, and issues arising in the application of international financial reporting standards. In April 2011, The FASB and IASB reported on their progress toward completion of the convergence work program. The Boards were giving priority to three remaining projects on their MoU (financial instruments, revenue recognition, and leasing) as well as their joint project on insurance. The Boards also agreed to extend the timetable for those priority projects beyond June 2011 to permit further work and consultation with stakeholders in a manner consistent with an open and inclusive due process. The Boards issued a progress report that provides details on the timeline for completion of the MoU projects.

Indian Accounting Standards

In India, accounting practices merit more due to their complexity and innovations. Fine art of accounting was present in India even in the Vedic times. The paradigm shift in the economic environment in India during last few years has been increasing attention being devoted to accounting standards as a means towards ensuring potent and transparent financial reporting by corporate. Further, cross-border rising of huge amounts of capital has also generated considerable interest in the generally accepted accounting principles in advanced countries such as USA. Recent initiatives taken by International Organization Securities Commission (IOSCO) towards propagating International Financial Reporting Standards (IFRSs)/ International Accounting Standards (IASs), issued by the International Accounting Standards Committee, as the uniform language of business to protect the interests of international investors have brought into focus the IFRSs/IASs.

The Institute of Chartered Accountants of India, being the premier accounting body in the country, took upon itself the leadership role by establishing Accounting Standards Board, more than thirty years back, to fall in line with the international and national expectations. Today, accounting standards issued by the Institute have come a long way.

Rationale of Accounting Standards

Accounting Standards are formulated with a view to harmonize different accounting policies and practices in use in a country. The objective of Accounting Standards is, therefore, to reduce the accounting alternatives in the preparation of financial statements within the bounds of rationality, thereby ensuring comparability of financial statements of different enterprises with a view to provide meaningful information to various users of financial statements to enable them to make informed economic decisions.

The Companies Act, 1956 and other statues in India require that financial statements of an enterprise should give a true and fair view of its financial position and working results. This requirement is implicit even in the absence of a specific statutory provision to this effect. The accounting standards are issued with a view to describe the accounting principles and the methods of applying these principles in the preparation and presentation of financial statements so that they give a true and fair view. The Accounting Standards not only prescribe appropriate accounting treatment of complex business transactions but also foster greater transparency and market discipline.

Accounting Standards also helps the regulatory agencies in benchmarking the accounting accuracy.

Accounting Standards- Setting in India

The Institute of Chartered Accountants of India (ICAI) being a member body of the IASC, constituted the Accounting Standards Board (ASB) on 21st April, 1977, with a view to harmonize the diverse accounting policies and practices in use in India. After the avowed adoption of liberalization and globalization as the corner stone of Indian economic policies in early '90s, the Accounting Standards have increasingly assumed importance. While formulating accounting standards, the ASB takes into consideration the applicable laws, customs, usages and business environment prevailing in the country.

The ASB also gives due consideration to International Financial Reporting Standards/International Accounting Standards issued by IASB and tries to integrate them, to the extent possible, in the light of conditions and practices prevailing in India. Although the Accounting Standards Board is a body constituted by the Council of the Institute of Chartered Accountants of India, it is independent in the formulation of accounting standards since in case the Council considers it necessary that certain modifications be made in the draft accounting standards formulated by the ASB, it can only be done in consultation with the ASB.

Composition of the Accounting Standards Board

The composition of the ASB is broad-based with a view to ensure participation of all interest-groups in the standard-setting process. These interest groups include industry, representatives of various departments of government and regulatory authorities, financial institutions and academic and professional bodies. Industry is represented on the ASB by their apex level associations, viz., Associated Chambers of Commerce (ASSOCHAM), Federation of Indian Chambers of Commerce and Industry (FICCI) and Confederation of Indian Industries (CII). As regards government departments and regulatory authorities, Reserve Bank of India, Ministry of Company Affairs, Central Board of Direct Taxes, Comptroller & Auditor General of India, Controller General of Accounts, Securities and Exchange Board of India and Central Board of Excise and Customs are represented on the ASB. Besides these interest-groups, representatives of academic and professional institutions such as Universities, Indian Institutes of Management, Institute of Cost and Works Accountants of India and Institute of Company Secretaries of India are also represented on the ASB. Apart from these interest-groups, members of the Central Council of ICAI are also on the ASB. The following accounting standards have been issued by ICAI under Section 211 of the Companies Act, 1956.

List of Accounting Standards (AS)

Table-1

*	AS-1	Disclosure of Accounting Principles	
*	AS-2	Valuation of Inventories	See Note 38
*01	AS-3	Cash Flow Statements	See Note 10
**	AS-4	Contingencies and Events Occurring after the Balance Sheet Date	See Note 19
*	AS-5	Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies	See Note 2
***	AS-6	Depreciation Accounting	
*03	AS-7 (Revised)	Construction Contracts	
***	AS-8	Accounting for Research and Development	
*	AS-9	Revenue Recognition	
****	AS-10	Accounting for Fixed Assets	See Note 3
*04	AS-11 (Revised 2003)	The Effects of changes in Foreign Exchange Rates	See Notes 14, 21, 24, 37, 41
*	AS-12	Accounting for Government Grants	
*	AS-13	Accounting for Investments	See Note 11
*	AS-14	Accounting for Amalgamations	See Notes 8, 15

*06	AS-15 (Revised 2005)	Employee Benefits	See Notes 27, 28,29, 30
*	AS-16	Borrowing Costs	
*01	AS-17	Segment Reporting	See Note 5
*01	AS-18	Related Party Disclosures	See Notes 7, 12
*01	AS-19	Leases	See Note 42
*01	AS-20	Earnings Per Share	See Notes 6, 9,16
*01	AS-21	Consolidated Financial Statements	See Notes 23, 36
*01	AS-22	Accounting for taxes on income	See Notes 1, 22, 39
*01	AS-23	Accounting for Investments in Associates in Consolidated Financial Statements	See Notes 23, 35
*04	AS-24	Discontinuing Operations	See Note 4
*02	AS-25	Interim Financial Reporting	See Note 17
*03	AS-26	Intangible Assets	See Notes 13, 20, 34
*02	AS-27	Financial Reporting of Interests in Joint Ventures	See Notes 18, 23, 33
*04	AS-28	Impairment of Assets	See Notes 25, 32
*04	AS-29	Provisions, Contingent Liabilities and Contingent Assets	See Notes 26, 31
*09	AS-30	Financial Instruments: Recognition and Measurement	See Note 40
*09	AS-31	Financial Instruments: Presentation	
*11	AS-32	Financial Instruments: Disclosures	See Note 43

Source: http://www.caalley.com/as/clas18.html

** Some parts of this standard are withdrawn with the issuance of AS 29.

*** These standards are withdrawn either in full or in part due to issuance of AS 26.

* The compliance of these standards is mandatory.

*01 The compliance of these standards are mandatory w.e.f. 1-4-2001.

*02 The compliance of these standards are mandatory w.e.f. 1-4-2002.

*03 The compliance of these standards is mandatory w.e.f. 1-4-2003.

*04 The compliance of these standards is mandatory w.e.f. 1-4-2004.

*05 The compliance of these standards is mandatory w.e.f. 1-4-2005.

*06 The compliance of these standards is mandatory w.e.f. 7-12-2006.

*09 The compliance of these standards is recommendatory w.e.f. 1-4-2009 and mandatory w.e.f. 1-4-2011.

*11 The compliance of these standards is mandatory w.e.f. 1-4-2011

NOTES:

43. For Appendix D, see Guidance Notes section.

42. Limited Revision to Accounting Standard (AS-19) Leases.

41. Announcements on 'Accounting for exchange differences arising on a forward exchange contract entered into to hedge the foreign currency risk of a firm commitment or a highly probable forecast transaction' withdrawn.

40. Announcement - Accounting for Derivatives.

39. Extracts of the Supreme Court Decision on AS-22, Accounting for Taxes on Income.

38. Limited Revision to AS-2 Valuation of Inventories.

37. Limited Revision to AS-11 (revised 2003) The Effects of Changes in Foreign Exchange Rates.

36. Limited Revision to AS-21 Consolidated Financial Statements.

35. Limited Revision to AS-23 Accounting for Investments in Associates in Consolidated Financial Statements.

34. Limited Revision to AS-26 Intangible Assets.

33. Limited Revision to AS-27 Financial Reporting of Interests in Joint Ventures.

32. Limited Revision to AS-28 Impairment of Assets.

31. Limited Revision to AS-29 Provisions, Contingent Assets and Contingent Liabilities.

30. Option to an entity to adopt alternative treatment allowed by way of amendment to the Transitional Provisions of AS 15, Employee Benefits (revised 2005).

29. Limited Revision to AS 15, Employee Benefits (revised 2005).

28. Deferment of Applicability of AS-15, Employee Benefits (revised 2005).

27. ASB Guidance on Implementing AS 15, Employee Benefits (revised 2005).

26. Limited Revision to AS-29, Provisions, Contingent Liabilities and Contingent Assets.

25. Applicability of AS-28, Impairment of Assets, to Small and Medium Sized Enterprises.

24. Clarification on Applicability of AS-11 to Forward Exchange Contracts.

23. Elimination of unrealized profits and losses under AS 21, AS 23 and AS 27.

22. Deferment of the applicability of AS 22 to Non-Corporate Enterprises.

21. Applicability of AS-11 (Revised 2003).

20. Limited Revision to AS-26.

19. Applicability of AS-4 to impairment of assets not covered by present Indian Accounting Standards.

18. Limited Revisions to AS-27.

17. Limited Revisions to AS-25.

16. Limited Revisions to AS-20.

15. Limited Revisions to AS-14.

14. Treatment of exchange differences under Accounting Standard (AS) 11 (revised 2003), The Effects of Changes in Foreign Exchange Rates vis-à-vis Schedule VI to the Companies Act, 1956 .

13. Applicability if AS-26, Intangible Assets.

12. Limited Revisions to AS-18, Related Party Disclosures.

11. Limited Revision to AS-13, Accounting for Investments.

10. Status of AS-3, Cash Flow Statements, under Section 211 of the Companies Act, 1956.

9. General Clarification 10/2002 AS-20 Earnings per Share.

8. General Clarification 4/2002 AS-14, Accounting for Amalgamations.

7. General Clarification 2/2002 AS-18, Related Party Disclosures.

6. General Clarification 1/2002 Applicability of AS-20, Earnings per Share.

5. Disclosure of corresponding previous year figures in the first year of application of AS-17, Segment Reporting.

4. Announcement AS-24, Discontinuing Operations.

3. Status of certain provisions of AS-10, Accounting for Fixed Assets, pursuant to the issuance of AS-19, Leases and AS-16, Borrowing Costs.

2. Limited Revision to AS-5, Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

1. Clarification on AS-22, Accounting for Taxes on Income.

International Accounting Standards

Founded in 1973 with the goal of achieving accounting Harmonization by creating international accounting standards, the IASB issued its first standard in 1975 [Leuz 2003: 448 Davis-Friday and Rueschhoff 2001: 45]. By the end of 1983, the IASB had issued 22 International Accounting Standards (IAS). These early standards were heavily criticized for allowing too much flexibility of accounting choices. A study of the uniformity of these 22 IAS revealed that nearly 14% of the standards' provisions allowed flexibility in practice [Davis-Friday and Rueschhoff 2001: 45]. As a response to the criticism of its early standards, the IASB launched the Comparability/Improvements Project in 1987 [Leuz 2003: 448 Meek and Saudagaran 1990: 170]. The revisions made as part of this project became effective in 1995 and resulted in a significant reduction in the number of accounting choices allowed [Leuz 2003: 448]. In addition, in 1995, the IASB and the International Organization of Securities Commissions (IOSCO) agreed that there were a number of accounting issues to be addressed before an adequate level of comparability among firms reporting under IAS for cross-border listings was possible. The result was another substantial revision of IAS and a further reduction of available accounting choices [Leuz 2003: 448].

Subsequent to IOSCO's endorsement, 4 the IASB requested the SEC's approval of IAS for listing and capital raising in the U.S. The SEC responded to this request by issuing a concept release5 inviting feedback on IAS's quality and acceptability [Leuz 2003: 448]. The SEC interpreted quality and acceptability to mean meeting users' need for financial information, rather than comparability between IAS and U.S. GAAP [Cooke et al. 2001:33]. In conducting this evaluation of IAS, the SEC confronted the challenge of applying one set of rules for firms from different countries with widely varying approaches to taxation, enforcement, auditing, financing, and ownership [Pownall and Schipper 1999: 269]. In other words, the question is whether these institutional differences between countries affect the comparability in financial reporting between firms reporting under IAS.

The International Financial Reporting Standards are facilitating greater cross-border capital raising and trade. Companies listing on stock exchanges in different countries are following IFRS as they need consistent worldwide reporting standards so that they can have comparable, reliable, and transparent financial statements. The European Council of Ministers realizing the benefits of a truly international standards, approved a regulation on 6th June, 2002 that would require all EU companies listed on a regulated market to prepare accounts in accordance with International Accounting Standards for accounting periods beginning on or after 1 January 2005. This Regulation will affect around 7,000 listed companies across the EU and may possibly be extended to non-listed companies.

List of IAS

1. Presentation of Financial Statements.
2. Inventories.
3. Consolidated Financial Statements Superseded in 1989 by IAS 27 and IAS 28.
4. Depreciation Accounting Withdrawn in 1999.

5. Information to Be Disclosed in Financial Statements Superseded by IAS1 effective 1 July 1998.
6. Accounting Responses to Changing Prices Superseded by IAS 15, this was withdrawn December 2003.
7. Statement of Cash Flows.
8. Accounting Policies, Changes in Accounting Estimates and Errors.
9. Accounting for Research and Development Activities Superseded by IAS 39 effective 1 July 1999.
10. Events after the Reporting Period.
11. Construction Contracts.
12. Income Taxes.
13. Presentation of Current Assets and Current Liabilities Superseded by IAS 39 effective 1 July 1998.
14. Segment Reporting Superseded by IFRS 8 effective 1 January 2009.
15. Information Reflecting the Effects of Changing Prices Withdrawn December 2003.
16. Property, Plant and Equipment.
17. Leases.
18. Revenue.
19. Employee Benefits (2011).
20. Accounting for Government Grants and Disclosure of Government Assistance.
21. The Effects of Changes in Foreign Exchange Rates.
22. Business Combinations Superseded by IFRS 3 effective 31 March 2004.
23. Borrowing Costs.
24. Related Party Disclosures.
25. Accounting for Investments Superseded by IAS 39 and IAS 40 effective 2001.
26. Accounting and Reporting by Retirement Benefit Plans.
27. Separate Financial Statements (2011).
28. Investments in Associates and Joint Ventures (2011).
29. Financial Reporting in Hyperinflationary Economies.
30. Disclosures in the Financial Statements of Banks and Similar Financial Institutions Superseded by IFRS 7 effective 1 January 2007.
31. Interests in Joint Ventures Superseded by IFRS 11 and IFRS12 effective 1 January, 2013.
32. Financial Instruments: Presentation.
33. Earnings per Share.
34. Interim Financial Reporting.
35. Discontinuing Operations Superseded by IFRS 5 effective 1 January 2005.

36. Impairment of Assets.
37. Provisions, Contingent Liabilities and Contingent Assets.
38. Intangible Assets.
39. Financial Instruments: Recognition and Measurement Superseded by IFRS 9 effective 1 January 2015.
40. Investment Property.
41. Agriculture.

From Table-1 and this list of International Accounting Standards, it can be observed that Indian and International both have many similarities and in coming years, this similarity will increased certainly because it's the need of time that accounting standards should be same or atleast similar to simplify multinational companies accounting information and shareholders of any company can compare various companies performances from the same category or other. But, if these companies use account standards which are significantlky different, then comparison becomes difficult.

Conclusion

In traditional accounting system in India, the accounting information have been written in a specific manner that was complex. For most of the small scale businesses, it was only for their owners and management but, when businesses became broaden with participation of public, publishing of accounting started in annual reports for shareholders and it was felt to make some rules and regulation so that accounting information of different companies can be compared by their shareholders and other persons as well.

Now, it is the time when a startup can plan to go worldwide from its foundation day. A lot of amendments and rectification have been made in Accounting Standards and this process is continue year-to-year. Now, it is required that there should be a common accounting standard list and companies having multinational businesses should prepare their accounts in an identical format.

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