

Assignment  
For

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# Accounting Standard and - International Financial Reporting Standard (IFRS).

⇒ Accounting Standard : are the policy documents issue by recognised accounting body.

The term standard then etc, discipline which provide guidelines for evaluation. The account standard provide a frame work for the preparation of the financial statement.

According to Philip Kohler, "Accounting standard is the frame work and moral of conduct which impart by law or profession body for the benefit of accountant."

## ♥ Objectives of Accounting Standard:

Account standard deal mainly with the system of financial measurement and disclosure used in providing a set of fairly present financial standard. The following of objective law of accounting standard are:

- (i) It is a frame work for preparation of financial statement.
- (ii) It make meaningful and comparable of all financial statement.
- (iii) Accounting standard helped the editor to their edit to the works.



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(iv) It make easy for practices-

## Need & Significance of Accounting Standard.

- Accounting Standard make easy for recording, analysing, and every transaction. It is used in accounting for various uses:
  - (i) It's improve the reliability of financial statement
  - (ii) It's ensure the consistency of financial statement
  - (iii) Accounting Standard developed transparent accounting norm.
  - (iv) It help in resolving Conflict of interest among various group of user.
  - (v) It's also helpful to auditor.

International Accounting Standard (IAS) for harmonisation and standardisation through out the world international accounting standard community was setup on 29th June 1973. with his headquarters in London.

Sixteen accounting buddies from nine countries sign the agreement and now at present time the no. of professional buddies IASC representing more than 100 countries (140 AIC Buddies) + India becomes its member in 1977. IASC has so far issue 41 standard out of this some standard have been withdraw and replaced by improved standard.



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Due to globalisation of business then need for IAS and it is explicit in the following statement of IASC.

"Investment analyses and another financial incurred".

Extra cost of analyses when the reports are prepared according to different standards in different countries. Accounting reports with significance of less credibility reports different profit numbers different countries for given transaction.

Thus there is need for development of global accounting standard on May, 17<sup>th</sup>, 2000. The International Organisation of Securities Commission (IOSCO) which is an international organisation of stock exchanges of the world, has endorsed standards developed by the IASC.

This has given a major boost to IAS because to get the shares listed on stock exchanges in other countries, the financial statements will have to be prepared as per IAS.

## Accounting Standards In India.

Keeping in view the international developments in the field of accounting, the Council of the Institute of Chartered Accountants of India (ICAI) constituted the Accounting Standards Board (ASB) on 21<sup>st</sup> April, 1977.



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The Accounting Standards Board (ASB) is entrusted with the responsibility of formulating standards on significant accounting matters keeping in view of international developments and legal requirements in India.

The main functions of the ASB are:

- To identify areas in which uniformity in standards is required, and
- To develop draft standards after discussion with representatives of the Government, public sector undertakings, industries and other agencies.
- ~~Advisory~~ Advisory Committee on A/c Standards

The accounting standards are issued in India under the authority of the Institute of Chartered Accountants of India (ICAI).

According to section 210-A as introduced by the Companies (Amendment) Act, 1999, the Central Government is empowered to constitute an advisory committee, to be called the national advisory committee on A.S.

It should be noted that:

- (i.) The accounting standards are intended to apply only to items which are material and become applicable from the date as specified by the Institute.
- (ii.) The accounting standards are to address the basic matters, to the extent possible.



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→ In 2001 The International Accounting Standards Board (IASB) was replaced by international accounting standard board. It announced that its accounting standard would be called International Financial Reporting Standard. The institute of chartered accountant of India was decide to adopt (IFRS) was with effect from April, 1st 2011; at present over 110 countries in the European Union, Africa, West Asia, and Asia Pacific, the reason required the use of IFRS.

IFRS are principal best set of accounting standard development and issue by the international accounting standard board.

In other words, IFRS are referred to a principal based accounting standard is developed by IASB and IFRS development 10 principals of accounting standard these are described as follows:

- ♥ IFRS: 1.) first time adoption of IFRS.
- 2.) Share based payment.
- 3.) Business combination.
- 4.) Non-current assets held for sale and discontinued operation.
- 5.) Insurance contract.
- 6.) Exploration for evaluation of mineral assets.
- 7.) Financial Instruments: Disclosures.
- 8.) Operating Segment.
- 9.) Financial instrument.
- 10.) For Small and Medium Enterprises.



# Theory Base of Accounting:

## Accounting Principles - Fundamental Assumption or Concept

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### Chapter 3-

#### Accounting principles:

Accounting principles refer to those principles which are used for preparing accounting.

Accounting theory consisting of principles and methodological for accounting. Its play and important role in the foundation of business accounting.

Accounting is the language of business it should be intelligible and more readable to the person. It make easy of all accounting information.

Hence, accounting principles are a set of such guideline used in accounting it is also known as accounting concept, accounting convention, postulate, assumption etc.

⇒ According to R.N Anthony, "Accounting principles is the set of such and convention."

⇒ According to A.W Johnson, "Accounting principles are the assumption and such of accounting, method and procedure of accounting."

#### ★ Generally Accepted Accounting Principles

The word generally means are general manner. The G.A.A.P refer to the such adopted for recording and preparing of business transaction. It being objectively in the



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process of recording and make the accounting statement more effective. when accounting principal accepted by accountants all over the world then those accounting principal are known as (G.A.A.P) ~ G.A.A.P involved over a long period of time on the basis of passed experience use statement by individual and professional buddies. They have general acceptability among most accounting professional.

Nature of Accounting Principal -----

Accounting principal simplifies dynamic or rigid process.

- ii) Its developed on the basis of observations and experience.
- iii) G.A.A.P have broad guideline.
- iv) Its acceptable by all accountant in the world.
- v) Accounting principal are constantly affected by various environmental factors.
- vi) Its cannot be verified through experiment and investigation.

Importance Of Accounting principals  
 ↑ are as follows

- i) Accounting principal are developed by human.
- ii) It make easy for accounting treatment.



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- iii.) Accounting principal act as roadmap to get the desired objectives.
- iv.) Accounting principal are judged on their general acceptability.
- v.) It should increase the usefulness of accounting records.
- vi.) Accounting principal should be practical.
- vii.) A/c principal has lack of list.

### Limitation/Demerit of Accounting principal.

A/c principal are the rule and regulations of Accounting but it have some limitation which the accounting records.

- i.) It's have limited scope.
- ii.) There is a difference between various accounts on accounting principal.
- iii.) Accounting principal are not universally recognize.
- iv.) There is no various method to charge depreciation on assets, evolution of stock, etc.
- v.) A/c principal are not able to ~~can~~ clarify the difference between Capital & revenue items.