



ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS



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ABSTRACT:

Worldwide Accounting Standards Committee was framed in June, 1973. The IASC issued IAS for the satisfaction the goal is to fit bookkeeping between different nations to lead worldwide business easily and bring money up in worldwide market .IFRS is an exchange sign of the International Accounting Standards Committee Foundations. It alludes IFRS which are connected while setting up the Financial Statements of a Company. IFRS is s set of money related detailing models issued by the International Accounting Standards Board. IFRS is an exchange of the International Accounting Standards Committee Foundations. It alludes to worldwide Financial Reporting principles which are connected while setting up the Balance Sheet and other Profitability proclamations of an organization. These have just been connected in excess of a 1000 Countries and would before long be utilized over the Globe. The has structured as a typical worldwide dialect for business undertakings with the goal that organization accounts are reasonable and tantamount crosswise over global limits they are an outcome of developing universal shareholding and exchange and are especially imperative for organizations that have dealings in a few nations. They are continuously supplanting the a wide range of national bookkeeping models. The guidelines to be trailed by bookkeepers to keep up books of record which is practically identical, justifiable, dependable and significant according to the clients.. The point of the exploration article is to comprehend the obstacles in reception of IFRS and legitimize the interest for usage of the Standards.

KEYWORDS: Accounting Standards , Convergence

INTRODUCTION:

IFRS started as an endeavor to harmonies bookkeeping over the European Union yet the estimation of harmonization rapidly made the idea alluringly the world. They are here and there still called by the first name of International Accounting Standards (IAS). IAS was issued somewhere in the range of 1973 and 2001 by the Board of the International Accounting norms Committee (IASC). On first April 2001, the new International Accounting Standards Board assumed control from the IASC the duty regarding setting International Accounting Standards. Amid its first gathering the new Board embraced existing IAS and Standing Interpretations Committee guidelines (SICs). The IASB has kept on creating benchmarks calling the new guidelines International Financial Reporting Standards (IFRS). IFRS are utilized in numerous parts of the world, including the EU Hong Kong, India Australia, GCC Countries, Malaysia, Pakistan, Russia, South Africa, and Chile.

At present, the way of IFRS union in India is misty. Most organizations have deferred preliminary endeavors till there is further clearness. Indian controllers need to think about the above elements and convey a firm guide and approach for execution. This firm guide can likewise be utilized to talk about a reestablishment of exception from IFRS for Indian organizations with securities recorded on controlled European stock trades

INDIA and IFRS :

India is as of now on the progress from stage I to arrange I of IFRS selection prominently referred to as Ind AS. Stage 1 incorporates Companies which are a piece of NSE – Nifty 50, or part BSE-Sensex 30, or have a note worth in overabundance of Rs.1,000 (whether recorded or not), or organizations whose shares or different securities are recorded on stock trades outside India will receive met IFRS beginning From April first, 2011. Phase 2 incorporates Companies, regardless of whether recorded or not, having a total assets surpassing Rs.500 crores but rather not surpassing Rs.1,000 crores will change over their opening accounting report as at first April, 2013. Stage 3 incorporates recorded organizations which have a total assets of Rs.500 crores or less will change over their opening accounting report as at first April, 2014.

The Institute of Chartered Accountant of India was reported that IFRS will be compulsory in India for fiscal report for the periods starting on or after 1 April 2012. The ICAI was likewise expressed that IFRS will be connected to organizations above INR 1000 crore from April 2011. Stage savvy pertinence points of interest for various organizations in India is as per the following-

STRUCTURE OF IFRS

IFRS is an arrangement of built up bookkeeping gauges that is quickly increasing overall acknowledgment Standards are proclaimed by the London-based International Accounting Standards Board (IASB). IASB incorporates agents from significant nations, including U.S.

IFRS are a "rule based" arrangement of gauges in that they set up wide principles and managing explicit medications. IFRS contain

- IFRS – norms issued after 2001.
- IAS—norms issued before 2001
- Interpretations began from the International Financial Reporting Interpretations Committee (IFRIC) – issued after 2001
- Standing Interpretation Committee (SIC)— issued before 2001.

By and by IFRS includes principally 8 IFRS's and 29 IAS's. 17 IFRIC and 11 SIC elucidations.

GLOBALISATION, IFRS AND INDIA

IFRS are utilized in numerous parts of the world. The greater part of the nations around the globe right now require or allow IFRS announcing. Argentina, Brazil, Canada and India have reported ordered utilize. Various global organizations are setting up their business in different nations with rising economies and the other way around. The elements in developing economies are progressively getting to the worldwide markets to satisfy their capital needs by getting their securities recorded on the stock trades outside their nation. Worldwide markets would work better once we have a solitary arrangement of high caliber worldwide bookkeeping guidelines. The IFRS are a result of specific shock. They are a guideline based structure and not administer based. IFRSs have been proposed by the IASB on points for which there was no obvious IAS.

The change in outlook in the monetary condition in India amid most recent couple of years has prompted expanding consideration being committed to bookkeeping benchmarks as a methods towards guaranteeing intense and straightforward money related announcing by any corporate. The ICAI, as the bookkeeping standard – setting body in the nation has constantly tried endeavors to figure great Accounting Standards. Since 2001 the IASB was relied upon to make an arrangement of standards, rules, budgetary revealing gauges that might be utilized internationally all through the world's capital markets. The

Accounting Standards issued by the ICAI leave from the relating IFRS with the end goal to guarantee consistency with the lawful, administrative and financial situations of India. In view of the proposal of IFRC Task constrain, the board of ICAI, at 2691 gathering, chose to embrace a '4big blast' approach and completely unite with the IFRS issued by IASB from bookkeeping periods initiating on or after first April,2011.

CHALLENGES OF SWITCHING TO IFRS

Changing to IFRS is a key move for all organizations receiving IFRS since it requires a powerful administration of partner desires, including plentiful planning and overseeing financial specialist relations. This bookkeeping exercise requires fiscal sponsorship and solid help from senior administration as far as asset sourcing and responsibility for the venture wide bookkeeping patch up. Organizations must unlearn a significant number of their current fund information and relearn new IFRS gauges while receiving IFRS. They require a back capacity that knows to expect an expanded utilization of judgment in IFRS announcing. Organizations will probably need to procure back specialists and reviewers who have the imperative IFRS revealing information and experience, apparent inside a similar industry gathering. As the assembly procedure includes coordinated endeavors of lawful and administrative specialists concerned, suggestions to different experts must be considered and shut by the separate controllers. As there is a major test of changes required in Companies Act, 1956, SEBI rules, IRDA tenets and controls and in Banking Regulation Act 1949. It is improbable that every administrative expert will acknowledge the power of IFRS. There will undoubtedly be sure exemptions and confinements and in those territories, there will be a lawful abrogate.

With the end goal to be powerful, assembly of ACs will require a few down streams advancements like direction, consultative administrations, reconnaissance approach. In India no such changes are progressing.

Indian Corporate isn't yet prepared to meet the April 1, 2013 due date for the reception of the Indian rendition of IFRS. There are a few sections of the International Standards that Indian Inc isn't willing to acknowledge. A few organizations are as of now furnishing money related data arranged as per bookkeeping standards by and large acknowledged in the (US GAAP) and IFRS. There is obstruction by a sizable some area of India Inc to embracing the guidelines. About 70% organizations trust that it is counter-intuitive and not useful for the corporate segment. Numerous organizations are not slanted in light of the fact that a considerable lot of the arrangements are stringent in India. Designing and buyer merchandise organizations and even those in the money related segment are not slanted to move to the new benchmarks. There is no inspiration, no motivation. The Government has not given clear mandates to the corporate division.

Bookkeeping Models and Assumptions:-

A budget report ought to reflect genuine and reasonable perspective of the business undertakings of the association. As explanations are utilized by different constituents of ht society/controllers, they have to reflect genuine perspective of the budgetary position of the association. IFRS approve three fundamental bookkeeping models:

1. Current Cost Accounting: under Physical Capital Maintenance at all dimensions of expansion and flattening under the Historical Cost worldview and in addition the Capital Maintenance in Units of Constant Purchasing Power worldview.
2. Financial capital support in ostensible financial units, i.e., all around actualized Historical Cost Accounting amid low swelling and flattening just under the customary Historical Cost worldview.
3. Financial Capital Maintenance in Units of Constant Purchasing Power CMUCPP regarding a day by day purchaser value record or day by day rate at all dimensions of expansion and flattening.

The bookkeeping model of IFRS depends on the accompanying three basic suspicions.

- 1) **Going Concern** : The IFRS is situated in the suspicion that an element will proceed for years to come under the Historical Cost worldview and in addition under the capital support
- 2) **Stable Measuring Unit Assumption**:- The IFRS second suspicion is that money related capital support in ostensible financial units or customary verifiable cost bookkeeping just under the conventional Historical Cost worldview i.e., bookkeepers consider changes in the acquiring influence of the practical cash up to however barring 26 % per annum for a long time consecutively as insignificant or not adequately essential for them to pick Capital Maintenance in units of steady buying influence as far as a Daily Consumer Price Index of day by day rate. Bookkeepers executing the steady estimating unit suspicion (Traditional Historical Cost Accounting) During Annual swelling of 25 % for multi year in bolt would disintegrate 100% of the genuine estimation of all consistent genuine esteem non-money related things not kept up consistent under the Historical Cost worldview.
- 3) **Units of Constant Purchasing Power**: Capital Maintenance in Units of Constant Purchasing Power at all dimensions of swelling and amid hyperinflation as required in IAS 29 as far as a Daily Consumer Price Index or every day rate just under the Capital Maintenance in Units of Constant Purchasing Power worldview; i.e. the aggregate dismissal of the steady estimating units presumption at all dimensions of swelling and collapse. Capital Maintenance in Units of Constant Purchasing Power as far as a Daily buyer value Index or day by day rate of all consistent genuine esteem non-money related things in all elements that at any rate make back the initial investment in genuine incentive at all dimensions of expansion and emptying ceteris paribus-solutions for an inconclusive timeframe the disintegration caused by Historical Cost Accounting of the genuine estimations of steady genuine esteem non-fiscal things never kept up steady because of the execution of the steady estimating unit presumption at all dimensions of swelling and flattening Under HCA.

CONCLUSION:

In India we have a variety of standard setting specialists and all get engaged with upholding guidelines. The possible appropriation of IFRS by all nations seems inescapable. Early appropriation of IFRS will give a chance to shape it. On the off chance that we are one of the last to join the fleeting trend, we won't have any genuine chance to impact and shape the setting of global bookkeeping models. 22 January 2010, the Ministry of Corporate Affairs was issued the guide for change to IFRS. It is certain that India has conceded Transition to IFRS by a year. In the principal stage, organizations incorporated into Nifty 50 or BSE Sensex, and organizations whose securities are recorded on stock trades outside India and every single other organization having total assets of INR 1000 crore will get ready and present fiscal reports utilizing Indian Accounting Standards merged with IFRS. Bookkeeping to the press note issued by the legislature, those organizations will change over their first asset report as at 1 April 2011, applying bookkeeping measures joined with IFRS if the bookkeeping year closes on 31 March. This suggests the progress date will be first April 2011, According to the prior arrangement, the change date was settled at first April 2010. MCA again expressed February 2011 that India's pledge to intermingling with International Financial Reporting Standards. ("IFRS") drew a stage nearer with the distribution of 35 Indian IFRS gauges. The MCA arranged guide for the usage of IFRS and gave explicit dates to reception of IFRS in India in India based on an organization's total assets as demonstrated by the trade on which they are exchanged. The IFRS change guide for banks and Insurance organizations will pursue independently. So as energize organized commerce of cash so Companies can Invert/Raise cash from different Countries, the entire world has now begun the procedure of appropriation/Convergence with IFRS. All Countries in the European Union have officially executed IFRS frame 2005 and the entire world is required to follow with IFRS standards.

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