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IJRCM

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INTRODUCTION
REVIEW OF LITERATURE
NEED/IMPORTANCE OF THE STUDY
STATEMENT OF THE PROBLEM
OBJECTIVES
HYPOTHESIS (ES)
RESEARCH METHODOLOGY
RESULTS & DISCUSSION
FINDINGS
RECOMMENDATIONS/SUGGESTIONS
CONCLUSIONS
LIMITATIONS
SCOPE FOR FURTHER RESEARCH
REFERENCES
APPENDIX/ANNEXURE

The manuscript should preferably range from ***2000 to 5000 WORDS***.

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BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

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- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–23

UNPUBLISHED DISSERTATIONS

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

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STUDY OF IFRS AND HARMONIZATION WITH COUNTRY SPECIFIC ACCOUNTING STANDARD

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ABSTRACT

The study find that IFRS has not yet been implemented in all the industries of India, very few industries like Infosys, Larsen & Turbo etc had adopted IFRS but it is expected that all the Indian companies will implement or adopt IFRS within 2016. In case of other countries of the world the condition is same, very few countries of the world only adopt IFRS, those are basically European countries. It will take 10 to 20 years for adopting IFRS by more or less all the countries of the world. One thing, important to say that in case of each countries including India, a coordinated effort from accountants to law makers is needed along with an enforcement mechanism but it is worthy to mention that only enforcement mechanism will not be sufficient but and advisor is also required. Now as far as project is concerned, it has been mentioned under limitations of the project in introduction part, that the project faced a great limitation due to non availability of primary data and which affects analysis and findings for which the objectives of the project is not totally fulfilled. It can never be say that any project on IFRS can't be successful totally, it will but not possible for me as because collection of primary data from firms, industries and supreme accounting & financial authority of those far way countries is not possible due to huge cost, time and confidentiality constraint for me. Indian companies also did not provide data to me because non-published IFRS related data is very confidential to them, as each have own confidential strategy for IFRS implementation, which they will not tell to us until they publicly publish it. Moreover collection of primary data is possible for large organisations like Zhou et al, Siqi Li who also carry out project on this subject as they have negligible time and cost constraint and as they are huge and naming organisations many industries provide them there unpublished data. They work on some primary data therefore there project is more successful than me.

KEYWORDS
IFRS, accounting standards.

INTRODUCTION

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

IFRS is a set of accounting standards developed by an independent, non-profit organisation, called the IASB to provide a global framework for how public companies prepare and disclose their financial statements.

Globalisation of financial markets has meant an increased focus on international standards in accounting and has intensified efforts towards a single set of high quality globally acceptable set of accounting standards. Financial statements prepared in different countries according to different set of rules, mean numerous national sets of standards, each with its own set of interpretation about a similar transaction, making it difficult to compare, analyse and interpret financial statements across the nations.

The pace of development in financial reporting has accelerated sharply during the last few years, especially since the decision of the European Commission to force the consolidated financial statements of listed companies to be prepared under the auspicious of the IASB from 2005 onwards, which has sole responsibility for establishing IFRSs. Other components of the structure are the Trustees of the IASC Foundation, the IFRIC and the SAC.

Country specific accounting standards mean, those separate sets of accounting standards that were developed by particular authority of that particular country and used only by that country for the preparation and presentation of the financial statements is known as Indian Accounting Standards and it is developed by the authority named ICAI.

NEED OF THE SUTDY

In present day context we came across various opportunities that IFRS delivers to those institutions and organisations who had already adopted the IFRS as a means of their financial statements preparation and presentation by replacing their own country specific accounting standards by IFRS. Opportunities delivers to those institutions by IFRS are as follows :

1. Industries those who had already adopted IFRS get an opportunity in better accessing to global capital markets.
2. They get an opportunity of comparing their financial statements with the financial statements of the same type of industries of other countries.
3. They get rid of multiple reporting task. They prepare and present accounts according to IFRS so they need not required to prepare and present their accounts as per various accounting standards of various countries and thus relieved from the strenuous job of multiple reporting.
4. Companies who had already adopted IFRS get an opportunity in respect of easy cross border listing.
5. Those companies who had already adopted IFRS enjoy an edge over the other companies of same industry who not yet adopt IFRS, in respect of various business aspects or matters.

Thus, it is more or less clear from the above discussion that IFRS gain immense importance in present day in the whole world in respect of preparation and presentation of financial statements of various industries all over the world.

So, a close and deep study of this subject is very much necessary at present, to gain or gather more knowledge and idea about its various aspects.

Thus, IFRS indirectly play an important role in the augmentation of the world economy through its implementation in various industries of the world.

Hence it becomes a very important topic for discussion and study, at present in the whole world.

OBJECTIVES OF THE STUDY

The objectives of the study are as follows:-

1. The one of the main objective of the study is to see how far the IFRS has been successfully implemented in different countries of the world, through implementation in the industries of those countries.
2. To see specially, how far India has been successful in implementing IFRS in various Indian industries.
3. To see how far ICAI achieves in proper merging lof IFRS with Ind AS.
4. To see what are the advantages of respective country specific accounting standards which stand in the way of proper implementation of IFRS in various countries.
5. To see shortcomings of the country specific accounting standards.
6. To see what are the advantages of IFRS reaped by those companies who already adopted IFRS.
7. To see what are the drawbacks of IFRS which acts as an difficulties or obligations, in smooth implementation of IFRS to the companies who are trying to implement IFRS.
8. To find out causes behind smooth implementation of IFRS in one country and causes behind non smooth implementation of IFRS in another country.

METHODOLOGY

Our study has been totally conducted on the basis of secondary data as collection of primary data is not at all possible for me due to huge time, cost and confidentiality constraints and also due to my negligible identity companies or institutions refused to give me their primary data on the basis of confidentiality ground. We collect data from various books journals and articles published by various supreme accounting authorities of different countries and by different individuals and non-profit organisations who either deals or research with this subject and who previously conducted study on this subject. Again data is also collected from various articles published by various companies who either already adopted IFRS or going to adopt IFRS. Information that they published through articles is basically about that procedure they had adopted for its smooth implementation, that challenges the faced during implementation, benefits reaped from its successful implementation etc.

Now on the basis of above data, analysis has been conducted to find out the following:-

1. How far IFRS has been implemented in world and in India and extent of its implementation in various countries are expressed in terms of percentage and at present how far it can conquer the world is represented diagrammatically.
2. Causes behind smooth implementation of IFRS in one country and non smooth implementation of IFRS in another country.
3. To make a comparative study between two sets of ratio and findings out of reasons for difference in the value of a same ratio of two set, computed from data available in two financial statements for the year 2013 one is prepared as per IFRS and another is prepared as per Ind AS.
4. To find out obstacles faced by different companies and countries in IFRS adoption, how they overcome those obstacles and benefits reaped for IFRS adoption.

BRIEF REVIEW OF LITERATURE

As mentioned earlier, the available literature on IFRS and its implementation covers the data from European Union. Few studies have been carried out analysing the data from other countries. Zhou et al (2009) in one such study of Chinese firms' data concluded that the firms adopting IFRS are less likely to smooth earnings in the post IFRS adoption period. Their findings also pointed out the need for a stricter enforcement mechanism of financial reporting standards in emerging markets. Working on the data of European firms Armstrong et al (2010) found out a positive reaction to IFRS adoption events for firms with high quality pre adoption information, consistent with investors expecting net convergence benefits from IFRS adoption. In his study of 1084 European Union firms during the period of (1995-2006), Siqi Li (2010) concluded that on average the IFRS mandate significantly reduces the cost of equity for mandatory adopters. He also suggested in his research that this reduction is present only in countries with strong legal enforcement and that increased disclosures and enhanced information comparability are two mechanisms behind the cost of equity reduction. Cai & Wong (2010) in their study of their global capital markets summarized that the capital markets of the countries that have adopted IFRS have higher degree of integration among them after IFRS adoption as compared to the period before the adoption. Paananen & Lin (2009) gave a contrary view to prior research that IFRS adoption ensures better quality of accounting information. Their analysis of German companies reporting showed that accounting information quality has worsened with the adoption of IFRS over time. They also suggested that this development is less likely to be driven by new adopters of IFRS but is driven by the changes of standards. Books and articles published regarding the topic of the project are a) (IFRSs), produced and printed on behalf of : ICAI, b) (IFRSs) – published by Taxman Publications P Ltd. c) A guide through IFRSs July, 2008 – Published by IASB. d) IFRS : A Quick Reference Guide by Robert Kirk, etc.

LIMITATIONS OF THE WORK

The major limitations that I have to face while carrying out the work or study for the project are as follows:

1. The main problem that crop up while carrying out this project is non-availability of proper and adequate data. Primary data is not at all available because its access is restricted to the supreme accounting authorities of different countries and to different business houses who carry out research or deal with it. It is not at all possible for me to go and collect primary data from them due to huge time, cost and confidentiality constraint and also due to negligible identity constraint. Carrying of a project, basing on the primary dat can never make the project fully successful.
2. Another main problem in carrying out these project is, that as these has been successfully implemented in very few countries of the world and most of the countries of the world and most of the countries not yet adopt it either fully or even partially, it lacks popularity. Very few people have knowledge about it. Data published by those knowledgeable persons is very small and those who works on or with it, works very quietly and does not publish up to date information about their progress. For all these reasons availability of data or information regarding it is ery small and negligible, so it also act as a limitation or obstacle in the path of successful conduct of the project.
3. Data problem affect the analysis for which findings are also affected and due to these objectives of the project is not fully achieved.
4. As only one Indian company prepare financial statements according to both IFRS and Ind AS so comparative analysis between the same ratios, computed on the basis of data available in the two financial statements, prepared according to or in compliance with two different sets of standards, cannot be properly done.
5. As up to date data regarding IFRS implementation in various countries is not properly available, it becomes a great problem to find out and expressed in terms of percentage how many countries of different continents become successful in implementing IFRS, so it is also not possible to determine accurately how far IFRS has been implemented or adopted in the whole world. Determination of these is an objective of the project and as it can't be properly or accurately determined it is also a limitation of the project.

IFRS STRUCTURE

The International Accounting Standard Committee (IASC) Foundation is an independent body that overseas the International Accounting Standard Board (IASB), The IASC appoints Standard Advisory Council, The IASB and International Financial Reporting Interpretations Committee (IFRIC).

1. IASB consists of 14 members for the initial term of three to five years. IASB is responsible for technical matters including :-

▪ Preparation and issue of exposure draft,

▪ Setting up procedures for reviewing comments received on documents published for comments

• Issuing bases for conclusions.

2. Standard Advisory Council (SAC) consists of 40 members appointed by IASC Foundation trustees. They are appointed for a renewable terms of three years with a diverse geographic and functional background. SAC meets in public at least three times a year with IASB.

Their main objectives are to advice the IASB on agenda decisions, to pass views of the council members on the major standard setting project and other works.

3. IFRIC consists of accounting experts from 12 countries appointed by trustees.

The main objects of IFRIC are to develop conceptually sound and practicable interpretations of IFRSs to be applied on a global basis :-

• for newly identified financial reporting issues not specifically addressed in IFRSs.

• Where unsatisfactory, conflicting, divergent or other unacceptable interpretations have develop or seem likely to develop in the absence of authoritative guidance.There are total 19 IFRICs have been issued till date.

NATIONAL AND INTERNATIONAL SCENARIO

IFRS is use in many parts of the world, including the Eurepean Union counties, India, Hong Kong, Australia, Malaysia, Pakistan, Russia, South Africa, Singapore, Turkey etc. As on August 2008, more than 113 countries around the world, including all of Europe, currently require or permit IFRS reporting and 85 require IFRS reporting for all domestic listed companies. In 2013, around 130 countries of the world permit or currently require IFRS reporting.

FEATURES OF IFRS

1. IFRS has been developed and issued by IASB.
2. IFRS is a global accounting standards prepared after considering the respective accounting standards of all the countries.
3. It is more complex than the Ind. AS.
4. IFRS has immense contribution in the augmentation of world economy.
5. It's adoption is not large due to lack of knowledge about it, amount the accountants of different countries all over the world.
6. Total number of IFRS (including those effective from 1.1.2013) is 66, of which 13 IFRS, 28 IAS, 16 IFRIC interpretations and 9 SIC interpretations.

ADVANTAGES OF IFRS

1. It provides opportunity or benefit in respect of better access to global capital markets.
2. It provides benefit in respect of easier global comparability.
3. It provides benefits in respect of easy cross border listing, elimination of multiple reporting and augmentation of business.
4. It makes a company multinational.

DISADVANTAGES OF IFRS

1. As IFRS is a new concept, most of the accountants all over the world has less knowledge about it and so they are less accustomed with it, hence they prefer to prepare accounts with their own country accounting standards and show no interest to adopt IFRS in preparation of accounts for which IFRS adoption get a setback.
2. The IFRS is very vast and complex, it has large number of standards, proper implementation of it requires knowledgeable persons in a concern, which always lack in a concern, for which it's complete and proper implementation in different companies of the world is rare.
3. Accountants and other persons of a company are needed to be properly trained for imparting adequate knowledge about IFRS, before implementation IFRS so that those trained accountants can implement IFRS in the concern but this training involves huge amount of money.

COMPARISON BETWEEN IAS & IFRS

GENERAL DIFFERENCES

- Different terminology is used in Ind AS e.g. the term 'balance sheet' is used instead of 'Statement of financial position'and 'Statement of Profit and Loss'is used instead of 'Statement of comprehensive income'. The words approval of the financial statements for issue' have been used instead of authorisation of the financial statements for issue' in the context of financial statements considered for the purpose of events after the reporting period.
- The transitional provisions given in IFRS have not been given Ind As, since all transitional provisions related to Ind ASs, wherever considered appropriate, have been included in Ind AS 101 Firs-time Adoption of Indian Accounting Standards.
- Under Ind AS, IFRIC and SIC have not been issue dseparately from Ind AS but included as an appendix to Ind AS.
- The Ind AS is a country specific accounting standard. IFRS is a global accounting standard.
- Accounts prepared as per Ind AS need multiple reporting. Accounts prepared as per IFRS are prepared considering global circumstances.
- IFRS 1 defines transitional date as beginning of the earliest period for which an entity presents full comparative information under IFRS. It is this date which is the starting point for IFRS and it is on this date the cumulative impact of transition is recorded based on assessment of conditions at the date by applying the standards retrospectively except to the extent specifically provided in this standard as optional exemptions and mandatory exceptions.
  Ind-As 101, however, provides that the date of transition is the beginning of the current period and in addition provides an option to present comparative financial statements in accordance with Ind-AS on a memorandum basis.
- IFRS 3 requires bargain purchase gain arising on business combination to be recognised in profit or loss. Ind AS 103 requires the same to be recognised in other comprehensive income and accumulated in equity as capital reserve, unless there is no clear evidence for the underlying reason for classification of the business combination as a bargain purchase, in which case, it shall be recognised directly in equity as capital reserve. This has consequential changes such as change in wording of paragraphs 34 and 36, paragraphs IE47 and IE48 of illustrative examples, additional disclosure in paragraphB64(n) and addition of new paragraph 36A.
- IFRS 1 defines previous GAAP as the basis of accounting that a first-time adopter used immediately before adopting IFRS. Ind-AS 101, however, defines previous GAAP as the basis of accounting that a first-time adopter used immediately before adopting Ind-AS for complying with the reporting requirements in India.
- Paragraph 22 of IFRS 1 requires specific disclosures if the entity provides non-IFRS comparative information and historical summaries. Such disclosures are not required under Ind-AS 101.
- Paragraph B2 of IFRS 1 provides that, an entity would have had to adopt the de-recognition requirements for transactions entered after 1st January, 2004. However, for Ind-AS 101 purposes, all these dates have been changed to coincide with the transition date elected by the entity adopting these converged standards i.e, Ind-AS.
- IFRs requires reconciliations for opening equity, total comprehensive income, cash flow statement and closing equity for the comparative period to explain the transition to IFRS from previous GAAP.
  Ind-As 101, provides an option to provide comparative period financial statements on memorandum basis. Accordingly, entities that do not provide comparatives need not provide reconciliation for total comprehensive income, cash flow statement and closing equity in the first year of transition but are expected to disclose significant differences pertaining total comprehensive income. Entities that provide comparatives would have to provide reconciliations which are similar to IFRS.

GENERAL SIMILARITY

- Both deals with provisions regarding preparation and presentation of financial statements.
- Both consists of set of standards.
- Presentation of any items of income or expenses as extraordinary is prohibited under the both.
- When comparative amounts are reclassified, nature, amount and reason for reclassification are disclosed under the both.
- In case of inventories no specific classification requires classification should be appropriate to the entity under the both.
- Both acting as a framework for preparation and presentation of financial statements
- Under both, omissions or misstatements are material if individually or collectively they could influence the economic decisions that users take on the basis of financial statements.
- Both requires disclosure of critical judgements made by management in applying accounting policies.
- Both requires disclosure of information about management of capital and compliance with capital requirements.
- Under both, difference between the purchase price of inventories for normal credit terms and the amount paid for deferred settlement terms is recognised as interest expense.
- Under both, Changes in ownership interest in a subsidiary without loss of control are treated as financing activities

SOME NOTES ON IFRS

IFRS – 1 – FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The objective of this IFRS is to ensure that an entity's first IFRS financial statement and its financial reports for part of the period covered by those financial statements, contain high quality information that: (a) is transparent for users and comparable over all periods presented; (b) provides a suitable starting point for accounting under International Financial Reporting Standards; and (c) can be generated at a cost that does not exceed the benefits to users.

An entity shall use the accounting policies in its opening IFRS balance sheet and throughout all periods presented in its first IFRS financial statements. An entity's estimates under IFRS at the date of transition to IFRS shall be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. An entity shall explain how the transition from previous GAPP to IFRSs affected its reported financial position, financial performance and cash flows.

IFRS – 2 – SHARE-BASED PAYMENT

Entities often grant shares or share option to employees or other parties. An entity shall recognize the goods or services received or acquired in a share-based payment transaction when it obtains the goods or as the services are rendered. The entity shall recognize a corresponding increase in equity if the goods or services were received in an equity-settled share-based payment transaction, or a liability if the goods or services were acquired in cash settled share based payment transaction. When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they shall be recognized as expenses. For equity settled share based payment transactions, the entity shall measure the goods or services received, and the corresponding increase in equity directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. For cash-settled share-based payment transactions, the entity shall measure the goods or services acquired and the liability incurred at the fair value of the liability. For share-based payment transactions in which the terms of the arrangement provide either the entity or the counterparty with the choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments, the entity shall account for that transaction, or the components of that transaction, as a cash-settled share-based payment transaction if, and to the extent that, the entity has incurred a liability to settle in cash or other assets, or as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

IFRS – 3 – BUSINESS COMBINATIONS

The objective of this IFRS is to specify the financial reporting by an entity when it undertakes a business combination. The acquirer is the combining entity that obtains control of the other combining entities or businesses. The acquirer shall measure the cost of a business combination as the aggregate of:

(a) the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquire; plus; (b) any costs directly attributable to the business combination.

The acquirer shall at the acquisition date : (a) recognize goodwill acquired in a business combination as a asset; and (b) initially measure that goodwill at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

IFRS – 4 – INSURANCE CONTRACTS

The objective of this IFRS is to specify the financial reporting for insurance contracts by any entity that issues such contracts until the Board completes the second phase of its project on insurance contracts.

An insurer shall assess at each reporting date whether it's recognized insurance liabilities are adequate, using current, estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency shall be recognized in profit or loss. An insurer shall disclose information that identifies and explains the amounts in its financial statements arising from insurance contracts. An insurer shall disclose information that helps users to understand the amount, timing and uncertainty of future cash flows from insurance contracts.

IFRS – 5 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The objective of this IFRS is to specify the accounting for assets held for sale, and the presentation and disclosure of discontinued operations. An entity shall classify a non-current asset (for disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. An entity shall measure a non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell. An entity shall present and disclose information that enables users of the financial statements to evaluate the financial effects of discontinued operations and disposals of non-current assets (or disposal groups).

IFRS – 6 – EXPLORATION FOR AND EVALUATION AND MINERAL RESOURCES

The object of this IFRS is to specify the financial reporting for the exploration for and evaluation of mineral resources. Exploration ad evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. An entity shall determine and accounting policy for allocating exploration and evaluation assets to cash-generating units or groups of cash-generating units for the purpose of assessing such assets for impairment. An entity shall disclose information that identifies and explains the amounts recognized it financial statements arising from the exploration for and evaluation of mineral resources.

IFRS – 7 – FINANCIAL INSTRUMENTS: DISCLOSURES

IFRS 7 deals with the disclosure requirement in relation to all risks arising from financial instruments (with limited exemptions), and applies to any entity that holds financial instruments, The level of disclosure required depends on the extent of the entity's use of financial instruments and its exposure to financial risk

IFRS – 8 – OPERATING SEGMENTS

IFRS 8 applies to the separate or individual financial statements of an entity whose debt or equity instruments are traded in a public market; or that files, or is in the process of filing, its (consolidated) financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments. An entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

IFRS – 9 – FINANCIAL INSTRUMENTS

An entity shall recognize a financial asset in its statement of financial position when, the entity becomes party to the contractual provisions of the instrument. A financial asset shall be measured at amortised cost when the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise to specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A Financial asset shall be measured at fair value unless it is measured at amortised cost.

CONVERGENCE OF INDIAN ACCOUNTING STANDARDS WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

International Financial Reporting Standards are now becoming universal reporting language. In tune with the global trend the Government of India decided to facilitate the convergence of the Indian Accounting Standards with IFRS by 1st April 2011. In this direction all the existing Indian Accounting Standards are being revised and converged with corresponding to International Accounting Standards / International Financial Reporting Standards. These converged Accounting Standards shall be known as Ind AS. As a result of this there shall be two separate sets of Accounting Standards under Section 211(3C) of the Companies Act, 1956. The first set would comprise the Indian Accounting Standards. The specified classes of companies would be – Road Map I – Phase I – (i) NSE-Nifty 50 and BSE-Sensex 30 companies; (ii) Companies listed in overseas stock exchanges; (iii) Companies with net worth above Rs.1000 crore : Phase II: Companies whether listed or not having a net worth exceeding Rs.500 crore but not above Rs.1000 crore; Phase III: Listed companies having a net worth of Rs.500 crore or less; Road Map II – Phase I: All insurance companies; Phase II: (a) NSE-Nifty 50 or BSE-Sensex 30 NBFCs and NBFCs, listed or not, having a net worth above Rs.1000 crore; (b) Scheduled commercial banks and urban co-operative banks with net worth net worth above Rs.300 crore; Phase III: Urban co-operative banks having a net worth in excess of Rs.200 crore but not exceeding Rs.300 crore.

The second set would comprise the existing Indian Accounting Standards and would be applicable to other companies, including Small and Medium Companies (SMC).

The Ministry of Corporate Affairs has notified convergence of 35 Indian Accounting Standards with International Financial Reporting Standards (henceforth called IND AS)

NOTE 1 - IND AS 101 COMPARISON WITH IFRS 1 FIRST-TIME ADOPTION OF INTERNATIONAL ACCOUNTING STANDARDS

Ind-AS 101 specifies that an entity's first Ind-AS financial statements are the first annual financial statements in which the entity adopts Ind-ASs in accordance with Ind-ASs notified under the Companies Act. 1956 whereas IFRS 1 provides various examples of first IFRS financial statements.

- IFRS 1 defines transitional date as beginning of the earliest period for which an entity presents full comparative information under IFRS. It is this date which is the starting point for IFRS and it is on this date the cumulative impact of transition is recorded bases on assessment of conditions at that date by applying the standards retrospectively except to the extent specifically provided in this standard as optional exemptions and mandatory exceptions.
  Ind-AS 101, however, provides that the date of transition is the beginning of the current period and in addition provides an option to present comparative financial statements in accordance with Ind-AS on a memorandum basis.
  Arising from this fundamental change, there are other consequential changes to Ind-AS 101. For example, disclosures required under paragraph 21 and reconciliations under paragraphs 24 to 26, Ind-AS 101 have been modified to accommodate this option available under Ind-AS 101. In addition, these have been modified to include the latest corresponding previous periods' financial statements as per the previous GAAP when presenting its first Ind-AS financial statements. The relevant Implementation Guidance and illustrative examples have been appropriately modified to reflect the option provided to transitioning entities.
- IFRS 1 defines previous GAAP as the basis of accounting that a first-time adopter used immediately before adopting IFRS. Ind-AS 101, however, defines previous GAAP as the basis of accounting that a first-time adopter used immediately before adopting Ind-AS for complying with the reporting requirements in India.
  The change makes it mandatory, except where the previous financial statements were prepared as per IFRS, for Indian entities to consider the financial statements prepared in accordance with existing notified Indian accounting standards as was applicable to them as previous GAAP when it transitions to Ind-AS.
- Paragraph 22 of IFRS 1 requires specific disclosures if the entity provides non-IFRS comparative information and historical summaries. Such disclosures are not required under Ind-AS 101.
- IFRS requires reconciliations for opening equity, total comprehensive income, cash flow statement and closing equity for the comparative period to explain transition to IFRS from previous GAAP.
  Ind-AS 101, provides an option to provide comparative period financial statements on memorandum basis. Accordingly, entities that do not provide comparatives need not provide reconciliation for total comprehensive income, cash flow statement and closing equity in the first year of transition but are expected to disclose significant differences pertaining to total comprehensive income. Entities that provide comparatives would have to provide reconciliations which are similar to IFRS.

NOTE 2 - IND AS 103 - COMPARISON WITH IFRS 3 BUSINESS COMBINATIONS

- IFRS 3 excludes from its scope business combinations of entities under common control. Ind AS 103 (Appendix C) gives the guidance in this regard. Consequently, paragraph 2 has been modified in Ind AS 103. Further, paragraphs B1-B4 of IFRS 103 have been deleted in Ind AS 103.
- IFRS 3 requires bargain purchase gain arising on business combination to be recognised in profit or loss. Ind AS 103 requires the same to be recognised in other comprehensive income and accumulated in equity as capital reserve, unless there is no clear evidence for the underlying reason for classification of the business combination s a bargain purchase, in which case, it shall be recognised directly in equity as capital reserve. This has some consequential changes such as change in wording of paragraphs 34 and 36, paragraphs IE-47 and IE-48 of illustrative examples, additional disclosure in paragraph B64(n) and addition of new paragraph 36A.

NOTE 3 - IND AS 107 - COMPARISON WITH IFRS 7 FINANCIAL INSTRUMENTS DISCLOSURES

- Requirements regarding disclosure of description of gains and losses presented in the separate income statement, where separate income statement is presented, have been deleted. This change is consequential to the removal of option regarding two statement approaches in Ind AS 1 as compared to IAS 1. Ind AS 1 requires that the components of profit or loss and components of other comprehensive income shall be presented as a part of the statement of profit and loss.

NOTE 4 - IND AS 1 - COMPARISON WITH IAS 1 PRESENTATION OF FINANCIAL STATEMENTS

- With regard to preparation of Statement of profit and loss International Accounting Standard (IAS) 1, Presentation of Financial Statements, provides an option either to follow the single statement approach or to follow the two statement approach. While in the single statement approach, all items of income and expense are recognised in the statement of profit and loss, in the two statements approach, two statements are prepared, one displaying components of profit or loss (separate income statement) and the other beginning with profit or loss and displaying components of other comprehensive income. Ind AS 1 allows only the single statement approach.
- IAS 1 requires preparation of a Statement of Changes in Equity as a separate statement. Ind AS 1 requires the statement of changes in equity to be shown as a part of the balance sheet.
- IAS 1 gives the option to individual entities to follow different terminology for the titles of financial statements. Ind AS 1 is changed to remove alternatives by giving one terminology to be used by all entities.
- IAS 1 permits the periodicity, for example, of 52 weeks for preparation of financial statements. However, Ind AS 1 does not permit it.

NOTE 5 - IND AS 7 - COMPARISON WITH IAS 7 STATEMENT OF CASH FLOWS :-

- In case of other than financial entities, IAS 7 gives an option to classify the interest paid and interest and dividends received as item of operating cash flows. Ind AS 7 does not provide such an option and requires these items to be classified as item of financing activity and investing activity; respectively IAS 7 gives an option to classify the dividend paid as an item of operating activity. However, Ind AS 7 requires it to be classified as a part of financing activity only.

NOTE 6 - IND AS 11 - COMPARISON WITH IAS 11 CONSTRUCTION OF CONTRACTS, IFRIC 12 SERVICE CONCESSION ARRANGEMENTS AND SIC 29 SERVICE CONCESSION ARRANGEMENTS: DISCLOSURES

- IAS 11 does not deal with accounting for construction contracts in respect of real estate developers. However, this has been dealt with under Ind AS 11, since it has been kept out of the scope of Ind AS 18, Revenue.

NOTE 7 - IND AS 19 - COMPARISON WITH IAS 19 EMPLOYEE BENEFITS

- IAS 19 permits various options for treatment of actuarial gains and losses for post-employment defined benefit plans whereas Ind AS 19 requires recognition of the same in other comprehensive income, both for post-employment defined benefit plans and other long-term employment benefit plans. The actuarial gains recognised in other comprehensive income should be recognised immediately in retained earnings and should not be reclassified to profit or loss in a subsequent period. Changes consequent to the aforesaid have been made in the other paragraphs, including addition of a new paragraph 129A.
- Ind AS 19 unlike IAS 19 gives guidance that detailed actuarial valuation of defined benefit obligations may be made at intervals not exceeding three years.

NOTE 8 - IND AS 20 - COMPARISON WITH IAS 20 ACCOUNTING FOR GOVERNMENT GRANTS AND DISCLOSURE OF GOVERNMENT ASSISTANCE

- IAS 20 gives an option to measure non-monetary government grants either at their fair value or at nominal value. Ind AS 20 requires measurement of such grants only at their fair value. Thus, the option to measure these grants at nominal value is not available under Ind AS 20.
- Ind AS 20 gives an option to present the grants related to assets, including non-monetary grants at fair value in the balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Ind AS 20 requires presentation of such grants in balance sheet only by setting up the grant as deferred income. Thus, the option to present such grants by deduction of the grant in arriving at the carrying amount of the asset is not available under Ind AS 20.

NOTE 9 - IND AS 21 - COMPARISON WITH IAS 21 THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES :-

- Ind AS 21 permits an option to recognise exchange differences arising on translation of certain long-term monetary items from foreign currency to functional currency directly in equity. In this situation, IND AS 21 requires the accumulated exchange differences to be transferred to profit or loss in an appropriate manner. IAS 21 does not permit such a treatment.
- When there is a change in functional currency of either the reporting currency or a significant foreign operation, IAS 21 requires disclosure of that fact and the reason for the change in functional currency. Ind AS 21 requires an additional disclosure of the date of change in functional currency.

NOTE 10 - IND AS 27 - COMPARISON WITH IAS 27 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

As per Para 10 of IAS 27, a parent need not present consolidated financial statements if and only if:

- the parent is itself a wholly-owned subsidiary, or is a partially-owned subsidiary of another entity and its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent not presenting consolidated financial statements;
- the parent's debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
- the parent did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

NOTE 11 - IND AS 28 - COMPARISON WITH IAS 28 INVESTMENTS IN ASSOCIATES

- Where the financial statements of an associate used in applying equity method are prepared as of a date different from that of the investor, IAS 28 requires that this difference should not be more than three months. However, Ind AS 28 provides that this difference should not be more than three months, unless impracticable. Similarly, Ind AS 28 requires use of uniform accounting policies, unless impracticable, which IAS 28 does not provide. These changes have been made because the investor does not have 'control' over the associate, it may not be able to influence the associate to prepare additional financial statements or to follow the accounting policies that are followed by the investor.
- Paragraph 1(b) of IAS 28 has been deleted in Ind AS 28 as the Companies Act, 1956 is not applicable to mutual funds, unit trusts and similar entities including investment linked insurance funds and, thus, this standard would not be applicable to such entities.
- Paragraphs 5, 13(b) and 13(c) have been deleted as the applicability or exemptions to the Indian Accounting Standards are governed by the Companies Act and the Rules made there under.

NOTE 12 - IND AS 31 - COMPARISON WITH IAS 31 INTERESTS IN JOINT VENTURES

- Paragraphs 1(b) of IAS 31 has been deleted in Ind 31 as the Companies Act, 1956, is not applicable to mutual funds, unit trusts and similar entities including investment linked insurance funds and, thus, this standard would not be applicable to such entities. However, paragraph number 1(b) has been retained in Ind AS 31 to maintain consistency with IAS 31.
- Sub-Paragraphs 2(b) and (c) and paragraph 6 have been deleted as the applicability or exemptions to the Indian Accounting Standards are governed by the Companies Act and the Rules made there under. However, paragraph number 6 has been retained in Ind AS 31 to maintain consistency with IAS 31. have been deleted as the applicability or exemptions to the Indian Accounting Standards are governed by the Companies Act and the Rules made there under.

NOTE 13 - IND AS 32 - COMPARISON WITH IAS 32 FINANCIAL INSTRUMENTS PRESENTATION

- As an exception to the definition of 'financial liability' in paragraph 11 (b) (ii), Ind AS 32 considers the equity conversion option embedded in a convertible bond denominated in foreign currency to acquire a fixed number of entity's own equity instruments is considered an equity instrument if the exercise price is fixed in any currency. This exception is not provided in IAS 32.
- Requirements regarding presentation of dividends classified as an expense in the separate income statement, where separate income statement is presented, have been deleted. This change is consequential to the removal of option regarding two statement approaches in Ind AS 1. Ind AS 1 requires that the components of profit or loss and components of other comprehensive income shall be presented as a part of the statement of profit and loss.

NOTE 14 - IND AS 33 - COMPARISON WITH IAS 33 EARNINGS PER SHARE

▪ IAS 33 provides that when an entity presents both consolidated financial statements and separate financial statements, it may give EPS related information in consolidated financial statements only, whereas, the Ind AS 33 requires EPS related information to be disclosed both in consolidated financial statements and separate financial statements.

▪ Paragraph 2 of IAS 33 requires that the entire standard applies to:

a. The separate or individual financial statements of an entity:

I. Whose ordinary shares or potential ordinary shares are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets) or

II. that files, or is in the process of filing, its financial statements with a Securities Regulator or other regulatory organisation for the purpose of issuing ordinary shares in a public market; and

b. the consolidated financial statements of a group with a parent:

I. Whose ordinary shares or potential ordinary shares are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets) or

II. that files, or is in the process of filing, its financial statements with a Securities Regulator or other regulatory organisation for the purpose of issuing ordinary shares in a public market.

It also requires that an entity that discloses earnings per share shall calculate and disclose earnings per share in accordance with this Standard. The above have been deleted in the Ind AS as applicability or exemptions to the Indian Accounting Standards are governed by the Companies Act and the Rules made there under.

▪ Paragraph 4 has been modified in Ind AS 33 to clalrify that an entity shall not present in separate financial statements, earnings per share based on the information given in consolidated financial statements, besides requiring as in IAS 33, that earnings per share based on the information given in separate financial statements shall not be presented in the consolidated financial statements.

▪ In Ind AS 33, a paragraph has been added after paragraph 12 on the following lines -

"Where any item of income or expense which is otherwise required to be recognized in profit or loss in accordance with accounting standards is debited or credited to securities premium account/other reserves, the amount in respect thereof shall be deducted from profit or loss from continuing operations for the purpose of calculating basic earnings per share".

NOTE 15 - IND AS 39 - COMPARISON WITH IAS 39 FINANCIAL INSTRUMENTS MEASUREMENT AND RECOGNITION

- A proviso has been added to paragraph 48 of Ind AS 39 that in determining the fair value of the financial liabilities which upon initial recognition are designated at fair value through profit or loss, any change in fair value consequent to changes in the entity's own credit risk shall be ignored. IAS 39 requires all changes in fair values in such liabilities to be recognised in profit or loss.

- IAS 39 does not change the requirements relating to employee benefit plans that comply with IAS 26, Accounting and Reporting by Retirement Benefit Plans. Ind AS 39 does not mention so as IAS 26 is not relevant for companies.

NOTE 16 - IND AS 40 - COMPARISON WITH IAS 40 INVESTMENT PROPERTY

- IAS 40 permits both cost model and fair value model (except in some situations) for measurement of investment properties after initial recognition. Ind AS 40 permits only the cost model.
- IAS 40 requires disclosure of fair values of investment property when cost model is used. Since this requirement is retained in Ind AS 40, paragraphs 53, 53A, 53B, 54 and 55 and certain other paragraphs of IAS 40 have been modified. The modifications include substitution of fair value measurement with fair value determination/disclosure and deletion of reference to sue of cost model when fair value determination is unreliable.

A. IAS 40 permits treatment of property interest held in an operating lease as investment property, if the definition of investment property is otherwise met and fair value model is applied. In such cases, the operating lease would be accounted as if it were a finance lease. Since Ind AS 40 prohibits the use of fair value model, this treatment is prohibited in Ind AS 40. As a result, paragraph 6 IAS 40 hs been deleted in Ind AS 40. In addition, the expression investment property under a finance or operating lease' appearing in paragraph 74 of IAS 40 has been modified as investment property under a finance lease' in Ind AS 40.

RECOMMENDATIONS & CONCLUSION

IFRS implementation in India is not at all properly and completely takes place, not only India except few countries of the world, no countries not yet have been properly and completely implemented IFRS.

Merely adopting IFRS is not enough. Directors, managers internal & external auditor and accountants of the firms along with the regulators and law makers of the country will have to work together as a team for complete, proper and efficient implementation of IFRS in any country.

Directors and managers of the firms should see that the accounts are prepared in compliance with the IFRS. Regulators and law makers must implement efficient monitoring system of regulatory compliance of IFRS. Auditors and accountants should audit and prepare accounts respectively in compliance with IFRS.

FOLLOWING ARE SOME PROCEDURES THAT SHOULD BE ADOPTED BY ALL THE COUNTRIES WHO NOT YET IMPLEMENT IFRS, FOR SMOOTH IMPLEMENTATION OF IFRS

1. The lawmakers of India will have to make necessary changes in the Companies Act 1956, Insurance Act, Tax Laws, Foreign Exchange Management Act etc to bring Indian accounting practices in line with the IFRS.
2. For proper implementation of IFRS in a country, there requires adequate number of IFRS trained accountants and auditors, so that they can implement or adopt IFRS. Sufficient number of trained persons are lacking in most of the country so every countries who not yet adopt IFRS should consider this matter.
3. To ensure that all the firms are complying with adoption procedure, Indian law makers and Accounting Body (ICAI) should have Financial Reporting Compliance Monitoring Board.
4. Government of each country should take adequate measures for implementation of IFRS in industries of those countries.

CONCLUSION

It can be concluded that IFRS has not yet been implemented in all the industries of India, very few industries like Infosys, Larsen & Turbo etc had adopted IFRS but it is expected that all the Indian companies will implement or adopt IFRS within 2016. In case of other countries of the world the condition is same, very few countries of the world only adopt IFRS, those are basically European countries. It will take 10 to 20 years for adopting IFRS by more or less all the countries of the world.

One thing, important to say that in case of each countries including India, a coordinated effort from accountants to law makers is needed along with an enforcement mechanism but it is worthy to mention that only enforcement mechanism will not be sufficient but and advisor is also required.

Now as far as project is concerned, it has been mentioned under limitations of the project in introduction part, that the project faced a great limitation due to non availability of primary data and which affects analysis and findings for which the objectives of the project is not totally fulfilled.

It can never be say that any project on IFRS can't be successful totally, it will but not possible for me as because collection of primary data from firms, industries and supreme accounting & financial authority of those far way countries is not possible due to huge cost, time and confidentiality constraint for me. Indian companies also did not provide data to me because non-published IFRS related data is very confidential to them, as each have own confidential strategy for IFRS implementation, which they will not tell to us until they publicly publish it.

Moreover collection of primary data is possible for large organisations like Zhou et al, Siqi Li who also carry out project on this subject as they have negligible time and cost constraint and as they are huge and naming organisations many industries provide them there unpublished data. They work on some primary data therefore there project is more successful than me.

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