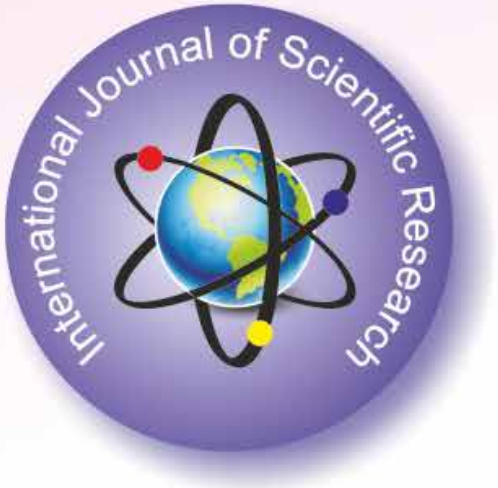
International Journal of Scientific Research

Indexed with International ISSN Directory, Paris

Volume 1 | Issue 3 | August 2012



ISSN No. 2277 – 8179

A Multi-Subject Journal

ISSN No. 2277 – 8179

International Journal of Scientific Research

Journal for All Subjects

Advertisement Details

Position	B/W (Single Color)	Fore Color
Full Inside Cover	₹ 6250	₹ 12500
Full Page (Inside)	₹ 5000	-

Subscription Details

Period	Amount Payable
One Year (12 Issues)	₹ 3000
Two Year (24 issues)	₹ 5800
Three Year (36 issues)	₹ 8700
Five Year (60 issues)	₹ 14400

You can download the Advertisement / Subscription Form from website www.gra.in. You will require to print the form. Please fill the form completely and send it to the **Editor, International Journal of Scientific Research** along with the payment in the form of Demand Draft/Cheque at Par drawn in favour of **International Journal of Scientific Research** payable at Ahmedabad.

Editor-In-Chief

Khansa Memon
Editor, Sarah Publishing Academy

Editorial Advisory Board

Dr. Ashok S. Pawar
Associate Professor, Dept. of Economic
Dr. Babaasaheb Ambedkar
Marathwada.University, Aurngabad

Dr.(Prof) Vijay Kumar Soni
Principal,
Jai Meenesh College, Phagi,
Jaipur, Rajasthan

Dr. A.R. Saravankumar
Assistant Professor in Education
DDE, Alagappa University,
Tamilnadu

Dr.R.Ramachandran
Commerce Dde
Annamalai University
Tamilnadu India

Dr. R Ganpathy
Assistant Professor in Commerce
Directorate of Distance Education
Alagappa University Karaikudi.

Dr. Amit Bandyopadhyay
Assistant Professor
Department of Physiology
University of Calcutta

Dr. V. Kumaravel,
Professor and Head
Vivekanandha Buss. School for Women
Tiruchengode, Namakkal Dist

Dr. K. Prabhakar,
Professor,
Department of Manag. Studies,
Velammal Engg College, Chennai

Dr. Sunita J. Rathod
Maharashtra Education
Service Group-B
DIET Dist. Jalna

1. Thoughts, language vision and example in published research paper are entirely of author of research paper. It is not necessary that both editor and editorial board are satisfied by the research paper. The responsibility of the matter of research paper/article is entirely of author.
2. Editing of the **International Journal of Scientific Research** is processed without any remittance. The selection and publication is done after recommendations of atleast two subject expert referees.
3. In any condition if any National/International University denies accepting the research paper published in IJSR then it is not the responsibility of Editor, Publisher and Management.
4. Only the first author is entitle to receive the copies of all co-authors
5. Before re-use of published research paper in any manner, it is compulsory to take written permission from the Editor-IJSR, unless it will be assumed as disobedience of copyright rules.
5. All the legal undertaking related to **International Journal of Scientific Research** is subject to Ahmedabad Jurisdiction.
7. The research journal will be send by normal post. If the journal is not received by the author of research papers then it will not be the responsibility of the Editor and publisher. The amount for registered post should be borne by author of the research paper in case of second copy of the journal.

Editor,
INTERNATIONAL JOURNAL OF SCIENTIFIC RESEARCH
3, SUHANA, Nr. Rubi Apartment, B/H NID, Rajnagar Road,
Paldi – 380007. Ahmedabad-Gujarat. (INDIA)
Contact: +91 98247 02127, +91 88660 03636
Www.theglobaljournals.com | ijsr@theglobaljournals.com

INDEX

Sr. No.	Title	Author	Subject	Page No.
1	A Simple Teaching Module For Histology: Integration Of Traditional Hands-On Laboratory Methods And Modern Computer Technology.	Mrs. Vandana A. Tendolkar, Dr. Archana U.shekokar	Biotechnology	1-2
2	Synthesis And Studies On Metal Complexes Of 5-(Furan-2-Yl)-3- (2-Hydroxy Phenyl)1-H Pyrazole-1-Carbothiohydrazide	P.Saravana Bhava, P.Tharmaraj , S.Johnson Raja	Chemistry	3-6
3	Determination Of Inorganic Hazardous Air Pollutant Levels In Ambient Air Repairable Suspended Particulate Matter (P.m10) In And Around Tirupati, Chittoor District, Andhra Pradesh, India.	Mr.E. Shyam Sundar, Mr.P.M.N.Prasad, V. Hanuman Reddy, Dr. Y.V.Rami Reddy	CHEMISTRY	7-9
4	Adaptation and Convergence of International Financial Reporting Standards	Dr.S.K.Khatik, Mr.Binoy Arickal	Commerce	10-13
5	A Conceputal Framework Of Green Supply Chain Management	Dr. Vipul Chalotra	Commerce	14-15
6	Perspectives Of Food Processing In India Under Tourism Segment	Dr. S. Asaithambi	Economics	16-19
7	Global Business Perspectives Of Tourism In The Globalised Era	Prof. S. Selvamani, Dr. M. Perumal	Economics	20-22
8	A Study Of Trade Diversifications In Saarc Region	Dr.Dinesh Kumar, Sanjeev, Ruchi Singh	Economics	23-25
9	A study of professional commitment among B. Ed. Teacher educators of Bangalore University	Dr. Kotreshwaraswamy A. Surapuramath	EDUCATION	26-27
10	Self Concept of Collge Students	Dr. S. K. Panneer Selvam	EDUCATION	28-29
11	Leveraging Technology For Enhancing Teaching Effectiveness	Dr Mahalaxmi Krishnan	Education	30-31
12	Utilization Of Computers In Secondary Schools	Dr. Praveena, K. B.	Education	32-33
13	New Scheme For Data Hiding Using N-Ary Tree Structure	D.Sampath Kumar, N. Suma	Engineering	34-35
14	Bioaccumlation Of Heavy Metal In Labeo Rohita From River Panchgang.	Ms.Pallavi T.Kininge, Ms.Sushma C.Bondre, Dr.Milind Kale, Dr.M.M.Pillai., Ms.Amaraja Kulkarni	Engineering	36-39
15	Energy Optimization And Power Scheduling In Low Power Sensor Network	Prof.MS.Vaishali R , Prof.D.K.shende, Prof. MS. Shubhangi	Engineering	40-42
16	Analysis Of Power Transients In Transmission Devices For Stable Operation	Sunil Kumar Mahapatro	Engineering	43-45
17	Modeling Of Pv Module And Examining The Effect Of Irradiance In Matlab	Sangita S. Kondawar , Prof. U.B. Vaidya	Engineering	46-49
18	Role of ICT in Automobile Industry	Ms.A.Josephine Stella, Dr.K.Rajeswari	Finance	50-52
19	Collection And Services Of Special Libraries In Raebareli (India): A Survey	Dr. Sharad Kumar Sonker, Pooja	Library Science	53-55
20	Information Seeking Behaviour Of Medical & Engineering Professionals Of Lucknow: A Comparative Study	Vijeta Faraijia, Dr. M. P. Singh, Dr. Anurag Shrivastava	Library Science	56-60
21	Contact Details & Contact Number Of The Authors	Pushpendra Singh, Prof. K.L. Mahawar	Library Science	61-64

22	Indian Banking Industry: Competition And Opportunities	Bind Kumar Tiwary, Bind Kumar Tiwary	Management	65-67
23	Advertisement Attraction Of Vodafone Mobile Services Television Commercials With Special Reference To Erode District	Dr. V. M. Senthilkumar, Dr. P.Anbuoli	Management	68-70
24	A Study On Customer Satisfaction Towards Tvs Scooty In Thanjavur District Of Tamilnadu	Mrs. R.RENUKA, Dr. M. K. DURGAMANI	MARKETING	70-72
25	Jhumur Dance In Tea Gardens Of Barak Valley: A Development Dimension	Dr Partha Sarkar	Mass Communication	73-74
26	Cytohistopathological Correlation of Thyroid Swelling	Dr. Chetna J. Mistry, Dr. T. Y. Vijapura, Dr. Rupti K Pande	Medical Science	75-76
27	Can hormonal influence be a cause of auditory neuropathy	Ms.Archana, Mr.AyasMuhammed ,Ms. Maya,Ms.Jyoti	Medical Science	77-78
28	Application Of Auditory Evoked Potentials In Differential Diagnosis Of Acoustic Schwannoma From Jugular Foramen Schwannoma –A Case Report	Ms.Archana, Mr.AyasMuhammed, Ms.Saffa	Medical Science	79-80
29	Prevalence And Antibiotic Susceptibility Pattern Of Methicillin-Resistant Staphylococcus Aureus In A Tertiary Care Hospital, Jamnagar, Gujarat.	Dr. Viral P Shah , Dr. Neetu Mundra , Dr. Swati Vachhani , Dr. Hiral Y Shah , Dr. HIral Gadhvi , Dr. Hitesh Shingala , Dr. Mala sinha	Medical science	81-82
30	Audiological Profile In Osteogenesis Imperfecta: A Case Report	Ranjana Elizabeth James, Kishan M M, Prasanna V	Medical Science.	83-84
31	Preventive Modalities In The Management Of Obesity: A Review	Dr. Deep Inder , Dr. Pawan Kumar	Medical Sciences	85-86
32	Isolation And Antibiotics Susceptibility Patterns Of Acinetobacterbaumannii From Various Clinical Samples In Tertiary Care Hospital, Jamnagar , Gujarat.	Dr. Hiral Y Shah, Dr. Viral P Shah, Dr. Hiral MGadhavi , Dr. NeetuA Mundra , Dr. Hitesh K Singala , Mala sinha	Medical Sciences	87-88
33	Phenomenological Insights For A Critique Of Positivist Approach In Social Sciences.	Dr. Pardeep Kumar, Dr. Jatinder Kumar Sharma	Philosophy	89-90
34	Developing National Integration In India Through Physical Education Activities	Mr.S.Dhanaraj , Dr.A.Palanisamy	Physical Education	91-92
35	Microcontroller Based Color Measurement Using Rgb Leds	T. N. Ghorude , A. D. Shaligram	Science	93-95
36	Civil Society Role in Combating Corruption:A Small but Radical Idea	Dr.P. Sakthivel, Dr.H. Munavarjan	SocialSciences	96-97
37	Protozoan diversity of Kapsi lake kapsi (MS) India	Ade P. P.	Zoology	98-100
38	Cloud To Devising Messaging (C2dm) And Their Applications For Mobile Devices.	Biren M Patel, Vijaykumar B Gadhavi, Mr Ashish Kumar	Zoology	101-103

Volume : 1 | Issue : 3 | Aug 2012 • ISSN No 2277 - 8179

Research Paper

Adaptation and Convergence of International Financial Reporting Standards

Commerce

KEYWORDS : IFRS, IAS, AS, PPE, EU, IASB.

Dr.S.K.Khatik — Professor & Head, Department Of Commerce Dean Faculty Of Commerce Chairman Board Of Studies Commerce Barkatullah University, Bhopal, Madhya Pradesh

Mr.Binoy Arickal — Asst.Professor The Bhopal School Of Social Sciences, Bhopal

ABSTRACT

IFRS is the official reporting standard which was recently adopted by over 100 countries around the world. It has been around, in various forms, since 1973, and was previously known as IAS (or International Accounting Standards).However, it has only recently begun to be used more prevalently throughout the world. The European Union and Australia decided that public companies would be required to use IFRS in 2005. New Zealand converted in 2007. In the year 2008, the Canadian Accounting Standards Board decided to make IFRS mandatory for all publicly-accountable enterprises starting in January 2011. Other countries such as China, Japan, India, and South Korea have targeted to adapt IFRS by 2011. The International Financial Reporting Standards (IFRS's) issued by the International Accounting Standards Board (IASB) seems to a world wide consensus surrounding the need for one global set of accounting standards which would make financial statements comparable across borders. The convergence with IFRS standards is set to change the landscape for financial reporting in India. IFRS represents the most commonly accepted global accounting framework as it has been adopted by more than 100 countries.With the growth of Indian Economy and increasing integration with the global economies, Indian corporate are raising capital globally. Under the circumstances, it would be imperative for Indian corporate to adopt IFRS for their financial reporting. This paper is analysis attempt to examine the need and requirement of the IFRS in the present scenario as well as to find out the stakeholders and beneficiaries of IFRS in India. This study is also related to finding out the complications of the adoption of IFRS in India & its impact on the financial statements.

INTRODUCTION

In the present era of globalization and liberalization, the World has become an economic village. The forces of globalization prompt more and more countries to open their doors to Foreign investment and as businesses expand across borders the need arises to recognize the benefits of having commonly accepted and understood financial reporting standards. In this scenario of globalization, India cannot insolate itself from the developments taking place worldwide. National Advisory Committee on Accounting Standards established under the Companies Act, 1956, and various regulators such as Securities and Exchange Board of India and Reserve Bank of India are concerned, the aim has always been to comply with the IFRS's to the extent possible with the objective to formulate sound financial reporting standards. The ICAI, being a member of the International Federation of Accountants (IFAC), considers the IFRS's and tries to integrate them, to the extent possible, in the light of the laws, customs, practices and business environment prevailing in India. Now, as the world globalizes, it has become imperative for India also to make a formal strategy for convergence with IFRS's with the objective to harmonies with globally accepted accounting standards.

The International Financial Reporting Standards (IFRS's) issued by the International Accounting Standards Board (IASB) are increasingly being recognized as Global Reporting Standards. More than 100 countries such as countries of European Union, Australia, NewZealand, and Russia currently require or permit the use of IFRSs in their countries. Countries such as China and Canada have announced their intention to adopt IFRSs from2008 and 2011 respectively. United States of America has also taken-up convergence projects with the IASB with a view to permit filing of IFRS-Compliant Financial Statements in the US Stock Exchanges without requiring the presentation of reconciliation statement. In view of the benefits of convergence with IFRSs to the Indian economy, its investors, industry and the accounting professionals, the Concept has been developed with the objective of exploring:(a) the approach for achieving convergence with IFRSs, and(b) laying down a roadmap for achieving convergence with the IFRS's with a view to make India IFRS-compliant. Presently, the Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India (ICAI) formulates Accounting Standards (ASs) based on the IFRS's keeping in view the local conditions including legal and economic environment, which have recently been notified by the Central Government under the Companies Act, 1956.

JUSTIFICATION OF TOPIC

A financial reporting system supported by strong governance, high quality standards ,and firm regulatory framework is the key to economic development. Indeed, sound financial reporting standards underline the trust that investors place in financial reporting information and thus play an important role in contributing to the economic development of a country. The Institute of Chartered Accountants of India (ICAI) as the accounting standards-formulating body in the country, has always made efforts to formulate high quality Accounting Standards and has been successful in doing so. Indian Accounting Standards have withstood the test of time. As the world continues to globalize, discussion on convergence of national accounting standards with International Financial Reporting Standards IFRS has increased significantly.

The convergence with IFRS standards is set to change the landscape for financial reporting in India. IFRS represents the most commonly accepted global accounting framework as it has been adopted by more than 100 countries. With the growth of Indian Economy and increasing integration with the global economies, Indian corporate are raising capital globally. Under the circumstances, it would be imperative for Indian corporate to adopt IFRS for their financial reporting. There are several similarities between IAS and IFRS, still there are differences which can have significant impact on the financial statements. This Paper is aimed to bring out the need & purpose of IFRS and to find out the impact of IFRS in the financial statement.

REVIEW OF THE LITERATURE

IFRS is found to be accounting standards of high quality (Beneish and Yohn, 2008) and is now used in over 100 countries (Beneish and Yohn, 2008). Some jurisdictions had fully adopted IFRS as issued by IASB such as China, Peru, South Africa, and Turkey. Others have modified local GAAP to be IFRS equivalent such as EU members using EU-IFRS. In 2002, the Council of the EU issued an order imposing an obligation on companies listed on European stock exchanges to structure their consolidated final accounts according to the EU-IFRS, IFRS as endorsed by the EU starting from the year 2005. The Institute of Chartered Accountants in England and Wales (ICAEW) has published a report for the European Commission on the first year of implementation of IFRS across EU. The study includes a detailed review of the 2005 financial statements of 200 companies from 25 EU member states (ICAEW, 2007). Major differences between EUIFRS and IASB-IFRS including hedge accounting and business combination were highlighted. In November 2004 the European

Volume : 1 | Issue : 3 | Aug 2012 • ISSN No 2277 - 8179

Commission adopted a Regulation endorsing IAS 39 with the exception of certain provisions on the use of the full fair value option for liabilities and on hedge accounting. Financial statements of companies that chose to rely on this carve-out were not in compliance with IASB-IFRS. The EU-IFRS carved out part of IAS 39 primarily to allow banks to apply fair value hedge accounting to hedges of the interest rate risk of their portfolio of demand or core deposits. Eight companies were found using the EU carve-out for 2005 ICAEW, 2007). Such carve-out practice may hinder worldwide consistency in IFRS adoption. Former research investigating the requirement for reconciliation from IAS/IFRS to US GAAP found value in such reconciliation. US-GAAP and IAS reported amounts for the same US-listed foreign companies adopting IAS from 1992 to 1996 were found to be valued differently by the market (Harris and Muller, 1999). When 14 US-listed foreign firms from P. R. China were studied for the period 1996-2002, net income per IASBIFRS was found to be less than net income per US-GAAP for the same company (Haverty, 2006). Reconciliations from IAS to US-GAAP were found to capture information that is reflected in investors' decisions about their stock holdings with data from 1995 through 2004 (Chen and Sami, 2007). When the 2004~2006 reconciliation made by 75 EU cross-listed firms were examined, reported net incomes per EU-IFRS still lacked comparability with US-GAAP (Henry et al., 2009). The current research extends earlier research by separating IASB-IFRS from EU-IFRS in the analysis of their comparability to US-GAAP with most recent data.

OBJECTIVE OF THE STUDY

This Study has the following objectives.

(i) To study the concept of IFRS in India.
(ii) To study the need & requirement of IFRS in India.
(iii) To study the stakeholders & beneficiaries of the convergence of IFRS.
(iv) To study the impact of IFRS in the financial statements of Indian companies.
(v) To analyze the problems of adoption of IFRS in India.

RESEARCH METHODOLOGY

This study is based on secondary data only. This research work is done on the basis of the review of literature and details of IFRS from the websites of those companies who have already prepared its financial statements on the basis of IFRS. Sampling technique is also used and the data is also obtained from IFRS data base from the internet. In this study the research papers prepared on the basis of secondary data.

LIMITATIONS OF THE STUDY

Research is a continuous process & we have inventions & innovation throughout the research. Research is not fully complete by itself as it is a continuous process. In this regard the study has the following limitations.

(i) There is non availability of literature and data.
(ii) IFRS is not fully adopted by the Indian companies.
(iii) It is not easy to adapt IFRS
(iv) The study is based on secondary data only.
(v) The data are grouped & sub grouped as per the requirement of the study.

ANALYSIS & REQUIREMENT OF IFRS

There seems to be worldwide consensus surrounding the need for one global set of high-quality accounting standards and that IFRS is currently best positioned to fulfill that need. However, there is much to be gained from U.S. GAAP and, as such, the convergence of U.S. GAAP and IFRS may very well best serve the needs of the global community. The concept of a single set of global accounting standards, considering our global economy and the prevalence of cross-border transactions, makes great sense. However, the burden and cost of implementation during the current economy is a large hurdle for some companies. In the long term a single set of global accounting standards will be very positive.

There is no doubt that global markets need a single set of global standards. Without one, investors will be unable to fully assess investment options that are now globally available. Having such a standard would also increase the accessibility of cross-border capital. For multinational firms, they would have one set of financials for reporting purposes that would be acceptable around the world. As part of the natural progression of economic globalization, it stands to reason that agreed-upon global standards are in order. So, yes, they should be pursued, agreed upon, and established. This would dramatically decrease all kinds of risks, from legal contingencies to fraud, and make international business more efficient. The political, cultural and governance challenges associated with getting global adoption of a uniform set of high-quality accounting and financial reporting standards accomplished are far more difficult to deal with than the technical accounting issues, and will likely prevent the achievement of that goal. Still the convergence goal should be pursued to the extent feasible, and any remaining differences should be identified so that financial statement users can better consider the impact of such differences. A single set of standards is imperative given global markets today, and IFRS is a reasonable path. With the impact of globalization and large developing economies such as China, Brazil and India, effective, meaningful comparisons between entities are absolutely critical. The U.S. accounting profession, guided by the efforts of the AICPA and the IFAC Planning and Finance Committee, continues to be very active in setting those standards, and in helping with implementation. A major concern is that international standards are impacting private companies as well as public companies as the standards are mandated and, as a result, the impact will not escape even the smallest accounting firm, yet the appropriate training in small firms may not be in place. The AICPA and IFAC are aware of this issue, and are stepping up to it. A single set of standards will not only simplify the way companies conduct themselves, but encourage 100 percent adoption of ethical behavior. In addition, any time somewhat-disparate regulatory bodies can come together for a common cause -- even though the rules may be somewhat complicated to follow in the short term -- the public will appreciate the effort because it builds long-term trust and a much stronger economy. The adoption of unified global accounting and financial reporting standards are enormously important. The world is globalizing -- both firms and their clients need to be able to do business around the world -- and with the Internet and globalization, the barrier to doing business internationally is going to keep getting lower and lower. More than 100 countries already use IFRS -- firms of all sizes will increasingly have clients that are doing business both inside and outside of the United States and having unified standards will help everyone. The idea of a single set of global accounting standards is nice, especially as business today isn't and shouldn't be limited by geographic boundaries

Stake holders and beneficiaries of convergence with IFRS

Accounting professional's point of view: - Convergence with IFRSs also benefits the accounting professionals in a way that they are able to sell their services as experts in different parts of the world. The thrust of the movement towards convergence has come mainly from accountants in public practice. It offers them more opportunities in any part of the world if same accounting practices prevail throughout the world. They are able to quote IFRSs to clients to give them backing for recommending certain ways of reporting. Also, for accounting professionals in industry as well as in practice, their mobility to work in different parts of the world increases Investor's point of view: - A strong case for convergence can be made from the viewpoint of the investors who wish to invest outside their own country. Investors want the information that is more relevant, reliable, timely and comparable across the jurisdictions. Financial statements prepared using a common set of accounting standards help investors better understand investment opportunities as opposed to financial statements prepared using a different set of national accounting standards. For better understanding of financial statements, global investors have to incur more cost in terms of the time and efforts to convert the financial statements so that they can confidently compare opportunities. Investors' confidence would be strong if accounting standards used are globally accepted. Convergence with IFRSs contributes to investors' understanding and confidence in high quality financial statements.

Industry point of view:- A major force in the movement towards convergence has been the interest of the industry. The industry is able to raise capital from foreign markets at lower cost if it can create confidence in the minds of foreign investors that their financial statements comply with globally accepted accounting standards. With the diversity in accounting standards from country to country, enterprises which operate in different countries face a multitude of accounting requirements prevailing in the countries. The burden of financial reporting is lessened with convergence of accounting standards because it simplifies the process of preparing the individual and group financial statements and thereby reduces the costs of preparing the financial statements using different sets of accounting standards.

Economy point of view:-As the markets expand globally the need for convergence increases. The convergence benefits the economy by increasing growth of its international business. It facilitates maintenance of orderly and efficient capital markets and also helps to increase the capital formation and thereby economic growth. It encourages international investing and thereby leads to more foreign capital flows to the country.

COMPLICATIONS WITH IFRS IN INDIA

The economic environment of a country plays an important role in prescribing the accounting requirements applicable to various enterprises. For instance, while various IFRSs have been based on the fair value approach, there has been reluctance in India to adopt this approach in view of the fact that various markets in the country have not been considered to possess necessary depth and breadth providing reliable fair values on measurement of various assets and liabilities. 6 In some cases, the legal and regulatory requirements in India are at variance from the IFRSs and, therefore, in such cases, Indian Accounting Standards diverge from IFRSs because otherwise various legal problems may arise. For example, keeping in view the requirements of the law governing the companies in India, Accounting Standard (AS) 21, Consolidated Financial Statements, defines 'control' as ownership of more than one-half of the voting power of an enterprise or control over the composition of the governing body of analysis enterprise. This definition of 'control' is based on the definitions of 'holding company' and 'subsidiary company' as per the Companies Act, 1956. However, IAS 27, Consolidated and Separate Financial Statements, defines 'control' as "the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.In a few stray cases, the Indian Accounting standards deviate from IFRSs because adoption of IFRSs verbatim may cause hardship to the industry and, to avoid the same, modifications are made in Accounting Standards until the industry is prepared for the IFRSs. For example, AS 15 (revised), Employee Benefits, permits deferment of expenditure incurred on account of termination of services arising in a voluntary retirement scheme for a transitional period, in view of the fact that the Indian industry was undergoing a structural change at the time when the standard was introduced, whereas the corresponding IAS 19, Employee Benefits, does not allow the deferment of such expenditure even as a transitional measure.

Apart from the above differences, there are a few conceptual differences between the Indian Accounting Standards and the IFRSs. For example, IAS 37 deals with 'constructive obligation in the context of creation of a provision. The effect of recognizing provision on the basis of constructive obligation is that, in some cases, provision will be required to be recognized at an early stage. For instance, in case of a restructuring, a constructive obligation arises when an enterprise has a detailed formal plan for the restructuring and the enterprise has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. It is felt that merely on the basis of a detailed formal plan and announcement thereof, it would not be appropriate to recognize a provision since a liability cannot be considered to be crystallized at this stage. Further, the judgment whether the management has raised valid expectations in those affected may be a matter of considerable argument. In view of this, the corresponding Indian accounting standard, viz., AS 29, does not specifically deal with 'constructive obligation'. AS 29, however, requires a provision to be created in respect of obligations arising from normal business practice, custom and a desire to maintain good business relations or act in an equitable manner. In such cases, general criteria for recognition of provision are required to be applied. Essentially, India is lagging behind in the academic front even if it is progressing in the IFRSs adoption front. There exist conceptual differences, differences in valuation and accounting Between IFRSs and Indian GAAP (for example, IFRSs talk about different liability accounting, use of present value in accounting measurement, amortized cost concept, comprehensive income, statement of changes in equity, restatement of statement of financial position, various kinds of intangible assets, intangibles with indefinite life, separation of compound financial instruments and embedded derivatives, increasing rate preference shares, fair value through profit or loss and fair value through equity, hedge accounting, etc.) and most importantly there exists difference in presentation Formats.

IMPACT OF IFRS IN THE FINANCIAL STETEMENTS

Adopting the new format during 2009-10 with Indian GAAP measurement and accounting will be step forward. That will make the job of preparation of transition balance sheet easier. Minimum line of items to be presented in the statement of financial position that are prescribed under IFRS are:

- Property, plant and equipment (PPE);
- Investment property;
- Intangible assets;
- Financial assets such as investments;
- Investments accounted for using the equity method;
- Biological assets;
- Inventories;
- Trade and other receivables;
- Cash and cash equivalents;
- The total of assets classified as held for sale and assets included in disposal groups classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;
- Trade and other payables;
- Provisions;
- Financial liabilities;
- Tax liabilities or advance tax (to be disclosed net of liabilities or advance tax as the case may be);
- Deferred tax liabilities and assets (to be disclosed net of liabilities or assets as the case may be);
- Non-controlling interest presented within equity; and 11 IFRS in India - Key Aspects
- Issued capital and reserves attributable to owners of the parent

This difference arises out of Schedule VI to the Companies Act. The following actions to be taken are -(i) Classification of financial assets into current and non current;(ii) Adopting operating cycle concept for classification of trade debtors, inventories and trade creditors.(iii)Introduction of the concept property, plant and equipment (PPE) in place of Fixed Assets;(iv) Classification of PPE into held for sale and discontinued operations and carrying them out at fair value less coststo sell and no depreciation charge on such block of assets;(v) Carving out investment property (land and building which are not owner Occupied) from PPE;(vi) Carving out leasehold property out of PPE in accordance with IAS 17 Leases and accounting it as prepaid leases(IAS 19 classifies leasehold land as operating lease) ;(vii) Re-classification of goodwill into intangible assets in accordance with IFRS 3 Business Combinations if those intangible assets require recognition in Accordance with IAS 38 on the date of transition;(viii) Classification of current liabilities out installment due within 12 months from the reporting date out of non current liabilities;(ix) Taking cognizance of breaches of loan conditions and discretion to roll over while classifying current/non current liabilities;(x) Evaluating preference shares and classifying as liability if the definition of equity is not satisfied;(xi) Accounting for preference dividend as borrowing cost if it is classified as Liability;(xii) Classifying put table instruments as liability rather than equity in accordance with IAS 32Adopting the new format during 2009-10 with Indian GAAP measurement and accounting will be step forward. That will make the job of preparation of transition balance sheet easier.

CONCLUSIONS

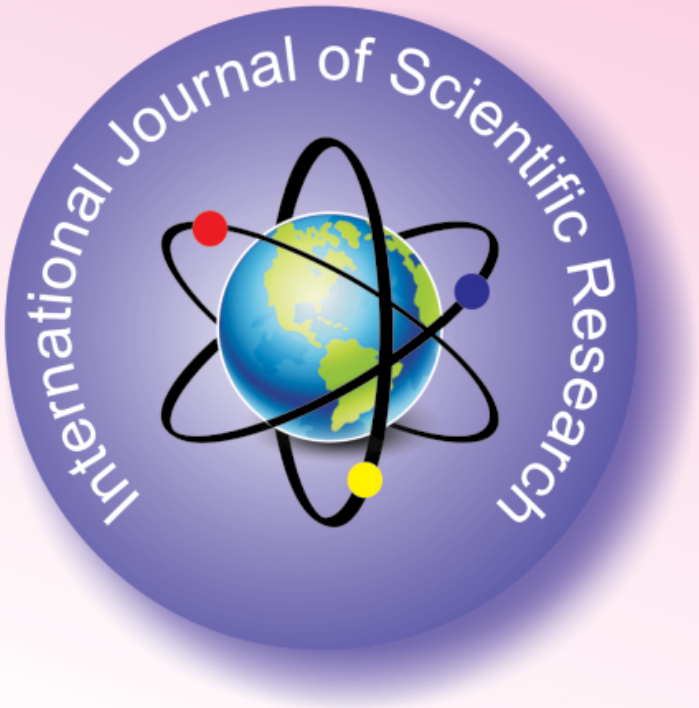
Getting to a single set of global accounting standards is going to be net plus in an era of globalization. But on the other hand, it places a huge amount of pressure on finance departments & many of whom are still wrestling with other pressing financial reporting demands. It is certainly going to be a challenge to move from the current rules-based system to a more principles-based system of accounting. It will require a change in culture, and many are also concerned about how it will affect the profession from a liability standpoint. However, in India the companies can quickly acclimate itself to the new standards through commitment to the process and education on the standards and practice application. The Indian accounting intelligent professionals can readily transform themselves when they see the need and make the commitment to change. Those who are unable to make the transition will be left behind. Change represents opportunity for those who are willing to make it. As more and more businesses expand beyond their traditional borders, the need for a common set of global accounting standards has become increasingly apparent. The inefficiencies inherent in keeping abreast of multiple standards and regulations, maintaining multiple sets of accounts and reconciling those accounts monthly, quarterly and annually for reporting purposes puts a tremendous burden on businesses, especially in India due to the cost and complexity of such sweeping changes. As we move to a global economy, we are in support of standards that make financial statements comparable across borders. It is important to note that there are differences in accounting standards for truly small businesses versus large businesses. We urge the standards-making boards to take this into consideration. While significant challenges remain, the potential for one single global language of accounting is a goal that we should strive for. That global language is IFRS. It is fundamentally important for the enhanced operation of capital markets in the medium to long term that we achieve this goal, which will result in greater efficiency and lower costs of capital as a result of the greater transparency and comparability in the financial statements. While it inevitably results in a certain loss of sovereignty over an individual country's accounting standard-setting, in the end the adoption of IFRS as issued by the IASB is the right approach, rather than convergence of domestic accounting standards to something similar.

SUGGESTIONS:

In view of various challenges and difficulties it seems to be more appropriate to adopt all IFRSs from a specified future date as it is. This method has been successfully adopted by many countries. ICAI has also decided to adopt IFRS for public interest entities from accounting periods commencing on or after april1 2011. Tax authorities should consider IFRS implications on direct and indirect taxes and provide appropriate guidance from a tax perspective. The Institute of Chartered Accountants of India should make an all out effort to train and upgrade the profession in IFRS. IASB should publicize standards developed by it and get support from the accounting profession, member countries and corporate management all over the world. Successful implementation of IFRS would require companies to fully use IFRS as their basis of daily primary financial reporting as well as for performance tracking in the form of budgets, forecast and management accounts. IFRS requires industry specialization. Political pressure on International Accounting Standards Board (IASB) should be avoided from various interest groups like private sector and government agencies. IASB should encourage member bodies to adopt IFRS and formulate and reformulate their rules that they are in line with IFRS. Accounting is the language of business. As such, accountants collect and communicate economic information about business enterprises or other entities to a wide variety of persons. To be useful, financial statements must be clearly understandable and comparable so that users may compare the performance of one business with the performance of the same business for a prior period or with the performance of another similar business. Therefore, all general purpose financial statements should be prepared in accordance with the same uniform guidelines. Legislation should be passed to the effect that in case of any changes or amendments in IASB, the local standards, if any, should be brought in line with these. Governing bodies of the various accounting profession can also be used to apply disciplinary procedures in case of non-convergence with IFRS. Local stock exchange can be used for cooperating in taking action against companies that fail to comply with the IFRS.

REFERENCE

Street, D.L., Nichols, N.B. and Gray, S.J., 2000,"Assessing the acceptability of international accounting standards in the U.S.: An empirical study of the materiality of U.S. GAAP reconciliations by non-U.S. companies complying with IASC standards", | The International Journal of Accounting, vol. 35, no. 1, pp. 27–63.Strouhal, J., Bobek, J., and Žižárská, P., 2008, "Financial securities' reporting and IFRS 7 requirements: from Czech perspective", International Review of Business Research Papers, vol. 4, no. 5.|Taplin, R.H., 2004, "A unified approach to the measurement of international accounting harmony", Accounting and Business Research, vol. 34. | Accounting and Business Research, vol. 18.|Weetman, P.,Jones,E.A.E., Adams, C.A. and Gray, S.J., 1998, "Profit measurement and UK accounting standards: A case of increasing disharmony in relation to US GAAP and IAS", Accounting and Business Research, vol. 28. | Archer, G.S., Delvaille, P., McLeay, S.J.,1995,"The measurement of harmonization and the comparability of financial statement items: Within-country and between country effects", Accounting and Business Research, vol. 25. | Beneish, M.D. and Yohn, T.L., 2008, "Information friction and investor home bias: A perspective on the effect of global IFRS adoption on the extent of equity home bias", | Harris, M.S. and Muller, K.A., 1999, "The market valuation of IAS versus US-GAAP accounting measures using Form 20-F reconciliations", Journal of Accounting and Economics, vol. 26. | Barth, M. E., Landsman, W. R., Lang, M and Williams, C., 2006, "Accounting quality: international accounting standards and U.S. GAAP",Working paper series. | Haverty, J.L., 2006, "Are IFRS and U.S. GAAP converging? Some evidence from People"s Republic of China companies listed on the New York Stock Exchange". | Journal of International Accounting, Auditing and Taxation, vol. 15, | Henry, E., Lin, S. and Yang, Y., 2007, "The European-U.S. GAAP gap: Amount, type, homogeneity and value relevance of IFRS to U.S. GAP from 20-F reconciliations." working paper, University of Miami. | Henry, E., Lin, S. and Yang, Y., 2009, "The European-U.S. GAAP gap: IFRS to U.S. GAÁP form 20-F reconciliations", Accounting Horizons, vol. 23. | Norton, J., 1995, "The Impact of Accounting Practices on the Measurement of Profit and Equity: Australia versus the United States", Abacus, vol. 3. | Burns, J., February 28, 1999, "SEC's view on materiality goes beyond size, official says",Dow Jones Newswires. | Chen, L. and Sami, H., 2007, "Trading volume reactions to the earnings reconciliation from IAS to U.S. GAAP", Working paper, Lehigh University. | Edwards, F.R., 1993, "Listing of foreign securities on US exchanges", Journal of Applied Corporate Finance, vol. 5, pp. 28-36. | Grant Thornton, 1990, Audit Manual, Longman, London. | Gray, S.J., 1980, "The impact of international accounting differences from a security analysts perspective: Some European evidence", Journal of Accounting Research, vol. 18. |



Sara Publishing Academy
INTERNATIONAL JOURNAL OF SCIENTIFIC RESEARCH
Journal for All Subjects

The Editor,
INTERNATIONAL JOURNAL OF SCIENTIFIC RESEARCH
8-A, BANAS, Opp. SLU Girls College, NR. Congress Bhavan,
Paldi – 380006. Ahmedabad-Gujarat. (INDIA)
Contact: +91 98247 02127, +91 88660 03636
Website : www.theglobaljournals.com
Email Id: ijsr@theglobaljournals.com

Printed at Unique Offset, Novatsing Rupam Estate, Opp. Abhay Estate, Tavdipura, Shahibaug, Ahmedabad