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 **Accounting Standards: IFRS way ahead**

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**Accounting** is the art of recording transactions in the best manner possible.

Accounting Standards are the policy documents issued by recognized expert accountancy bodies relating to various aspects of measurement, treatment and disclosure of accounting transactions and events.

Every country has its own standards. Accounting Standards in India are issued By the Institute of Chartered Accountants of India (ICAI). At present there are 30 Accounting Standards issued by ICAI.

Global investors face many problems while comparing investment opportunities across countries due to different standards. A same company's balance sheet may appear different if it is prepared using different accounting standards.

The problem can be solved if we were to evolve one accounting standard across the globe. **International Public Sector Accounting Standards (IPSAS)** has been developed to facilitate the process. These standards are based on International Financial Reporting Standards (IFRS).

The IFRS system is followed in more than 100 countries including the EU nations, Canada and Australia. The US has its own GAAP for domestic companies while foreign companies listed on the country's stock exchanges are allowed to furnish IFRS-compliant accounts.

The main virtue of IFRS is that it requires companies to show the actual market value of assets instead of their cost of purchase, which would help investors and shareholders get a better idea of the fair value of the firm's investments.

India is likely to move to IFRS standards by April 2012. This will lead to higher transparency and better accountability of the reporting.

As per the road map laid out, companies will have to prepare their accounts as per the new norm in a phased manner, beginning with companies that have a net worth of over Rs 1,000 crore from April 1, 2012.

While scheduled commercial banks and urban cooperative banks will adopt IFRS from April 1, 2013, all insurance companies will convert their opening balance sheets with IFRS from April 2012. Large, listed non-banking finance companies (NBFCs) will converge their opening books of accounts with IFRS norms from April 1, 2013.

Convergence with the global norms are a part of India's commitment on the G-20 forum were India agreed to have a consistent and uniform financial reporting system for good corporate governance.