

Convergence of Indian Accounting Standards with IFRS

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Abstract: *The integration of Indian corporate is facilitating by the convergence of International Financial Reporting Standards (IFRS) with Indian Accounting Standards (Ind AS) for global exposure. IFRS and Ind AS are almost on par with some replacements of methods, modifications of terminology used for accounting treatment. The diversified accounting principles between countries tend to differentiate in the financial statement preparation and reporting interaction of various environmental variables like rapid expansion of international business, pre-dominance of MNC's, globalization of capital markets and establishment of autonomous accounting bodies and institutions has led to diversity and development of accounting rules, regulations, policies, procedures and framework at international level. In globalization, the international financial reporting practices are well-needed area of specialization. This paper focuses on procedure of issuance of International and Indian Accounting Standard, need of convergence of global accounting standard and key difference in presentation of financial statement under International and Indian Accounting Standards. The main benefit in convergence of accounting standards is common accounting system that is perceived as stable, transparent and fair to investors across the world. Cross-border merger and acquisitions will get a boost by making it easier for the parties involved in as per redrawing the financial statements is a concern. The conflicting legal and regulatory requirements related to financial statements, the technical preparedness of industry and accounting professionals and the economic environment prevailing in the country affects this convergence.*

Keywords: Accounting standards, convergence, IFRS, Ind AS.

1. Introduction

In India, IFRS has started converged as Ind AS in 2011. Ind AS implemented by Indian companies mandatorily exceeding net worth of Rs. 250 crore as per Ministry of Corporate Affairs (MCA). International financial reporting is commonly perceived not only to disclose financial information at world large but development of many factors which evolved accounting rules, regulations, procedures and practices at international level (Shima, 2012). The main emphasis of international financial reporting lies on the establishment of effective accounting standards to enhance reliability, relevancy, consistency and creditability and more over universality of accounting information at global level (Choi and Meek, 2008). Accounting Standards are written policy document issued by expert accounting body or government or other regulatory body covering the aspects of recognition, measurement, treatment, presentation and disclosure of accounting transaction in the financial statement.

Although basic accounting principles such as the accrual basis and the going-concern assumption are widely accepted, the application of these principles in different economic and cultural environments has led to significant differences as to how accountants report similar transactions. For example, local differences exist like treatment of goodwill, the definition of a group, treatment of borrowing costs, measurement of impairment and the treatment of deferred taxes.

2. Review of literature

Jeanjean and Stolowy (2008), analyze whether the mandatory introduction of IFRS had an impact on earnings

quality and on earnings management. And found that sharing of rules is not sufficient itself to create a common business language; Management incentives and national institutional factors plays an important role in framing financial reporting than accounting standard alone.

Chalapathi.K.V and Bhanu Sireesha.P (2015) has conducted by considering annual statement of 10 Indian companies for 6 years financial data those who have adopted IFRS voluntarily. This study found that IFRS adoption has led to a statistically significant increase in liquidity, profitability and valuation ratios. In transition to IFRS provides an opportunity for capital maintenance and protection against risk; It is evident that for harmonizing accounting practices IFRS will act as dominant accounting standard among other national GAAP's; Adoption of IFRS optimizes the ROA and ROE of Indian companies.

The study of Shrivastava et al. (2015) enlightens the Challenges and Prospects of IFRS in Indian Accounting System. Mandatory IFRS adoption improves information comparability across countries. As Indian Accounting Standards are at par with IFRS, so Indian corporate and the accounting professionals get the benefits of the global accounting standards.

Rakesh and Shilpa (2013) found the relationship between IFRS adoption by companies and FDI inflows in India are significant. Adoption of IFRS will increase the level of confidence among global investors and investment analysts. IFRS listed companies able to generate more funds from capital market.

The study conducted by Kedar and Marulkar (2013) concludes in two parallel routes in the same direction. One

discusses about the Indian convergence benefit and other discuss about the role of Training Institutes and Academician for Convergence with IFRS. Sustainable industrial growth, investor's attenuation, worldwide exposure for accounting professional is the benefits for Indian corporate. Training institution, viz. ICAI, ICWAI, ICSI, Universities and colleges plays a major role to educate about IFRS. IASB and ICAI collectively worked to provide issues on IFRS on time.

Peter Jood and Mark Lang (1994) explored the diversity in the accounting practices and policies of France, Germany and United Kingdom. Firstly, the paper has explored the significant differences between ratio analysis and financial market valuation in their financial reporting practices. Secondly, it also provides preliminary evidence on the effects of the (EU) European Union directives on accounting measurement differences as well as differences in reporting practices.

Susana and Jose A Lainez (2000) found that existence of diversity in accounting principles and accounting system has significant consequences for the interpretation of financial reporting in global arena and therefore, for the decisions which may be taken on the basis of the interpretation drawn from an analysis of such accounting information. The paper concluded the two main factors. Firstly, accounting diversity can be considered as a prime obstacle for the international comparability of financial reporting. Secondly, the paper has found the important differences in the situation of companies i.e. liquidity, solvency and profitability etc. under different accounting principles.

Adela Deaconu and Anuta Buiga (2011) witnessed the diversity between accounting systems of Continental-European type and Anglo-Saxon type respectively. Firstly, the paper examines the relevance of the criterion in the historic context and its impact on accounting policies and procedures and also studies the whole framework comprising economic, social, legal and political variables and their impact on financial reporting.

Joel Branson and Muiz Jamil (2011) observed that the main factors for diversity in accounting practices, policies and procedures and to better understand how accounting differences have a huge impact on accounting harmonization. Firstly, it strengthens the awareness of the existence of the causes for accounting diversity at international level as it is important to understand the current complexities and difficulties of the drive towards international accounting harmonization. Secondly, it highlighted the in-depth analysis of the environmental variables that are considered most influential in causing accounting diversity.

3. Methodology

The present study is based on Primary data, information collected through field investigations such as personal interview with accounting professionals and practitioners in order to observe the in-depth problems relating to the accounting principles and practices. And the secondary data, collected from annual reports and other publications of

major companies of some of the Asian Countries, Government of India publications and other authoritative sources reviewing various authentic research papers from online *databases* of peer reviewed journals, official websites of international accounting bodies and standards, quality books, professional magazines and newspapers and from internet whenever necessary. Valued opinions of the users of financial statements are also taken into considerations. In the Indian context, recognizing the need to harmonize the diverse accounting policies and practices prevailing in India, The ICAI (Institute of Chartered Accountants of India) constituted the Accounting Standards Board (ASB) in the year 1977. ASB takes into consideration the applicable laws, customs, usages and business environments while formulating the accounting standards.

4. Research Objectives

The main objectives of the present paper are as follows;

- 1) To understand the procedure for issue of International Financial Reporting Standard and Indian Accounting Standard.
- 2) To give insights to the key differences in presentation of financial statements under Indian and International accounting standard.
- 3) To study the key factors affecting international financial reporting practices.
- 4) To understand the need of harmonizing global accounting standards.

5. Need of the study

To aware the students, academicians as well as industrialist about how Indian GAAP differs from IFRS as well as selected countries like US and UK on executing, recognition, measurement, and disclosure rules with regard to various accounting items.

6. Factors influencing IFRS implementation

A nation's accounting policies, practices and procedures is affected by complex interaction of economic, socio – cultural, political, legal and many other environmental factors, so it is next to impossible to say that environmental factors of two or more countries are going to be similar (Nobes 1998).

- 1) *Accounting and Economic Environment*: The level of economic development of the country is influencing the type of business entities or groups exist in a country (Beke, 2010). Financial recording and reporting practices will be more sound and complex in developed countries due to the presence of hefty number of multinational corporations.
- 2) *Accounting and Political Environment*: The way a country is politically governed can have considerable influence on accounting system. The relevance of political system can also see in many countries that are effectively run by dictators (Gernon and Meek, 2001). Countries like France and Netherlands still follow accounting system given by their colonial rulers. Likewise countries like India, New Zealand, Australia and Hong Kong has adopted the accounting system of Britishers.

- 3) *Accounting and Socio-Cultural Environment*: Factors like secrecy vs. transparency, optimism vs. pessimism and uniformity vs. flexibility etc. have a huge impact on the measurement of financial items as well as financial disclosure practices at world large (Jaggi 1975). Developed countries like US and UK are more transparent, optimistic and flexible than Japan, Germany, India and China etc. when it comes to disclosure of financial records due to socio-cultural factors.
- 4) *Accounting and Legal Environment*: Some countries possess strict legal system and other countries possess adaptive legal system (Daske & Hail, 2008). Countries like France and Germany follows Code law which is more legalistic, detailed, prescriptive, procedural and nationalistic. On the contrary, countries like US, UK and NZ and Australia follows common law which is more flexible, adaptive and innovative in comparison to Code law.
- 5) *Accounting and Internationalization of Capital Market*: Difference in financial system, emergence of new and innovative financial securities and impact of GAAR factors leads to diversity in accounting practices, procedures and disclosure requirements (Guan and Lau, 2004). In debt oriented countries like Germany, Japan and Switzerland, financial reporting tends to be more spartan against equity oriented countries like US, UK and Canada. The level of globalization of capital market or listing of securities at international level impacts financial recording and reporting practices to huge extent.
- 6) *Accounting and Emergence of Multinational Corporations*: Developed countries tend to have capitalistic economy as well as possess large and complex organizations, where accounting problems are far more complex and detrimental than those of small organizations in developing and underdeveloped countries (Radebaugh, 2006).
- 7) *Accounting and Inflation*: Level of inflation can also be perceived as an influencing factor in the context of diversity in accounting practices, policies and procedures because it has a direct impact on the asset valuation method. Countries like US and UK are familiar with historical cost model when it comes to their accounting practices. But countries like Bolivia and Mexico do not practice historical cost model. They use inflation adjusted models of financial reporting to provide more decision relevant information in context to their economies.
- 8) *Accounting and Professional Bodies*: The designing and standard of accounting system in a country is primarily depends upon the quality of professional bodies (Choi and Meek, 2008). At global level, (IASB) international accounting standard board of United Kingdom and financial accounting standard board of USA are providing conceptual framework to satisfy the needs and nature of diverse groups of accounting users at global level which facilitate the harmonization and universality of information at global level.
- 9) *Accounting and Conceptual Framework*: Countries like US, UK, Canada and Australia etc. have invented their own version of conceptual framework in accordance with their own environmental variables. On the

contrary, developing countries like India, Pakistan and Sri Lanka have a habit to follow conceptual framework of other countries.

- 10) *Accounting and Report Regime*: Countries like Austria and Germany who follow single set of rules i.e. same rules for financial as well as tax reporting looks rich in their report regime to potential investors but poor to tax authorities against countries like US, UK and India who use to follow double set of rules while reporting.

7. Convergence of IFRS and IND AS

The globalization of business and finance creates need of global harmonization of accounting standards as a company operates in more than one country has to prepare financial reports as per GAAP of the country. This increase the cost of preparing the financial report and also it creates hurdle in measuring the performance across the geographical region because of non-comparability of accounting rules. The international standard-setting process began several decades ago as an effort by industrialized nations to create standards that could be used by developing and smaller nations unable to establish their own accounting standards. But as the business world became more global, regulators, investors, large companies and auditing firms began to realize the importance of having common standards in all areas of the financial reporting chain.

Growing interest in the global acceptance of a single set of robust accounting standards comes from all participants in the capital markets. Many multinational companies and national regulators and users support it because they believe that the use of common standards in the preparation of public company financial statements will make it easier to compare the financial results of reporting entities from different countries. They believe it will help investors understand opportunities better. Large public companies with subsidiaries in multiple jurisdictions would be able to use one accounting language company-wide and present their financial statements in the same language as their competitors. Another benefit some believe is that in a truly global economy, financial professionals including Certified Public Accountants (CPAs) will be more mobile, and companies will more easily be able to respond to the human capital needs of their subsidiaries around the world.

The Presentation of Financial statement according to Companies Act requires preparation of Balance Sheet, Profit and Loss Account, Notes to Accounts, whereas as per IAS-1 standards, preparation of Statement of Financial Position (Balance Sheet), Income Statement (Profit & Loss Account), statement of Changes in Equity (SOCIE), Statement of Cash flows. Statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statement.

Table 1 depicts the detailed list of Ind AS which compiled from IAS, IFRS and AS by MCA and ICAI. This elaborates the details of terminological between Ind AS with respect to existing Accounting Standards (AS).

Table 1: List of Ind AS with Comparison from AS, IAS and IFRS

List of Ind AS	Comparisons From AS, IAS, IFRS
Ind AS 101: First Time Adoption of Indian Accounting Standards	IFRS 1 : First time Adoption of International Financial Reporting Standards
Ind AS 102: Share based payment	IFRS 2 :Share-based Payment
Ind AS 103: Business combinations	IFRS 3 :Business Combinations AS 14: Accounting for amalgamations
Ind AS 104: Insurance Contracts	IFRS 4 :Insurance Contracts
Ind AS 105: Non Current Assets Held for Sale and Discontinued operations	IFRS 5: Non-current Assets Held for Sale and Discontinued Operations AS 24: Discontinuing operations
Ind AS 106:Exploration for and Evaluation of Mineral Resources	IFRS 6:Exploration for and Evaluation of Mineral Resources
Ind AS 107: Financial Instruments: Disclosures	IFRS 7/ AS 32: Financial Instruments: Disclosures
Ind AS 108: Operating Segments	IFRS 8: Operating Segments AS 17: Segment Reporting
Ind AS 109: Financial Instruments	AS 30 : Financial Instruments Accounting
	IAS 39: Financial instrument Reorganisation and measurement IFRS 9: Financial Instrument
Ind AS 110: Consolidated Financial Statement	IAS 27: Consolidated Financial Statements
Ind AS 111: Joint Arrangements	IFRS 11: Joint Arrangements AS 27: Financial Reporting of Interests in Joint Ventures
Ind AS 112: Disclosure of Interest in other entities	IFRS 12: Disclosure of Interests in Other Entities
Ind AS 113 Fair Value Measurement	IFRS 13: Fair Value Measurement
Ind AS 114 Regulatory Deferral Accounts	IFRS 12: Disclosure of Interests in Other Entities
Ind AS 115: Revenue from contracts with costumers (Applicable from April 2018)	AS 9: Revenue Recognition IAS 18: Revenue
Ind AS 116: Leasing (which is expected to replace the existing standard (Ind AS 17) from accounting periods beginning 1, April 2019 and after.)	IAS 17, AS 19 : Leases
Ind AS 1: Presentation of Financial Statements	IAS 1: Presentation of Financial Statement AS 1: Disclosure of Accounting Policies
Ind AS 2: Inventories Accounting	IAS 2: Inventories AS 2: Valuation of Inventories
Ind AS 7: Statements of Cash Flows	IAS 7: Cash Flow Statement AS 3: Cash Flow Statements
Ind AS 8: Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors AS 5: Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies
Ind AS 10: Events after the Reporting Period	IAS 10: Events after the Reporting Period AS 4: Events Occurring after the Balance Sheet Date
Ind AS 11: Construction Contracts	IAS 11 and AS 7: Construction
(Omitted by the companies (Indian Accounting Standard) Amendment Rules 2018)	Contracts
Ind AS 12: Income taxes	IAS 12: Income Taxes AS 22: Accounting for taxes on income
Ind AS 16: Property, Plant and Equipment	IAS 16: Property, Plant and Equipment AS 10: Accounting for Fixed Assets
Ind AS 17: Leases	IAS 17, AS 19 : Leases
Ind AS 18: Revenue (Omitted by the Companies (Ind AS) Ammendmend Rules 2018)	IAS 18: Revenue
Ind AS 19: Employee Benefits	IAS 19, AS 15: Employee Benefits
Ind AS 20: Accounting for government grants and disclosure of Government Assistance	AS 12: Accounting for government grants
Ind AS 21: The Effects of Changes in Foreign Exchange Rates	IAS 21 and AS 11 : The Effects of Changes in Foreign Exchange Rates
Ind AS 23: Borrowing costs	IAS 23: Borrowing costs

	AS 16: Accounting Standards for Borrowing Cost Explained
Ind AS 24: Related Party Disclosures	IFRS 12: Disclosure of Interests in Other Entities AS 18: Related Party Disclosures
Ind AS 27: Separate Financial Statements	IAS 27: Consolidated Financial Statement AS 23: Accounting for Investment
Ind AS 28: Investments in Associates and Joint Ventures	IAS 28: Investments in Associates AS 23 : Accounting for Investments in Associates in Consolidated Financial Statements
Ind AS 29: Financial Reporting in hyperinflationary Economies	IAS 29: Financial Reporting in hyperinflationary Economies
Ind AS 32: Financial Instruments – Presentation	IAS 32: Financial Instruments – Presentation AS 31: Financial Instruments – Presentation
Ind AS 33: Earnings Per Share	IAS 33 and AS 20: Earnings Per Share
Ind AS 34: Interim Financial Reporting	IAS 34, AS 25: Interim Financial Reporting
Ind AS 36: Impairment of assets	IAS 36, AS 28: Impairment of assets
Ind AS 37: Provisions, Contingent Liabilities and Contingent Assets	IAS 37 and AS 29: Provisions, Contingent Liabilities and Contingent Assets
Ind AS 38: Intangible Assets	IAS 38 and AS 26: Intangible Assets
Ind AS 40: Investment Property	IAS 40: Investment property AS 13: Accounting for Investments
Ind AS 41: Agriculture	IAS 41: Agriculture

8. IFRS and India

The difference between Indian GAAP and IFRS are highlighted in the following. IFRS specifically deals with how to apply IFRS for the first time. Full retrospective application of IFRSs effective at the reporting date for an entity's first IFRS financial statements with certain optional exemptions and mandatory exceptions. An entity shall explain how the transition from previous GAAP to IFRSs affected its reported financial position, financial performance and cash flow. Indian Accounting Standards does not give specific guidance on first time adoption of the standards by an entity. Even though Indian GAAP is inspired from IFRS, there are significant differences between them especially in areas of business combinations, group accounts, fixed asset accounting, presentation of financial statement, accounting for foreign exchange and financial instruments to name a few; Indian GAAP is still a long way behind IFRS.

a) Convergence of IFRS in world

Convergence with IFRS has gained momentum in recent years all over the World. Nearly 110+ countries including European Union, Australia, China, New Zealand, and Russia currently require or permit the use of IFRS. Apart from India, countries like Japan, Sri Lanka, Canada and Korea have also committed to adopt IFRS from 2011.

b) Convergence with IFRS in India

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. In general terms, 'convergence' means to achieve harmony with IFRS; in precise term, convergence can be considered "to design and maintain national accounting standards in a way that financial statements prepared in accordance with national accounting standards draw unreserved statement of compliance with IFRS". Convergence with IFRS in a phased manner has started on 1, April 2011. Two separate sets of Accounting Standards under Section 211(3C) of the Companies Act, 1956 – IFRS converged standards and existing accounting standards. First set would comprise of the Indian Accounting Standards which are converged with the IFRS which shall be applicable to the specified classes of companies. The second set would comprise of the existing Indian Accounting Standards and would be applicable to other companies, including Small and Medium Companies (SMCs). The first set of Accounting Standards (i.e. converged accounting standards) will be applied to specified classes of companies, in phases, beginning with the financial year 1st April, 2011 to 2014.

Phase I: Companies covered in this phase will prepare an opening balance sheet in accordance with IFRS converged standards as of 1 April 2011 and will follow the IFRS converged standards from this date.

Table 2: Convergence to IFRS in phased manner showing types of Companies

Type of Companies	Listed only in India	Listed overseas (any securities)	Un-listed
Companies in Nifty or Sensex	Phase I	Phase I	NA
Net worth > 1000 crores	Phase I	Phase I	Phase I
Net worth > 500 crores but upto 1000 crores	Phase II	Phase I	Phase II
Net worth upto 500 crores	Phase III	Phase I	Exempt
*Companies in phase II and III can early adopt from years beginning 1 st April, 2011 onwards.			
**Companies not covered in phase III (including small and medium companies) can adopt voluntarily converged standards.			

Phase II: Companies covered in this phase will prepare an opening balance sheet in accordance with IFRS converged standards as of 1 April, 2013 and will follow the IFRS

converged standards from this date. All companies (whether listed or not) with a net worth in excess of Rs. 500 crores but less than Rs. 1000 crores will be covered in Phase3.

Table 3: Mandatory time-lines for different Phases

Phases	Mandatory requirement		Option for early adoption	
	Opening Balance Sheet date	First year end (without IFRS comparatives)	Opening Balance Sheet date	First year end (with IFRS comparatives)
Phase I	1 st April, 2011	31 st March, 2012	1 st April, 2010	31 st March, 2012
Phase II	1 st April, 2013	31 st March, 2014	1 st April, 2011	31 st March, 2012
Phase III	1 st April, 2014	31 st March, 2015	1 st April, 2011	31 st March, 2012

*31st March, 2011 information to be given in an additional column.

**Phase II and Phase III companies can early adopt from year starting April, 1, 2011.

On January 22, 2010 the Ministry of Corporate Affairs issued the road map for transition to IFRS. It is clear that India has deferred transition to IFRS by a year.

9. Convergence with IFRS: Stage-wise Approach

As a convergence of the statutory application of the new accounting standards, the financial results of the companies, as reflected in their statutory financial statements, may undergo a change. The Institute of Chartered Accountants of India (ICAI) has adopted a roadmap for convergence with IFRS for certain defined entities (listed entities, banks and insurance entities and certain other large-sized entities) with effect from accounting periods commencing on or after April 1, 2011. Accordingly, as part of its convergence strategy, the ICAI has classified IFRS into the following broad categories:

- 1) *Category I:* IFRS which can be adopted immediately or in the immediate future in view of no or minor differences (for example, construction contracts, borrowing costs, inventories).
- 2) *Category II :* IFRS which may require some time to reach a level of technical preparedness by the industry and professionals, keeping in view the existing economic environment and other factors (for example, share- based payments).
- 3) *Category III:* IFRS which have conceptual differences with the corresponding Indian Accounting Standards and where further dialogue and discussions with the IASB may be required (consolidation, associates, joint ventures, provisions and contingent liabilities).
- 4) *Category IV:* IFRS, the adoption of which would require changes in laws/regulations because compliance with such IFRS is not possible until the regulations/laws are amended (for example, accounting policies and errors, property and equipment, first-time adoption of IFRS).

Table: 5: Convergence with IFRS – Stage-wise Approach

Stage I		Stage II		Stage III	Stage IV
I	II	III	IV	V	
IA	IB	IIIA	IIIB	IAS 1	IAS 29
IAS 11	IAS 2	IAS 18	IAS 17	IAS 12	IAS 8
IAS 23	IAS 7	IAS 21	IAS 19	IAS 24	IAS 10
	IAS 20	IAS 26	IAS 27	IAS 41	IAS 16
	IAS 33	IAS 41	IAS 28	IFRS 3	IAS 32
	IAS 36	IFRS 2	IAS 31	IFRS 6	IAS 34
	IAS 38	IFRS 5	IAS 37	IFRS 8	IAS 39
				IFRS 1	
				IFRS 4	
				IFRS 7	

Table 6: Summary of stage-wise approach

Stage I	Convergence with IFRS falling in Category I immediately.
Stage II	Convergence with IFRS classified in Category II and Category III after a certain period of time, say, 2 years after various stakeholders have achieved the level of technical preparedness and after conceptual differences are resolved with the IASB.
Stage III	Convergence with IFRS classified in Category IV only after necessary Amendments are made in the relevant laws and regulations.
Stage IV	Convergence with IFRS classified in Category V by way of adoption on full convergence.

10. Conclusion

Convergence of Accounting Standards is needed to create and develop global economy. Harmonization will result into true and fair presentation of financial statement that can be easily accessible to all the potential users including potential investors. It is found that, very soon International Accounting Standards are going to be abolished and IFRS (International Financial Reporting Standards) will be adopted by the developed countries as well as the developing nations including India. For MNC's adoption of IFRS will result into reduction in the cost of preparation of financial statement and also overcome the difficulty of consolidation of financial statements working in different countries. According to the proponents of the concept, two sets of accounting standards i.e. domestic and international should be allowed to exist side by side. Financial Statements will at first be prepared in accordance with domestic standards and thereafter these statements will be restated in terms of IFRS. Accounting principles and practices are the product of environment. Different countries like India, US and UK are indifferent to international dimensions of accounting and financial reporting practices due to complex interaction of their own environmental variables like changed character of international capital market, predominance of MNC's, new accounting bodies, emergence of e-business, economic, legal, political, social and various other environmental variables has created the element of subjectivity.

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