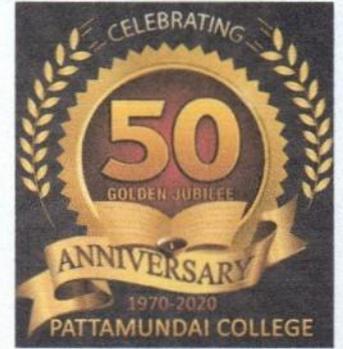


Pattamundai College

Pattamundai

Celebrating Golden Jubilee Year



AN EXTRAMURAL SEMINAR ON

*“ ACCOUNTING STANDARD,
IFRS & XBRL ”*

Resource Person:

*Dr. Sarat Kumar Sahoo
Reader in Commerce*

Ravenshaw Junior College, Cuttack

Held On 12TH FEBRUARY 2020

Organised by:

DEPARTMENT OF COMMERCE

PATTAMUNDAI COLLEGE

PATTAMUNDAI

REPORT

A seminar was organised by Department of Commerce, Pattamundai College, Pattamundai on dated 12.02.2020 at 10 am in Hall no. 25 on the topic of "ACCOUNTING STANDARDS, IFRS & XBRL ". Dr. Sarat Kumar Sahoo, Reader in Commerce, Ravenshaw Junior College, Cuttack was resource person for the seminar. In this seminar most of the students were present. Prof Adhikari Laxminarayan Dash, Principal chaired the meeting. Prof. Sanjib Kumar Dash, Head of the Department gave a key note address of the topic and welcomed the guests on the deice and the participants. The meeting was ended with vote of thanks by Mr. Jitendra Kumar Mallick.



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Ref No. : 280

Date..... 11.02.2020

To

Dr Sarat Kumar Sahoo
Retired Reader in Commerce
Ravenshaw Junior College, Cuttack

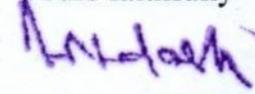
Sub: Invitation as Resource Person in Extramural Seminar in Commerce at Pattamundai College, Pattamundai on 12th February 2020.

Sir,

We are organising an extramural seminar in commerce on “**Accounting Standard, IFRS & XBRL**” on **12th February 2020**. We would appreciate it very much if you would accept our invitation to deliver your talk in the said topic.

Your cooperation in this regard will be highly encourage us and make the seminar a grand success.

Yours faithfully


Principal 11.02.2020
Pattamundai college
Principal
Pattamundai College

5.2 Financial Accounting

5.1 ACCOUNTING STANDARDS

5.1.1 Introduction

In Accounting, as we know, one item may be treated in different ways. For example, among different methods of depreciation, a firm may choose any one it likes. This diversity of treatment makes accounting less meaningful. Thus, a need to formulate some guidelines, which is to be followed by all the firms was felt. As a result different countries have formed their own accounting standards to address this problem. In India, it is the Institute of Chartered Accountants of India (ICAI) which issues the accounting standards.

Accounting standards are the accounting policies and broad guidelines issued by an accounting body from time to time relating to the treatment of certain specific items in order to bring uniformity in the preparation and presentation of financial statements.

The ICAI constituted the Accounting Standard Board on 21.4.1977 to formulate accounting standards. These accounting standards may be established in India by the ICAI. The ICAI, so far, has issued 32 accounting standards. Out of which AS- 6, 8, 30, 31 and 32 have been withdrawn or merged. Thus, in fact, at present there are 27 AS.

5.1.2 Objectives of Accounting Standards

Accounting standards are laid down keeping in view the following objectives.

- (i) To bring uniformity in preparation and presentation of financial statements.
- (ii) To Guide the accountant on some specific issues.
- (iii) To make financial statements reliable, authentic and comparable.
- (iv) To Standardise diverse accounting policies and practices.
- (v) To promote better understanding of financial statements.
- (vi) To provide no room for personal judgement.
- (vii) To facilitate audit work.

5.1.9 Accounting Concept Vs. Accounting Standards

Basis	Accounting Concepts	Accounting Standards
1. Who issues ?	These are not issued either by professional bodies or by Govt. These have been traditionally followed.	These are issued by ICAI or by Government.
2. What it is ?	These are general rules of recording transactions and preparation of financial statements.	These are general guidelines to deal with specific areas of accounting such as depreciation, inventory valuation, etc.
3. Discretion	They allow more discretion to an accountant. For ex, an accountant has the discretion to use any method of valuation of inventory.	AS restricts the option of an accountant. For example, LIFO method of inventory valuation is not allowed as per AS-2.
4. Uniformity	Accounting concepts give different results. So it brings dis-uniformity.	The possibility of uniformity is greater in case of AS.



For the purpose of maintaining uniformity in accounting principles all over the world, the International Accounting Standards Committee was formed in London on 29th June, 1973. The agreement to form this committee was signed by 16 accounting bodies from nine nations namely, the USA, Canada, the U.K., Australia, Japan, France, Germany, Netherland and Mexico. The objective of the committee was to formulate and publish standards for presentation of financial statements, so that there will be world-wide acceptance. Consequently, the financial statements published in different countries can be comparable. Standards do not have any statutory authority. These do not impose any legal obligation. But they have a persuasive value. The revised agreement was signed in Nov., 1982. Both ICWAI and ICAI are members of International Accounting Standard Committee.

To
P. 5.5

5.1.7 Advantages of Accounting Standards

Various benefits of accounting standards are:

Accounting policies:

1. **Reduces Impact of Diverse Accounting Policies:** Accounting standard eliminates or reduces, to a large extent, the diverse accounting policies and practices. By setting a broad guideline, the multiple options are either totally eliminated or reduced to a considerable extent. Confusions are eliminated. As a result financial statements become more meaningful and comparable.

2. **Increases Credibility and Reliability of Financial Statements:** Through uniform and clear-cut guidelines relating to the treatment of different items such as revenue recognition, valuation of inventory, disclosure, etc. it enhances the reliability and credibility of the financial statements. So various stakeholders of a business, such as investors, creditors, etc. accept such statements with confidence.

Stake

3. **Facilitates Comparison:** Financial statements of different enterprises can be easily compared when all of them follow the same accounting policies, rules and guidelines as set by accounting standards. This helps a firm to evaluate its performance with respect to other similar firms.

4. **Easy Communication:** Accounting is the language of the business. This language should be understood by different persons or bodies in the same sense. Accounting Standards, through certain guidelines or directives make the accounting language comprehensible by all interested parties in the same sense.

5. **No Room for Personal Judgement:** The scope for personal prejudices on the part of the accountant is reduced as various rules and guidelines on various aspects of accounting are clearly spelt out by accounting standards.

6. **Facilitates Decision-Making:** When accounting standards are followed the investors and creditors / lenders get full information about the financial position of an undertaking. So they are able to take right decisions.

7. **Promotes Sound Financial System:** Introduction of accounting standards promotes sound financial system domestically as well as internationally through financial regulation and supervision. It brings confidence and transparency into the financial system which helps growth of financial market.

5.4 Financial Accounting

8. Brings Reform in Accounting : Before suggesting an accounting standard a lot of research work is done by the professional bodies. Consequently, old and irrelevant standards are removed and in its place new relevant accounting standards are introduced.

9. Ensures Additional Disclosures : Accounting standard may insist to add important information beyond what law requires. Thus it makes the financial statements more useful for the users.

5.1.8 Demerits of Accounting Standards

Accounting standards suffer from the following limitations.

1. Rigidity : Accounting standards bring rigidity in accounting. When accounting standards are followed flexibility is reduced.

2. Can't Override Law : Accounting standards can not override statute. Accounting standards are framed within the statutory provisions of a country.

3. Difficult to choose between Alternatives : Sometimes alternative treatment exists relating to a particular item. In that case it is difficult to choose the right one.

4. Costly : Introduction of accounting standards involves cost because employees are to be trained, system is to be upgraded, experts are to be hired and so on.

5. AS Differs : Accounting standards vary from country to country because of differences in traditions and legal system

5.1.4 Accounting Standard Board of India

(a) Formation : ASB was formed on 21st April, 1977 by the Institute of Chartered Accountants of India. It consists of;

- (i) Elected members of ICAI.
- (ii) Nominee from central government.
- (iii) Representative of the office of the Comptroller and Auditor General of India.
- (iv) Representative from CBDT, and ICWAI
~~Representative of ICWAI~~
- (v) Representative from company secretaries of India, RBI, SEBI, etc.
- (vi) Representative from academic institutions, financial institution and Management institutes

(b) Functions : The main functions of ASB are;

- (i) To help ICAI to formulate accounting standard.
- (ii) To determine the areas where accounting standard need to be developed.
- (iii) To review the accounting standard in the light of changed business environment.
- (iv) To give clarification on certain points mentioned in accounting standard.
- (v) To suggest methods of introducing the International Accounting Standard in certain areas.

5.1.3 Scope of Accounting Standard

1. Accounting Standards are issued in conformity with the laws, ^c customs, usages and business environment prevailing in India. In case of conflict the law will prevail and the financial statements are to be prepared as per law.
2. AS can not over^{ride} the local regulations which govern the preparation and presentation of financial statements in the country. In this case, explanatory notes must be given explaining the treatment of a particular item.
3. No accounting standard will have retroactive application, unless otherwise stated. The ICAI will specify the date on which a particular standard will apply ^{to} the class of entities to which it is applicable.
4. While formulating AS, emphasis will be on laying down accounting principles and not detailed rule for its application and implementation.
5. The institute will try to persuade Government, appropriate authorities, industrial and business community to adopt AS to bring uniformity in the preparation and presentation of financial statements.

5.1.4 from P. 5.4

5.1.5 Procedure of Issuing AS by ICAI

- (a) First of all the Accounting standard Board (ASB) will look into the broad areas for which AS are to be formulated.
- (b) The study group consisting of members of ICAI and others is formed to consider specific subjects. It prepares a preliminary draft.
- (c) Then ASB holds discussion with the representative of the Government, Public Sector Undertakings, industries and other organisations to obtain their views.
- (d) Then an exposure draft of the proposed standard is prepared and issued for comment by members of the institute and the public at large.
- (e) After receiving comments from different quarters the draft is finalised by ASB and submitted to the institute.
- (f) Finally, the council of the institute makes the final draft and the AS is issued ^d under the authority of the council.

5.1.6 (AS)

5.1.7
5.1.8

So far ICAI has issued 30 Accounting Standards. However, AS-8 on "Research and Development" and AS-6 on Depreciation was withdrawn consequent to the issue of AS-26 and AS-10. Effectively there are 27 AS at present.

5.2 INTERNATIONAL ACCOUNTING STANDARD -IAS

Every country has its own accounting standards which differs from country to country. It makes comparison difficult. With increased globalisation, inflow of foreign direct investment, increased investment opportunities across the boarder, opening of more subsidiary in foreign countries there is a pressure to frame a single set of accounting policies and practices to be followed by all countries. This is beneficial not only to investors and lenders but also to the financial analysis. The global investors need a reliable, understandable and comparable financial statements.

from P. 5.3

5.6 Financial Accounting

5.2.1 International Financial Reporting Standards (IFRS)

The statements issued by the Board of International Accounting Standards *Committee* from 1973 to 2001 are termed as International Accounting Standards (IAS). But the International Accounting Standard Board itself took over the responsibility of formulating international accounting standards with effect from 1.4.2001. Since then the international accounting standards are known as "International Financial Reporting Standards or IFRS".

IFRS is a set of globally acceptable financial reporting standards issued by International Accounting Standards Board (IASB). It is an independent standard setting body having its headquarters at London. The IFRS issued by IASB are being followed in more than 114 countries of the world. The objective of following IFRSs is to speak one accounting language all over the world. Till date 41 IAS has been issued. Some have been revised and a few have been deleted. The total number of IFRSs issued till now is 15.

Features : The main features of IFRSs are;

- gt a bold*
- 1. Principle Based :** These are principle based and not rule-based accounting standards. They provide *general guidance* for financial reporting rather than setting rules for industry specific reporting.
 - 2. Substance over form :** IFRS states that transactions should be recorded on the basis of economic reality and not on the basis of their legal form. For example, when an asset is purchased on hire purchase system, the buyer shows it as an asset even though he is not the owner.
 - 3. Currency :** Under this system assets, liabilities, revenues and expenses are recorded in the functional currency instead of local currency.
 - 4. Fair values :** It lays emphasis on recording assets, liabilities expenses and incomes at fair values.
 - 5. Depreciation and Economic Life :** The IFRS states that the economic life and depreciation on property, plant and equipments are to be reassessed every year.

5.2.2 Need of Convergence ^{with} IFRS

When two or more things come together to form a new whole, it is termed as convergence. The Indian accounting standards are aligned or modified keeping in view the standards laid down by IFRS. These modified version of the accounting standards are called Ind-AS. Till 2015, 39 Indian Accounting Standards have been converged with IFRS. Such convergence is necessary due to the following reasons.

- 1. Global Harmonization :** A company may have subsidiaries in more than one country. Each country will prepare its financial reports as per the generally accepted accounting principle of the country where the parent company is situated. Such problems will not arise when all companies follow IFRS.
- 2. Need to communicate Across the Border :** With increase in global trade and globalization of capital market, companies need to communicate their financial - health to the

When it is required to reconcile such reports as per the accounting principles of the country where the parent

globally

outside world because they may have to borrow from outside. So they should prepare their financial statements in such a way that these will be accepted globally. Hence, they should follow IFRS.

financial reports

3. Investor's point of view : The investors would like to invest their capital in the most efficient and productive companies globally provided they are able to understand their accounting followed they can easily compare the financial statements of different companies operating in different countries.

and

4. Accounting profession : When IFRSs are followed in different countries professionals of one country can carry out their profession in other countries. Besides that the quality of service provided by the professionals will increase.

5. Enhances comparability : Harmonization of accounting policies, presentation, disclosure, etc. enhances the comparability of financial statements prepared in different countries.

5.2.3 Benefits of convergence with IFRS

The advantages of convergence of the accounting standards of one country with IFRS is studied under the following three heads.

(A) The Economy

- (i) Increases the growth of international business
- (ii) Ensures an orderly and efficient global capital market.
- (iii) Helps in more capital formation, hence fasters economic growth.
- (iv) Encourages international investment, hence more inflow of foreign capital to a county.

(B) Investors ✓

- (i) Investors wishing to invest across the border can do it by going through the financial statement of differents companies operating globally.
- (ii) Increases confidence of investors because of high quality financial statements.

(C) The Industry ✓

- (i) The industry is able to raise capital from foreign markets at lower cost.
- (ii) The burden of financial reporting is reduced as it simplifies the proces of preparing financial statements.
- (iii) It also reduces the cost of preparing financial statements using different sets of accounting standards.

Indian Approach to Move to IFRS

originally

Original India decided to follow IFRS from 2011 but it was postponed to 2016. It applied IFRS with effect from 1.4.16 on some specified companies. India did not adopt IFRS but moved to IFRS by convergence as it gives more scope for making country specific changes. The converged AS with IFRS are named as Indian Accounting Standards (Ind AS).

AS

The Ind AS are a set of accounting standards notified by Ministry of Corporate Affairs (MOA), Government of India. These are formulated by ASB of ICAI. So, now India has two

5.8 Financial Accounting

accounting standards ⁽ⁱ⁾ the existing AS and the Ind AS (the converged version) ⁽ⁱⁱ⁾ till now the MCA has notified 40 Ind AS.

Implementation :

- plain etc*
- (i) From 1.4.16 : All companies having net worth of more than 5 billion rupees were bound to follow Ind. AS.
 - (ii) From 1.4.17 : All companies having net worth of more than 2.5 billion of rupees are bound to follow Ind AS
 - (iii) From 1.4.19 : It is mandatory for scheduled commercial banks (excluding RRBs), Term-lending refinancing institutions such as Exim Bank, NABARD, SIDBI, etc and insurance companies, ^{our} The listed NBFC having net worth of less than ₹ 500 crores, ^{our} the unlisted NBFC having net worth of ~~less~~ ^{more} than ₹ 250 crores but less than ₹ 500 crores.

It may be mentioned here that the NBFC having net worth of less than ₹ 250 crores, the urban co-operative Banks and RRBs are not required to apply Ind AS. They have to follow the existing accounting standards.

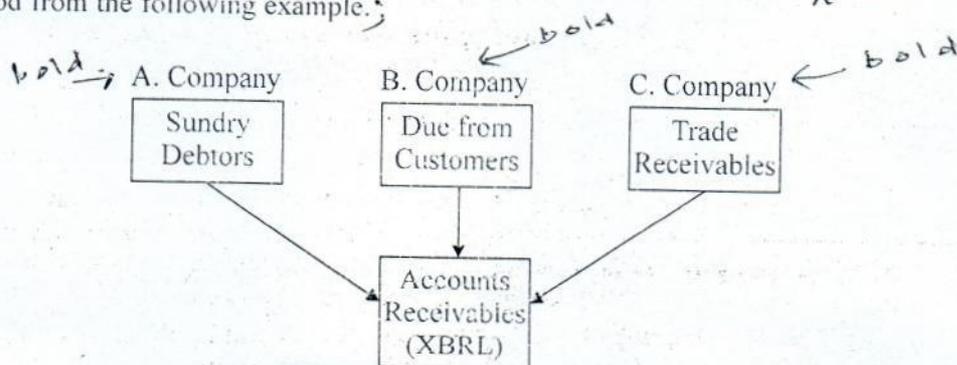
← 5.2.5 List of Ind AS

5.3 XBRL - Extensible Business Reporting Language

5.3.1 The Concept of XBRL

P 634 / 635

In India, there are a large number of listed companies. These companies submit their financial statements to various regulators, such as Ministry of Corporate Affairs (MCA), SEBI, etc. Suppose three ^{similar} companies, A, B and C submit their financial statements to MCA. These companies may use different terminology for a single item. For example, for debtors— A. Co. writes "Sundry Debtors", B. Co. shows it under the heading "Due from customers" while C. Co. reports it as "Trade Receivables". Consequently, the system of MCA is not able to understand whether these items are same or not. To solve this problem XBRL recommends standard terms to be used by all firms. When all firms using XBRL use the same terminology it becomes easy to understand and compare the financial statements of similar companies. It can be easily understood from the following example.;



In the above example, all the firms i.e; A, B and C use the same term 'Accounts Receivables' to represent debtors.

Thus, under XBRL;

- (i) Terminologies are standardised. All firms reporting under XBRL use the same terms.
- (ii) In the above case, all three companies have the write "Accounts Receivables" in stead of writing 'Sundry Debtors' or 'Due from customers' or 'Trade Receivables'.
- (iii) The term 'Accounts Receivables' is called a taxonomy under XBRL.
- (iv) A common business reporting language is used ^{in XBRL} which can be understood all over the world.
- (v) Because of consistency comparison and analysis become easier.
- (vi) The abbreviation XBRL is expanded as under;

bold → X = Extensible, B = Business, R = Reporting and L stands for Language.

Thus, XBRL is an internet - based non-proprietary open standard used for the preparation, exchange and publishing financial statements. In simple words, financial reporting in a common standard language electronically is termed as XBRL. It has been developed through a process of collaboration between the accountants and technologists all over the world. Together they form XBRL international.

~~5.3.2 Some Terms used in XBRL~~

5.3.6 Advantages of XBRL

The XBRL System offers the following advantages.

1. **Comparability** : When companies follow XBRL, their financial statements can be compared with the financial statements of similar companies operating over the whole world. Inter company comparison can be done in real time.
2. **Transparency** : XBRL brings transparency into the preparation and presentation of financial statement. It is very difficult for a company to hide something if it uses XBRL technology.
3. **Easy Detection of Errors and Frauds** : The financial statements prepared by companies are to be passed through a standard naming platform where errors and frauds are detected. Unless these are corrected XBRL system will not accept it.
4. **Easy Reporting** : Reporting under XBRL becomes easy and fast as data are to be transferred electronically.
5. **Time and Cost Saving** : Under XBRL financial statements are prepared and transferred quickly. It also removes a lot of paper work as data are processed electronically.
6. **Data Analysis** : Data analysis under XBRL becomes easy and quick which is not only useful for the data providers but also guides future investors.
7. **Useful for Regulators** : XBRL system is very useful for the regulators such as Ministry of Corporate Affairs, RBI, SEBI, ROC, Tax Authorities as they can go through the financial statements of different companies quickly to take some decisions.

FD
P12

5.10 Financial Accounting

8. More Scope for Accounts : XBRL creates more scope for the chartered accountants as they can work on auditing the financial statements of companies operating in any country.

5.3.2 Some Terms used in XBRL

(i) **Taxonomy :** The standard terms used to describe the reporting elements. In the example given above "Accounts Receivable" is a taxonomy. For example, all the terms used on the leftside of a Balance Sheet such as Share capital, Reserves and Surplus, Debenture, Fixed Assets, Current Assets, etc. are taxonomies.

~~In India FS are prepared as per Sch 3 of the Co. A/c~~

Thus, we can say that taxonomy is nothing but the E-Dictionary of reporting elements. These are the authorised definitions. Taxonomies are developed by Regulators, Govt., Ministry of Corp. Affairs, SEBI, Accounting Std. ^{and} ~~Setters~~.

(ii) **Meaning of X :** X in XBRL stands for Extensibility. It means that new taxonomies can be created.

(iii) **Tagging :** Providing numerical figures against each reporting element is termed as tagging. Thus, tagging is a process by which any financial data can be tagged with the most appropriate elements of the taxonomy. Taxonomies are shown on the left handside and tagging is done on the right side.

(iv) **XBRL Instant Document :** The Sheet containing taxonomies on the left side and tags on the right side is called an instant document.

The following example of the liability side of a ^{Balance Sheet} ~~BS~~ above three terms. ^{to understand these terms}

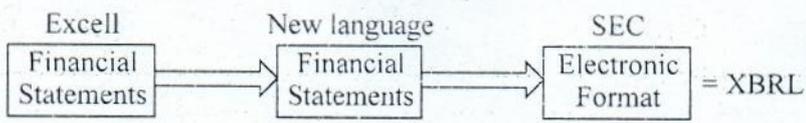
Particulars	31.3.16	31.3.17
I. Equities and Liabilities		
1. ^{or} Shareholders' Fund		
(a) Share Capital		
(i) Equity Share Capital	2,00,000	2,50,000
(ii) ^{7%} Preference Shares	1,00,000	1,00,000
(b) Reserves & Surplus		
(i) General Reserve	20,000	30,000
(ii) Securities Premium	10,000	15,000
(iii) Profit and Loss A/c	—	25,000
2. <u>Non-Current Liabilities</u>		
(i) 10% Debentures	5,00,000	5,00,000
(ii) Secured Loan	—	1,00,000
(iii) Un ^s Secured Loan	50,000	1,50,000

3. <u>Current Liabilities</u>		
(i) Trade creditors	20,000	30,000
(ii) Bills payable	15,000	10,000
(iii) Prov. pro Tax	17,000	25,000
and soon		
Total	9,32,000	12,35,000
Taxonomies		Tagging

diagram

5.3.3 The Process of XBRL Instant Document

Different firms use different software to process their data. These are SAP/SAS, Excell, proprietary software, Quickbook Enterprise, etc. First of all companies prepare their financial statements their computer. Then these are passed through a standard naming platform. Finally these are converted to electronic format which gives birth to XBRL.



5.3.4 Who can use XBRL ?

1. Regulators
 - * Financial regulators such as RBI, SEBI, etc.
 - * Register of Companies.
 - * Ministry of Corporate Affairs.
 - * Tax Authorities.
 - * Statistical Authorities
2. Companies
 - * Listed companies
 - * Having more than ₹ 5 ^{crores} paid up capital
 - * Having turnover of more than ₹ 100 cr. during a financial year.
 - * Holding companies having subsidiary companies for the group.
3. Government
 - * To compare the Financial Statements of different companies.
 - * To report the performance of companies to other parties or regulators.
4. Data provider

The company itself can use XBRL for the benefit of investors and also for future reference.

5. Chartart Accountants : For client reporting
6. Analyst : To analyse data to draw conclusion on some specific issues. The researcher can also use them

Accounting standard setters,
or regulators or Government

5.12 Financial Accounting

5.3.5 Features of XBRL

schedule-3
(i) Clear Definitions : Taxonomies are clearly defined and exhaustively prepared so that it can capture the meaning of all reporting elements. For example, in India the financial reports are to be prepared as per ~~section~~ ^{provisions} of the Companies Act. All companies reporting under XBRL have to use those terminologies. It is the duty of the ~~Ac std. setter or regulator~~ ^{terms} by Govt. (who prepares taxonomies) to clearly define the ~~inform~~ ^{information} that needs to be reported upon.

standards
(ii) Business Rules : XBRL contains rules that constrain what can be reported. It means it has certain rules. These are:

- (a) While tagging ~~texts~~ ^e can not be used. One has to ~~writing~~ ^{write} figures only.
- (b) Rules can be logical or mathematical or both.
- (c) Instant documents can not be uploaded directly. It has to go through the process of validation to stop wrong or poor quality information being sent to regulators. It defects errors. Unless the errors are rectified it can not be uploaded.
- (d) New rules can be added to bring accuracy and transparency.

bring from P-9/10
(iii) Multi-lingual Support : Taxonomy can be prepared ⁱⁿ many languages, which can be captured by XBRL. It means it is possible to display a range of reports in different ⁱⁿ languages to one i.e.; in English which can be understood all over the world.

5.3.6
(iv) Software Support : XBRL is supported by a large number of vendors.

5.4 ILLUSTRATION ON SHORT QUESTIONS

1. What are accounting Standards ?
2. State three objectives of accounting standards.
3. Differentiate between (any two) accounting standard and concept.
4. State three advantages of accounting standards.
5. What functions are being performed by Accounting Standard Board of India. ?
6. What is International Accounting Standards. ?
7. What is ^{IFRS} ~~IFRS~~ ? State its two features.
8. Why accounting standards of India should be converged with IFRS ?
9. How economy is benefited due to convergence of Indian accounting standards with IFRS ?
10. What is Ind. AS ?
11. What is XBRL ?
12. What is ~~tagging~~ ^{taxonomy} ?
13. What is tagging ?
14. What is instant document in XBRL.
15. What is the meaning of X in XBRL.

16. Name any four regulators.
17. Who can use XBRL.
18. State any two features of XBRL.
19. State three advantages of using XBRL.

Answers

1. Accounting Standards are the accounting policies and broad guidelines relating to the treatment of some specific items. These are issued by an accounting body from time to time. The standards guide the accountants and bring uniformity in preparation and presentation of financial statements.
2. The three important objectives of accounting standards are;
 - (i) They bring uniformity in preparation and presentation of financial statements.
 - (ii) They guide the accountants on some specific issues.
 - (iii) They reduce the scope for personal judgement.
3. (i) Accounting concepts are the general rules of recording transactions and preparation of financial statements. But standards are broad guidelines to deal with specific areas of accounting.
 - (ii) Concepts allow more discretion to the accountants while standards restrict their discretion.
4. The three advantages of accounting standard are;
 - (i) **Facilitates comparison** : When all companies follow same accounting policies, rules and guidelines, their financial statements can be easily compared.
 - (ii) **Eliminates Diverse Accounting Policies** : By Setting broad guidelines, it reduces multiple options, accounting becomes more meaningful.
 - (iii) **Brings Reform in Accounting** : Accounting standards are set after a lot of reasearch work and after much deliberation. As a result, old irrelevant standards are removed and new standards are introduced.
5. The functions of ASB are;
 - (i) It helps ICAI to formulate accounting standards.
 - (ii) It determines the area where accounting standards need to be developed.
 - (iii) It reviews the accounting standards in the light of changed business environment.
6. Prior to 1973 different countries had their own accounting standards. So financial statements prepared in one country could not be compared with the financial statements of another country. So to maintain uniformity in accounting policies and principles, the International Accounting Standard Committee was formed in London. The purpose of International Accounting Standard is to formulate and publish accounting standards which has world wide acceptance. Consequently, financial statements published in different countries can be comparable.

Thus, the accounting standards prescribed by the International Accounting Standard Committee to be followed by the member countries all over the world are termed as International Accounting Standards.

5.14 Financial Accounting

7. IFRS stands for International Financial Reporting Standards. It is a set of globally acceptable financial reporting standards issued by international Accounting Standard Board. The objective of IFRS is that all countries in the world must speak one accounting language. *these are; two features of IFRS are;*

- (i) Principle-based i.e.; *General Guidelines.*
- (ii) Substance over form i.e.; *Transactions should be recorded on the basis of their economic values and not on their legal form.*

8. Accounting Standards of India should merged with IFRS because of;

- GA bold*
- (i) **Global Harmonization** : *Now a* company *is* having its subsidiaries in other countries. *The parent company must* compare financial statements of its subsidiaries.
 - (ii) **Need to communicate Across the Border** : With the increase in global trade and globalization of capital market, companies need to communicate outside world in order to borrow from foreign *countries.*
 - (iii) **Enhances comparability** : Harmonization of accounting policies, presentation, disclosure, etc. helps comparison of financial statements.

9. The economy is benefited in the following ways due to convergence of Indian Accounting Standard with IFRS.

- (i) International business grows faster.
- (ii) Ensures *an* orderly and efficient global capital market.
- (iii) Encourages international investment.

10. When the existing accounting standards are merged with IFRS, it is called Ind. AS. The converged AS with IFRS are called Ind. AS. These are notified by MCA, Government *of India*. Till now 40 Ind. AS have been issued. These are implemented phase-wise from 1.4.16.

11. XBRL stands for Extensible Business Reporting Language. Financial reporting in a common standard language electronically is called XBRL. It is a globally acceptable business language. It facilitates *compatibility* and brings transparency.

12. The standard terms used to describe the reporting elements in a financial statements are called taxonomies.

13. Providing numerical figures against each reporting element in the financial statements is called tagging.

14. The sheet containing taxonomies on the left side and tags (*numerical* figures) on the right side is called instant document.

15. The meaning of X in XBRL is Extensibility. It means new taxonomies can be created or added to the existing list.

16. The four regulators are; RBI, SEBI, MCA and Tax Authorities.

17. The following persons can use XBRL;

- (i) Regulators (ii) Companies (iii) Government (iv) Data providers (v) Chartered Accountant (vi) Analyst.

18. The two features of XBRL are;

- Standard*
- (i) **Clear Definition** : The taxon^o names used in XBRL must be clearly defined. There should not be any ambiguity or confusion in the terms.
 - (ii) **Business Rules** : These are certain rules in XBRL. The rules can be logical or mathematical or both. For example; while tagging texts can not be used. One has to ^{write} ~~write~~ numerical figures.

19. The three advantages of using XBRL are;

- Standard*
- (i) **Comparability** : Financial Statements of different companies operating in any country can be compared.
 - (ii) **Detection of Frauds and Errors** : Under XBRL, the instant document is passed through a naming platform where errors and ~~errors and~~ ^{frauds} are easily detected.
 - (iii) **Time and Cost Saving** : Under XBRL, financial statements are prepared and transferred quickly. It also removes a lot of paper works as data are processed electronically.

EXERCISE - 5.1

I. Multiple Choice Questions. Tick the correct ^{answer} ~~ensure~~ from the given alternatives.

1. When the Accounting Standard Board was established ?
(a) 1956 (b) 1977 (c) 1997 (d) 2018
2. ~~When the Accounting Standard Board was established ?~~
(a) To bring uniformity (b) To facilitate comparison
(c) To guide accountants (d) All the above
3. Which one is not a demerit of accounting standard ?
(a) Flexibility (b) ~~Can't override Law~~
(c) Costly (d) None of the above
4. Conversion to IFRS is necessary due to ;
(a) Global Harmonisation (b) Enhance comparability →
(c) Need of communicating across the border (d) All the above
5. The letter X in XBRL stands for ;
(a) Extended (b) Xylophone (c) Extensible (d) Xerophytes
6. XBRL technology is used by;
(a) Regulators (b) Companies (c) Government (d) All the above
7. XBRL brings;
(a) Comparability (b) ^aTransparency (c) Quick reporting (d) All the above

ANSWERS

1. (b) 2. ^d(b) 3. (a) 4. (d) 5. (c) 6. (d) 7. (d).

what is the objective of Accounting Standards ?

5.16 Financial Accounting

II. Fill in the blanks

1. The International Accounting Standard Committee was formed on —.
2. AS — the discretions of accountants ~~last~~
3. AS are general — to deal with specific areas of accounting.
4. So far ICAI has issued — accounting standards.
5. Indian Accounting Standard Board was formed in —.
6. Full form of IFRS is —.
7. Modified version (with IFRS) of the Indian Accounting Standards are termed as —.
8. Full form of IASB =
9. Conversion to IFRS encourages — investment.
10. Ind AS are not applicable to —.
11. Full form of XBRL is —.
12. Authorative definitions are called — in XBRL.
13. Business rules can be — or Mathematical or both.
14. Accounting standards — the statue.
15. — is the premier body in accounting in India

ANSWERS

- (1) 29.9.1973 (2) Restrict (3) Guidelines (4) 32 (5) 1977 (6) International Financial Reporting Standards Board (7) Ind AS (8) International Accounting Standards Board (9) International (10) RRBs (11) Extensible Business Reporting Language (12) Taxonomies (13) Logical (14) Can't override (15) ICAI.

III. True and False

1. Accounting standards can override laws.
2. Accounting standards bring uniformity in accounting policies.
3. Accounting concepts are same as Accounting Standards.
4. No Accounting standard has retroactive application unless otherwise specified.
5. IFRSs are not principle based.
6. Transactions should be recorded on the basis of their economic reality and not on the basis of their legal form.
7. IFRS states that depreciation and economic life of an asset should be evaluated every year.
8. Tagging can be done by writing texts.
9. Under XBRL terminologies are standardised.
10. XBRL gets soft-ware support from a large number of vendors.

ANSWERS

True : 2, 4, 6, 7, 9, 10, False : 1, 3, 5, 8

IV. Answer within 1-2 sentences

1. What is accounting standard ?
2. Who frames accounting standards in India ?
3. How many accounting standards have been set by ICAI ?
4. What is ASB of India ? State one function of it.
5. What is IAS ?
6. What is IFRS ?
7. What is Ind. AS ?
8. To which companies Ind AS are applied ?
9. What is XBRL ?
10. What is taxonomy ?
11. Explain the term "tagging".
12. What is instant document ?

V. Answer the following questions within 75 words

1. State three objectives of accounting standard ? *accounting*
2. Differentiate between accounting concepts and standards.
3. State three advantages of accounting standard.
4. Point out three demerits of accounting standards.
5. State three features of IFRS.
6. Why Indian Accounting Standards should be conversed with IFRS ?
7. How industry is benefited through IFRS ?
8. How economy is benefited through IFRS ?
9. State three advantages of XBRL.
10. Name the parties who can use XBRL.
11. State three features of XBRL.

VI. Long Questions

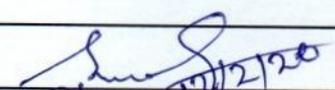
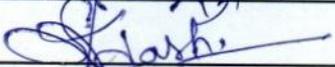
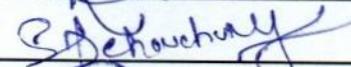
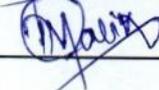
1. What is accounting standard ? State its objectives.
2. Explain the advantages and disadvantages of accounting standards.
3. What is ASB of India ? Discuss its formation and functions.
4. Discuss the scope of accounting standards.
5. Explain the procedure of issuing AS by ICAI.
6. What is IFRS ? State its features.
7. What is the need of converging Indian ⁹ Accounting ⁵ standards with IFRS.
8. Explain the benefit of convergence to the ;
(a) Economy (b) Investors (c) Industry →
9. What is XBRL ? State its features.
10. Explain the advantages of using XBRL.

DEPARTMENT OF COMMERCE
PATTAMUNDAI COLLEGE, PATTAMUNDAI

AN EXTRAMURAL SEMINAR ON "ACCOUNTING STANDARD, IFRS & XBRL"

DATE- 12TH FEBRUARY 2020

RESOURCE PERSON , TEACHERS PRESENT

Sl. No	Name of the Teacher/Resource Person	Designation	Mobile No.	Signature
1	Dr. Sarat Kumar Sahoo	Reader,	94372-68739	 12/2/20
2	Sanjeeb Kumar Dash	Asst. Lecturer	9938493379	
3	S. P. Choudhury,	Asst. Lecturer,	9861377145	
4	Debenolna Mallick	Lecturer,	9040190057	
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DEPARTMENT OF COMMERCE
PATTAMUNDAI COLLEGE, PATTAMUNDAI

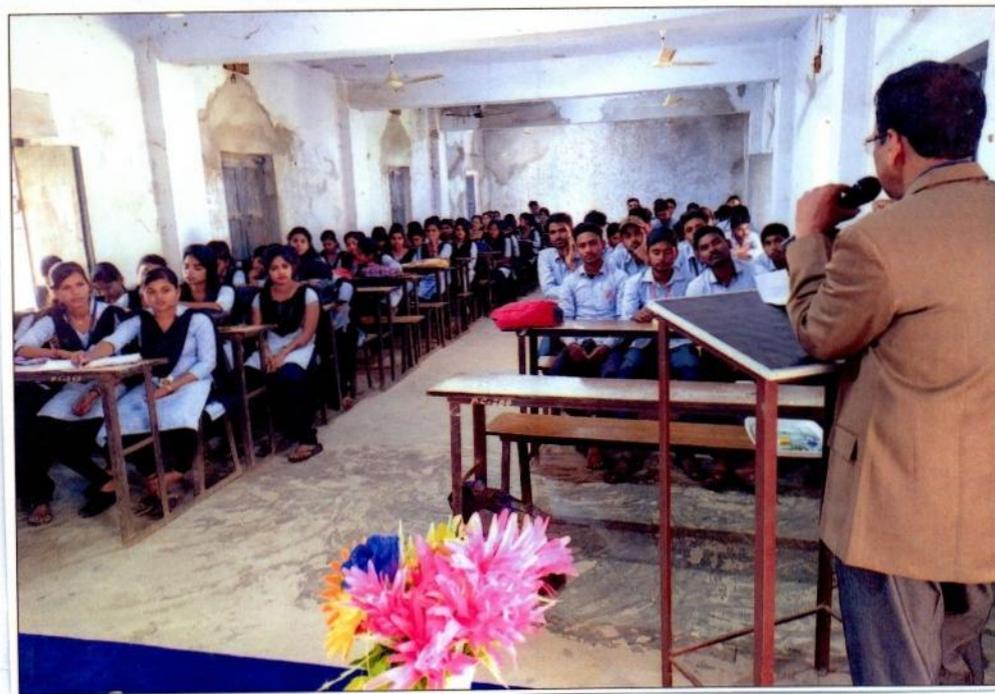
AN EXTRAMURAL SEMINAR ON "ACCOUNTING STANDARD, IFRS & XBRL"

DATE- 12TH FEBRUARY 2020

STUDENTS ATTENDANCE

Sl. No	Name of the Students	Roll No.	Mobile No.	Signature
1	Ranjit Rout	BC-17-061	9837431634	Ranjit Rout
2	Abhinav Bahana	13C-17-078	8144748156	AB
3	Aleemah Nazeer	BC-17-126	8480081292	Aleemah Nazeer
4	Saraj Kanta Swain	BC-17-158	9348004198	Saraj Kanta Swain
5	Biswajit Jena	BC17-059	9556680442	Biswajit Jena
6	Srikanta Pradhan	BC17-110	3938563449	Srikanta Pradhan
7	Sumanta pradhan	BC17-73	8018198926	Sumanta pradhan
8	Abinash Mawrik	BC17-109	7011788965	Abinash Mawrik
9	Satyajit Swain	BC17-122	8144086382	Satyajit Swain
10	Mehza Ismail Beely	BC-17-152	7064722678	Mehza Ismail Beely
11	Akash Kumar Bhuyan	BC-17-124	8658787608	Akash Kumar Bhuyan
12	Bhakti Deepak Swain	BC-17-128	9337206865	Bhakti Deepak Swain
13	Swagat Swain	BC-17-129	7789021589	Swagat Swain
14	Ashish K. Mahakanta	BC-17-1	9348741941	Ashish K Mahakanta
15	Niharika Das	BC-17-096	768298966	Niharika Das
16	Manisha Nayak	BC-17-157	7042350569	Manisha Nayak
17	Suehitra Nayak	BC-17-173	832880281	Suehitra Nayak
18	Jyosthna Ranisaha	BC-17-146	7751803312	Jyosthna Ranisaha
19	Pishree Sahoo	BC-17-032	6370143698	Pishree Sahoo
20	Subharanjay Sahoo	BC17-114	8117868026	Subharanjay Sahoo
21	Subhalipsa Barik	BC17-132	7326927899	Subhalipsa Barik
22	Subhasini Sahoo	BC17-093	8753082078	Subhasini Sahoo
23	Sanmista malik	BC17-075	7077979981	Sanmista malik
24	Seemista Bhuyan	BC17-164	9348620637	Seemista Bhuyan
25	Shormista Malik	BC17-094	8144510214	Shormista Malik

26	Truptimayee Sahoo	BC17-018	7894920215	Truptimayee Sahoo
27	Arcita Bhadra	BC-17-021	9938795938	Arcita Bhadra
28	Ruspalata Das	BC17-059	9777762880	Ruspalata Das
29	Neha Pradhan	BC17-065	97777 ⁹⁹²⁸⁵⁶²⁶⁵	Neha Pradhan
30	Subharnita Rout	BC17-023	993770781	Subharnita Rout
31	Supriya Sahoo	BC17-019	8260254915	Supriya Sahoo
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12.02.2020

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କଲେଜ ବାଣିଜ୍ୟ ବିଭାଗ ଏକ୍ସଟ୍ରା ମୋରାଲ ସେମିନାର

• ପଟ୍ଟାମୁଣ୍ଡାଇ, (ପିଏନଏସ)
ପଟ୍ଟାମୁଣ୍ଡାଇ କଲେଜ ବାଣିଜ୍ୟ ବିଭାଗ
ପକ୍ଷରୁ ଏକ୍ସଟ୍ରା ମୋରାଲ ସେମିନାର
ଅନୁଷ୍ଠିତ ହୋଇଯାଇଛି । ପଟ୍ଟାମୁଣ୍ଡାଇ
କଲେଜ ଅଧ୍ୟକ୍ଷ ପ୍ରଫେସର ଅଧିକାରୀ
ଲକ୍ଷ୍ମୀନାରାୟଣ ଦାଶଙ୍କ ପୌରହିତ୍ୟରେ
ଆୟୋଜିତ ସେମିନାରରେ ରେଭେନ୍ସା
କୁନିୟର କଲେଜର ପ୍ରାକ୍ତନ ରିଡର
ପ୍ରଫେସର ଶରତ କୁମାର ସାହୁ ରିସୋର୍ସ
ପର୍ସନ ଭାବେ ଯୋଗ ଦେଇ ଆକାଉଟି

ସ୍ଵାଗତ୍ ଓ ଆଇଏଫଏସଆର
ସମ୍ପର୍କରେ ଆଲୋଚନା କରାଯାଇଥିଲା ।
ପଟ୍ଟାମୁଣ୍ଡାଇ କଲେଜ ବାଣିଜ୍ୟ ବିଭାଗ
ମୁଖ୍ୟ ପ୍ରଧାନଙ୍କ ସଞ୍ଜିବ କୁମାର ଦାଶ
ସ୍ଵାଗତବାସ୍ତବ୍ୟ ଓ ଅତିଥିପରିଚୟ ପ୍ରଦାନ
କରିଥିଲେ । ବରିଷ୍ଠ ପ୍ରଧାନଙ୍କ ସୌରେନ୍ଦ୍ର
ପ୍ରସାଦ ଚୌଧୁରୀ ଓ ରଞ୍ଜନ କୁମାର
ବେହେରା ସେମିନାରରେ ଅଂଶଗ୍ରହଣ
କରିଥିଲେ । ଶେଷରେ ଅଧ୍ୟାପକ ଜିତେନ୍ଦ୍ର
ମଲିକ ଧନ୍ୟବାଦ ଦେଇଥିଲେ ।