Era of Accounting from Stone Age to Standard Age

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Abstract— **It is paper presented not only to gain knowledge of Accounting Standards but to have understanding why it is important to have standards in accounting. These standards not only benefit to organization individual but globally it also enhances the marketing standard of the organization. It is a governance tool in which organization sphere around all the spokes of circle and gives importance to its financials. It is important to understand that with view to have understanding of standards you ought to have increase market share and standing. This not only help to increase investment but to have widen space of shareholders and enhanced trust. This not only help to comply with standard but also gain government support your organization. Organizations are able to present their products and services globally. The implementation of standards is a strategic plan in which step-by-step you are able to make your financials strong and present as per the desire of stakeholders meeting their expectations**

Index Terms— **Governance, Harmonization, Presentation, Financials, Stakeholders, Enhancement, Adoption, Implementation, Roadmap**

I. The New Sun of Standard Age

The era of accounting is not new to human this has been evolved from Paleolithic age such as basic counting of animals, wood and other items to formation of Financial Statements. The early Paleolithic age aim at counting which was limited to human himself and satisfies his basic needs but with the span of time and evolution human from early men to business tycoon he is interlinked with the number of people and his work not only benefits himself but to the stakeholders associated with him. For such need presentation of financial information the need of accounting branch was felt. The father of accounting Lucas Pacioli from Italy in 16th Century has given the double accounting system as major contribution in field of accounting. With the passage of time accounting has grown from Ice droplet to Himalyan Mountain.

The presentation of financial statements and to bring uniformity in work whether it is in within territorial region of any country or outside the territorial region the result derived should be uniform. This principle has given birth to the standards, Standards are one which have been derived from long practices involving many permutation and combination to reach one conclusion.

Standards are formulated in relation with the territorial statute. So, that they are not in disparity with them. In India accounting system is mainly based on the Accounting standard adopted by companies which are established in India basically standard are issued by Accounting Standards Board (ASB) which was constituted in year 1977. Accounting Standards Board is committee under Institute of Chartered Accountants of India (ICAI), it includes representatives from government department, academicians, other professional bodies viz. ICAI, representatives from ASSOCHAM, CII, FICCI, etc.

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The Ind AS are named and numbered in way as per the International Financial Reporting Standards (IFRS). National Advisory Committee of government on Accounting Standards (NACAS) recommend these standards to the Ministry of Corporate Affairs (MCA).

- **The Adoption Necessary-**

Yes, as the ICAI, being a full-fledged member of the International Federation of Accountants (IFAC), is expected, inter alia, to actively promote the International Accounting Standards Board's (IASB) pronouncements in the country with a view to facilitate global harmonization of accounting standards. While formulating the Accounting Standards, the ASB will give due consideration to International Accounting Standards issued by the International Accounting Standards Committee (predecessor body to IASB) or International Financial Reporting Standards (IFRS) issued by IASB and try to integrate them, to the extent prevalent conditions in India. India has not adopted IFRS Standards. India has adopted Indian Accounting Standards (Ind AS) that are substantially converged with IFRS Standards as issued by the IASB. The modifications to these International Financial Reporting Standards is as issued by the IASB. Ind AS explains 'the major differences between the Indian Accounting Standard (Ind AS) and that with corresponding International Financial Reporting Standard (IFRS).

Prior to 2013, the Companies Act had given the Securities and Exchange Board of India (SEBI) statutory authority to prescribe financial reporting requirements for companies whose securities trade in a public market. SEBI required all listed companies with subsidiaries to file consolidated financial statements with stock exchanges. SEBI has issued compliance relating to financial statements that they have to be prepared in conformity with Accounting Standards developed by the Institute of Chartered Accountants of India (ICAI) and approved by the Central Government. However, the SEBI also gave listed entities the option to prepare and file consolidated financial statements in conformity with IFRS Standards as issued by the IASB Board. Approximately 11 to 13 companies used the IFRS Standards option. Most of those who used the IFRS Standards also prepared financial statements as per ICAI standards

In 2013, Ministry revised its Companies Act to require listed and large companies to prepare consolidated financial statements in conformity with Indian Accounting Standards (Ind AS) to be adopted by the ICAI. The revised Companies

Act has not enlisted the SEBI as authority to continue the IFRS option.

- **Will it amount to any Change-**

Yes, coming to the enhancement of financials. It will enhance the company's standing, increase investment uphold governance and widen the space of company in the global market. It will make the market global hub where we can say that market is what it is just a door away to your eyes. Standards will bring harmonization, contribute to foreign investment and increase market capitalization. The companies are trying from centuries to increase their capital but with lack of expertise in accounting they are not able to gather foreign investment as government is trying to increase Foreign direct investment to support economy, with the coming of bilateral arrangements between stakeholders globally and domestically they will enhance there working, increase opportunities and will bring market under one umbrella.

- **Implication and Conclusion-**

Ind AS – Indian Accounting Standards converged with International Financial Reporting Standards (IFRS) has now become a reality. This transition from Indian Generally Accepted Accounting Principles to Ind AS is a historic and a remarkable change. It is very true that IFRS are going to dominate the accounting world in India from year 2016 and onwards. There has been a delay in adopting these norms as once postponed in 2011 due to various reasons. But this time it is going to be implemented as per the Roadmap without any excuse because, around 150 and more countries have already adopted IFRS in their economy. This successful Ind AS implementation will not only require a strategic assessment, and robust step-by step plan, but it needs two more wheels that is resources and training, effective project management. It will also ensure the smooth integration of the various changes into normal business operations with is more result oriented. Finally, the Ind AS implementation exercise will be sustainable processes when it continue to produce meaningful information as long after the conversion exercise gets over.

- **Objective of paper:-**

1. To understand the importance of standards in the Accounting.
2. To gain knowledge and how to present such standards in Financial Reporting.
3. To make research more realistic with present international era.
4. To identify the needs of various stakeholders in terms measurement so that the comparison of financial is harmonized with global financials.
5. To understand the true sense of financial so as to give True and Fair View and increase governance.

- **Research Methodology**

The method used in research is using of secondary data. The method used is views presented by various accountants, researchers in the field of accounting. And the importance and critics presented by various industries in use of Ind-As and impact on the presentation of financial data.

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