INDIAN SCHOOL DARSAIT
DEPARTMENT OF COMMERCE

Subject : Accountancy	Topic :Theory Base Accounting – 3 (Accounting Standard and IFRS)	Date of Issue: __/ __/ 2019 Worksheet No.4
Resource Person: JMC		Date of Submission:__/__/ 2019

Name of the Student :________________	Class & Division : XI ___	Roll Number : __

Accounting standards

The Accounting Standards are a set of guidelines, i.e., Generally Accepted Accounting Principles, issued by the accounting body of the country such as The Institute of Chartered Accountants of India, that are followed for the preparation and presentation of financial statements.

According to Kohler has defined Accounting Standards as “a code of conduct imposed on an accountant by custom, law and a professional body”.

Nature of accounting standards

a) Accounting standard are guidelines providing the framework for financial statements.
b) Accounting standards bring uniformity in accounting practices.
c) It is prepared by keeping in view the business environment and laws of the country.
d) It is mandatory.
e) It is flexible.

Objectives of accounting standards

a) Minimize the diverse accounting policies and practices.
b) Promote better understanding of financial statements.
c) Enhancing reliability of financial statements.

d) Facilitating meaningful comparison of financial statements of two or more entities.
e) Understand significant Accounting Policies and adopted and applied.

IFRS(International financial Reporting standards)

IFRS are a set of accounting standards developed by the International Accounting Standards Board based on sound and clearly stated principles. IFRS are referred to as principles – based accounting standards.

Expenditure

It can be categorized as

a) Capital expenditure: - it is an expenditure incurred to acquire assets or improving the existing assets which will increase the earning capacity of the business. Example, purchase of furniture or computers, purchase of machinery etc:-
b) Revenue expenditure:-it's an expenditure incurred, the benefit of which is consumed with in accounting period. Example, salaries, rent, electricity expenses etc:-
c) Deferred revenue expenditure:- it's a revenue expenditure in nature but is written off in More than one accounting period. Example, advertising expenditure will give benefit for more than one accounting period.

Systems of accounting

a) Single entry and
b) Double entry

Single entry : - accounts from incomplete records under which both aspects of the transactions are not recorded in all cases.

Double entry : - double entry system of accounting means a system of accounting whereby both, debit and credit, aspects of a transactions are recorded.

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