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**VIRTUAL COACHING CLASSES
ORGANISED BY BOS, ICAI**

**FOUNDATION LEVEL
PAPER 1: PRINCIPLES AND PRATICE OF
ACCOUNTING**

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CHAPTER 1- THEORETICAL FRAMEWORK

- There are 9 units in total for this chapter
- This chapter mainly deals with the theory part and introduction to the accountancy subject.
- What is Accounting- purpose and methodology, branches in accounting- the principles/conventions/concepts, the distinction between capital and revenue transactions, the Accounting standards and Ind AS.
- All of the above which form an initial base for understanding the concept in depth have been combined together to understand the entire concept in brief.
- Examination point of approach- Each chapter will have discussion of the past examination question papers at the end along with the MCQ's.

Unit 8- Accounting Standards

- **Accounting standards** are written policy documents issued by expert accounting body, or government or any other regulatory body to cover the aspect of recognition, measurement, presentation and disclosure of the accounting transactions and events in the financial statements.
- **Why do we need to have AS?-**
 - To eliminate the non comparability of financial statements and improving reliability.
 - Standard policies to be followed- for valuation and disclosure requirements.
- **Limitation of AS-** There is always confusion as to what policy to be selected and restricted scope.

Unit 8- Accounting Standards

- **Accounting standards formulation in India-**
- ICAI has set up the ASB Accounting standard Board in India in 1977 to formulate the AS.
- ASB is independent body for the formulation and consists of representatives from CII, FICCI and ASSOCHAM.
- Steps to prepare an AS-
 - Identify the areas where AS to be formulated
 - Form study groups for specific projects and prepare preliminary reports
 - Circulate the preliminary reports and changes to be made on deliberations
 - Finalizing the exposure draft after making suitable changes by meetings held from council and with other representatives.
 - Comments received on exposure draft
 - Modification of exposure draft suitably
 - Issuance of AS

Unit 9- Indian Accounting Standards

- **Accounting standards** globally are issued by International Accounting Standard board (IASB) which are termed as the IFRS- International Financial Reporting Standards.
- Since there was global merger with the countries opening up for raising capital, promoting trade between them, there was a need for understanding the procedures globally.
- ASB in India with a view had designed the Accounting standards in view of convergence of the IFRS.
- The concept of Ind AS have been introduced to ensure convergence with the global standards IFRS- issued by the CG under the supervision and control of the ASB of ICAI and in consultation with the NACAS.
- The numbering of the Ind AS is in accordance with the IFRS. This was released on 16th February 2015 Companies (Indian Accounting Standards) 2015 and shall be applied on voluntary basis from 1st April 2015, but mandatory from 1st April 2016.
- As of date we have 41 notified Ind AS by the MCA.



THANK YOU