

# **Study Guide: Introduction to Accounting Standards**

## **1. Summary Notes**

- Accounting Standards (AS) are rules for recognition, measurement, presentation, and disclosure.
- Issued by: ICAI for non-corporates, MCA for companies (in consultation with NFRA).
- 27 AS currently applicable (AS 6 and AS 8 withdrawn).
- IFRS (International Financial Reporting Standards) issued by IASB.
- India follows Convergence (Ind AS) not Adoption of IFRS.
- Carve Outs = Indian deviations; Carve Ins = Indian additions.
- Ind AS mandatory from 2016 for large companies; from 2018/19 for NBFCs.

## **2. Previous Year MCQs (Sample)**

1. Accounting Standards for non-corporate entities in India are issued by:  
a) Central Govt b) State Govt c) ICAI d) MCA  
Correct Answer: c) ICAI
2. Accounting Standards:  
a) Harmonise policies b) Improve reliability  
c) Both a and b d) Manipulate data  
Correct Answer: c) Both a and b
3. Standardization ensures:  
a) Transparency b) Consistency c) Comparability d) All of the above  
Correct Answer: d) All of the above

## **3. Important Descriptive Questions**

1. What are the objectives and benefits of Accounting Standards?
2. Explain the standard-setting process of Accounting Standards in India.
3. What is the difference between adoption and convergence of IFRS?
4. Explain the roadmap for Ind AS implementation in India.
5. What are Carve-outs and Carve-ins in the context of Ind AS?

# **Study Guide: Introduction to Accounting Standards**

## **4. Flashcards / Memory Aids**

AS = Accounting Rulebook (Recognize, Measure, Present, Disclose)

ICAI = Maker of AS (non-corporates)

Ind AS = IFRS + Indian Touch (Carve-outs)

Convergence Adoption (India adapts, doesn't adopt)

27 = Total effective AS

Global Need = Comparability + Transparency + Fundraising

## **5. Memory Tips**

- Use mnemonics like RMPD for AS focus areas: Recognition, Measurement, Presentation, Disclosure.
- Link AS to real-world examples (e.g., AS 2 = Inventory valuation = Store stock counting).
- Remember: Carve-outs = Cut (Changes), Carve-ins = Insertion (Extras).
- Use timelines to remember Ind AS application years: 2016 (Companies), 2018/19 (NBFCs).
- Practice MCQs daily to reinforce theory with active recall.