



*South Asian Federation  
of Accountants*

**Accounting Standards vis-à-vis IAS/IFRS &  
Standard Setting Process - A Comparative  
Analysis**

Prepared & Released By

**Centre of Excellence for Standards & Quality**  
The Institute of Chartered Accountants of Sri Lanka

---

---

**1. SAFA COUNTRIES ACCOUNTING  
STANDARDS VIS-À-VIS  
INTERNATIONAL ACCOUNTING  
STANDARDS**

---

**2. COMPARATIVE ANALYSIS OF SAFA  
COUNTRIES ACCOUNTING  
STANDARD SETTING PROCESS**

---

---

Prepared & Released By

**Centre of Excellence for Standards & Quality**  
The Institute of Chartered Accountants of Sri Lanka

## **Message from Chairman, SAFA Centre of Excellence for Standards & Quality**

Accounting and Financial Reporting Standards promote sound financial systems and financial stability. They play an important role in strengthening financial development and in reducing vulnerability of financial statements to various creative accounting practices adopted in different industries. This creates an irresistible need for high quality and harmonized accounting, through the use of globalized accounting and financial reporting standards.

The International Accounting Standards Board (ICASB) and national standard setters around the world, work actively, towards achieving convergence and adopting the International Accounting Standards (IASs) & International Financial Reporting Standards (IFRSs) as national GAAPs.

As an initiative, the SAFA Centre of Excellence for Standards & Quality, under aegis of the South Asian Federation of Accountants (SAFA) has prepared this document, which examines the status of the SAFA Countries' Accounting Standards vis a vis International Accounting and Financial Reporting Standards and the standard setting process.

This publication is based on a survey conducted among the SAFA countries by way of a questionnaire. The drafts were circulated to each member country for comments. The publication divides the International Standards into 5 categories;

- IASs/IFRSs with an Effective Date prior to 31.12.1999
- IASs/IFRSs with an Effective Date between 01.01.2000 to 31.12.2004
- IASs/IFRSs with an Effective Date between 01.01.2005 to 31.12.2005
- IASs/IFRSs with an Effective Date between 01.01.2006 to 31.12.2006
- IASs/IFRSs with an Effective Date after 01.01.2007

The SAFA countries' adoption status in relation to each category is expressed herein. The publication also sets out the standard setting process adopted by each country.

I would like to place a word of appreciation to the Technical Staff of the Institute of Chartered Accountants of Sri Lanka and technical representatives of all SAFA countries, who contributed to bring out this publication.

Nishan Fernando FCA (SL)  
Chairman  
SAFA Centre of Excellence for Standards & Quality

SAFA COUNTRIES ACCOUNTING STANDARDS  
VIS-À-VIS INTERNATIONAL ACCOUNTING STANDARDS  
AS PER 2006 BOUND VOLUME OF IASB

Annexures are:

1	- Preliminary	Annexure - 1
2	- International Accounting Standards Relevant to SAFA Countries	Annexure - 2
3	- Summary	Annexure - 3
4	- IASs / IFRSs with an Effective Date prior to 31.12.1999	Annexure - 4
5	- IASs / IFRSs with an Effective Date between 01.01.2000 to 31.12.2004	Annexure - 5
6	- IASs / IFRSs with an Effective Date between 01.01.2005 to 31.12.2005	Annexure - 6
7	- IASs / IFRSs with an Effective Date between 01.01.2006 to 31.12.2006	Annexure - 7
8	- IASs / IFRSs with an Effective Date after 01.01.2007	Annexure - 8

PRELIMINARY

**1) Levels of Reporting**

Sri Lanka has formally established three levels of reporting entities and three levels of accounting standards. They are:

<b>Levels of Entities</b>	<b>Levels of Accounting Standards</b>
<p>1 “Specified Business Enterprises” (Listed Companies and large enterprises with public interest)</p>	<ul style="list-style-type: none"> <li>• Entire set of Sri Lanka Accounting Standards, which are largely based on International Accounting Standards / International Financial Reporting Standards</li> </ul>
<p>2 Smaller Enterprises (Thresholds specified)</p>	<ul style="list-style-type: none"> <li>• Sri Lanka Accounting Standard for Smaller Enterprises</li> </ul>
<p>3 Micro Enterprises</p>	<ul style="list-style-type: none"> <li>• Principles as explained in the Framework for the Preparation and Presentation of Financial Statements</li> </ul>

In India, for the purpose of applicability of accounting standards, the enterprises are classified into 3 categories, viz. Levels I, II and III, on the basis of the certain criteria relating to size and public accountability. Level II and Level III enterprises are considered as Small and Medium Sized Enterprises (SMEs). Relaxations / exemptions have been provided to SMEs from the accounting standards. These exemptions / relaxations are primarily related to disclosure requirements, though some exceptions / relaxations from measurement principles have also been provided. Accordingly, SMEs are not required to comply with the accounting standards on segment reporting, cash flow statements, related party disclosures and discontinuing operations, which primarily lay down disclosure requirements. In respect of certain other accounting standards, which lay down recognition, measurement and disclosure requirements, relaxations from certain specific requirements are given, e.g., an SME is not required to disclose Diluted Earnings per Share (EPS). Apart from exemptions from disclosure requirements, exemptions / relaxations from measurement principles which are complex in nature have also been provided to SMEs. For example, in respect of Accounting Standard on Impairment of Assets, the measurement of ‘value in use’ on the basis of reasonable estimate of the value of using the asset over its useful life instead of computing the same by the present value technique. Similarly, exemptions / relaxations from recognition, measurement and disclosure requirements have been provided to SMEs from the Accounting Standard on Employee Benefits.

In Pakistan, two levels of reporting entities have been established, i.e. a) Listed Public Limited Companies; b) Unlisted Public Limited Companies and Private Limited Companies. The Fourth and Fifth Schedules to the Companies Ordinance 1984 provides the separate reporting requirements respectively.

In Bangladesh and Nepal, differential reporting regimes have not yet been established. The Institutes in these two countries were established after the other countries, as shown below:-

Countries	Year of Establishment
India	1949
Sri Lanka	1959
Pakistan	1961
Bangladesh	1973
Nepal	1997

Therefore, it is understandable that Bangladesh and Nepal have not yet established differential reporting regimes.

## 2) **Additional Standards**

In addition to adoption of International Accounting Standards, SAFA countries may have developed their own Standards / Statements. In the case of Sri Lanka, the following Standards / Statements have been prepared:

- a) SLAS 32 - Plantations
- b) SLAS 33 - Revenue Recognition and Disclosures in the Financial Statements of Finance Companies
- c) - Sri Lanka Accounting Standards for Smaller Enterprises (SLASSE)
- d) - Best Recommended Accounting Practice for Unit Trusts
- e) - Statement of Recommended Practice for Insurance Contracts
- f) - Statement of Recommended Practice for Not-for-Profit Organisations (including Non-Governmental Organisations)

In India, the Research Committee of the Institute of Chartered Accountants of India, formulates Guidance Notes on accounting, which are recommendatory in nature (similar to 'Best Recommended Accounting Practice' in Sri Lanka). At present, 25 Guidance Notes on various accounting matters are in operation: Recognition of revenue by Real Estate Developers, State-Level Value Added Tax, Employee Share Based Payments, Securitisation, Oil and Gas producing Activities, Equity Index and Equity Stock Futures and Options, Mutual Funds, Dot Com Companies etc.

In the case of Pakistan, Statement of Standard Accounting Practice, SSAP 1 has been issued on "Classification of Stores and Spares in the Financial Statements". In addition, the Institute also issued Islamic Financial Accounting Standards.

## 3) **Standard Setting Body / Bodies**

While primarily it is the Professional Accountancy Body in every SAFA country that issues Accounting Standards, in India the Central Board of Direct Taxes has also issued two Accounting Standards for tax purposes.

#### 4) **Regulatory Framework**

The regulatory mechanism in all the SAFA countries seem to be similar. All the countries have got legislations, relating to Securities and Exchange Commissions, Company Law Provisions, Insurance Industry and Central Bank / Reserve Bank Regulations etc.

However, only Sri Lanka has in place a special legislation purely for Accounting and Auditing Standards – i.e. Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. This Act legally empowers the Institute to promulgate standards. The Sri Lanka Accounting & Auditing Standards Monitoring Board is empowered to monitor compliance with the Sri Lanka Accounting Standards. Violation of any provisions of this Act will result in penalty.

The World Bank has, in their Recent Report on The Observance of Standards and Codes (ROSC) – Sri Lanka Accounting and Auditing, commended “among forward-looking actions has been the enactment of the Sri Lanka Accounting and Auditing Standards Act and the establishment of the Sri Lanka Accounting and Auditing Standards Monitoring Board”.

In respect of Pakistan, section 234 of the Companies Ordinance 1984 requires all the companies to observe International Accounting Standards and other standards in the preparation of financial statements. This provision is mandatory for the listed companies but recommendatory for other companies.

In India, relevant provisions of the Companies Act have the effect of legal recognition of the accounting standards specified by the Institute and require the companies to follow the accounting standards. Besides this, various regulators, namely, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Insurance and Regulatory Authority (IRDA) require listed enterprises, banks and insurance enterprises, respectively, to comply with the accounting standards issued by the ICAI.

In India, the ICAI has also constituted the Financial Reporting Review Board (FRRB). The FRRB reviews the general-purpose financial statements and auditors’ reports thereon, of certain enterprises with a view to ascertain, to the extent possible, compliance with accounting standards, auditing standards and other financial reporting requirements. Besides this, the ICAI has constituted Peer Review Board to put in place the peer review mechanism in India.

#### 5) **Due Review Process**

All SAFA countries have in place similar Due Review Processes. A special Committee / Board, composed of different user groups and regulators recommends Standards to the Council of the respective Institute for adoption and promulgation. However, in India and Sri Lanka, a special feature is that the Accounting Standard Board / Committee is in turn assisted by a Study Group / Steering Committee on every Standard. Further, public hearing is held by way of Meetings / Round Table Discussions with the various interest groups.

6) **IASs/IFRSs as Basis of Adoption**

Basically, in all SAFA countries, the IASs/IFRSs are adopted. However, in Sri Lanka, in rare circumstances, modifications are effected to meet the local conditions. These modifications are effected either to strengthen the Standard concerned or to facilitate easy implementation. For instance, in Sri Lanka, in respect of SLAS 40 – Investment Property, when it comes to valuation, valuation by a professionally qualified valuer once in three years is mandatorily required. This is not so in the corresponding IAS 40.

In India, while developing Indian Accounting Standards, the IASs are taken as the basis and modifications are made only in the context of the conditions and practices prevailing in India. Unlike IASs/IFRSs, the Indian Accounting Standards do not contain the ‘Benchmark Treatment’ and ‘Allowed Alternative Treatment’ and provide to the extent possible, only one accounting treatment.

At a later stage, we can think of a comparative study of the Variance Reports, dealing with the variances between the SAFA countries’ Accounting Standards and the International Accounting Standards. In respect of Sri Lanka, this has already been done. In India also, this information is available. It may be noted that the World Bank also carried out a study, viz., Report on Observance of Standards and Codes (ROSC) – Accounting and Auditing, in selected countries. As a part of this study, the World Bank also considers the variances between the National Accounting Standards of the Country and IASs. In Sri Lanka and India, the study has been done.

7) **Compliance Statement**

In both Sri Lanka and Nepal, every Accounting Standard carries the IAS Compliance Statement reading :

“Compliance with this Standard ensures compliance in all material respects with the International Accounting Standard (IAS) ... (No. and Title)”

This procedure has been very much appreciated by the Asian Development Bank in their Publication “Diagnostic Study of Accounting and Auditing Practices – Sri Lanka”. The Asian Development Bank also recommends that this method be adopted by other developing member countries.

In Pakistan and Bangladesh, the Compliance Statement is not stated. Pakistan believes that since the IASs/IFRSs are adopted without modification, there is no need for any separate Compliance Statement.

In India, it may be noted that the ICAI has started the practice of including an annexure in all the new / revised accounting standards, which brings out the major deviations, if any, from the corresponding International Accounting Standard and reasons. This practice has already been adopted in revised (2003) AS 11 - "The Effects of Changes in Foreign Exchange Rates", AS 29 - "Provisions, Contingent

Liabilities and Contingent Assets" and AS 15 (Revised 2005) – “Employee Benefits”. This indicates the extent of compliance with the corresponding IAS.

With the above comments, the annexures are submitted.

\* \* \* \* \*

**INTERNATIONAL ACCOUNTING STANDARDS RELEVANT TO  
SAFA COUNTRIES**

Number of IASs / IFRSs as per 2006 IAS/IFRS Bound Volume	48
Less : IASs/IFRSs withdrawn / superseded	<u>11</u>
	37
Less : IASs not relevant to SAFA countries	
<u>No.</u>	<u>Title</u>
29	Financial Reporting in Hyperinflationary Economies
	1
<b>IASs / IFRSs RELEVANT TO SAFA COUNTRIES</b>	<b>36</b>

Composition of IASs/IFRSs

IASs/IFRSs with an Effective Date prior to 31.12.1999	9
IASs/IFRSs with an Effective Date between 01.01.2000 to 31.12.2004	4
IASs/IFRSs with an Effective Date between 01.01.2005 to 31.12.2005	12
IASs/IFRSs with an Effective Date between 01.01.2006 to 31.12.2006	9
IASs/IFRSs with an Effective Date after 01.01.2007	2
	<b>36</b>

**SUMMARY**

	Description	IASs	Sri Lanka		India		Pakistan		Bangladesh		Nepal	
			Adopted / Adapted (A)	Under Review	Adopted / Adapted (A)	Under Review	Adopted / Adapted (A)	Under Review	Adopted / Adapted (A)	Under Review	Adopted / Adapted (A)	Under Review
B.1	IASs/IFRSs with an Effective Date prior to 31.12.1999	9	9	-	7 (A)	2	9	-	9	-	-	-
B.2	IASs/IFRSs with an Effective Date between 01.01.2000 to 31.12.2004	4	3	1	-	4	4	-	4	-	1 (A)	-
B.3	IASs/IFRSs with an Effective Date between 01.01.2005 to 31.12.2005	12	10	2	-	12	12	-	11	1	1 (A)	1
B.4	IASs/IFRSs with an Effective Date between 01.01.2006 to 31.12.2006	9	-	6	1 (A)	6	7	2	6	3	1 (A)	1
B.5	IASs/IFRSs with an Effective Date after 01.01.2007	2	-	2	-	2	1	1	1	1	-	1
	<b>IASs/IFRSs Adopted/Adapted/ Under Review</b>	<b>36</b>	<b>22</b>	<b>11</b>	<b>8 (A)</b>	<b>26</b>	<b>33</b>	<b>3</b>	<b>31</b>	<b>5</b>	<b>3 (A)</b>	<b>3</b>
			<b>33</b>		<b>34</b>		<b>36</b>		<b>36</b>		<b>6</b>	
<b>Difference</b>			<b>3</b>		<b>2</b>		<b>-</b>		<b>-</b>		<b>30</b>	

**B.1 - IASs/IFRSs with an Effective Date prior to 31.12.1999**

IASs Title	Effective Date	S/No.	IAS No.	Adoption Status			Y – Adopted A – Adapted UR – Under Review	
				Sri Lanka	India	Pakistan	Bangladesh	Nepal
Accounting for Government Grants and Disclosure of Government Assistance	01.01.1984	1	20	Y	A	Y	Y	-
Cash Flow Statements	01.01.1994	2	7	Y	A	Y	Y	-
Construction Contracts	01.01.1995	3	11	Y	A	Y	Y	-
Revenue	01.01.1995	4	18	Y	UR <sup>B.1.1</sup>	Y	Y	-
Borrowing Costs	01.01.1995	5	23	Y	A	Y	Y	-
Accounting and Reporting by Retirement Benefit Plans	01.01.1998	6	26	Y	UR	Y	Y	-
Segment Reporting	01.07.1998	7	14	Y	A	Y	Y	-
Interim Financial Reporting	01.01.1999	8	34	Y	A	Y	Y	-
Provisions, Contingent Liabilities & Contingent Assets	01.07.1999	9	37	Y	A	Y	Y	-
<b>Adopted / Adapted</b>				<b>9</b>	<b>7 (A)</b>	<b>9</b>	<b>9</b>	<b>-</b>
<b>Under Review</b>				<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>

B.1.1 - Based on the earlier IAS 18. The current IAS 18 is under review.

**B.2 - IASs/IFRSs with an Effective Date between 01.01.2000 to 31.12.2004**

IASs Title	Effective Date	S/No.	IAS No.	Adoption Status			Y – Adopted A – Adapted UR – Under Review	
				Sri Lanka	India	Pakistan	Bangladesh	Nepal
Income Taxes	01.01.2001	1	12	Y	UR <sup>B.2.3</sup>	Y	Y	A
Agriculture	01.01.2003	2	41	UR <sup>B.2.1</sup>	UR	Y	Y	-
Impairment of Assets	01.03.2004	3	36	Y	UR <sup>B.2.4</sup>	Y	Y	-
Business Combinations	01.03.2004	4	IFRS 3	Y	UR <sup>B.2.5</sup>	Y <sup>B.2.2</sup>	Y	-
<b>Adopted / Adapted</b>				<b>3</b>	<b>0</b>	<b>4</b>	<b>4</b>	<b>1(A)</b>
<b>Under Review</b>				<b>1</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Notes**

- B.2.1 To be adopted by Council in July 2006.
- B.2.2 Adopted by the Council on April 28, 2006 effective for the periods beginning on or after July 1, 2006.
- B.2.3 Based on the Income Statement Approach. The Current IAS 12 is under review.
- B.2.4 Amendments made to IAS 36 pursuant to the Business Combinations project is under review.
- B.2.5 Based on the earlier IAS 22. The current IFRS 3 is under review.

**B.3 - IASs/IFRSs with an Effective Date between 01.01.2005 to 31.12.2005**

IASs Title	Effective Date	S/No.	IAS No.	Adoption Status			Y – Adopted A – Adapted UR – Under Review	
				Sri Lanka	India	Pakistan	Bangladesh	Nepal
Inventories	01.01.2005	1	2	Y	UR <sup>B.3.3</sup>	Y	Y	-
Accounting Policies, Changes in Accounting Estimates & Errors	01.01.2005	2	8	Y	UR <sup>B.3.3</sup>	Y	Y	-
Events After the Balance Sheet Date	01.01.2005	3	10	Y	UR <sup>B.3.3</sup>	Y	Y	-
Leases	01.01.2005	4	17	Y	UR <sup>B.3.3</sup>	Y	Y	A
Consolidated and Separate Financial Statements	01.01.2005	5	27	Y	UR <sup>B.3.3</sup>	Y	Y	-
Investments in Associates	01.01.2005	6	28	Y	UR <sup>B.3.3</sup>	Y	Y	-
Interests in Joint Ventures	01.01.2005	7	31	Y	UR <sup>B.3.3</sup>	Y	Y	-
Financial Instruments : Presentations	01.01.2005	8	32	UR <sup>B.3.1</sup>	UR <sup>B.3.4</sup>	Y	UR	-
Earnings per Share	01.01.2005	9	33	Y	UR <sup>B.3.3</sup>	Y	Y	-
Investment Property	01.01.2005	10	40	Y	UR <sup>B.3.5</sup>	Y	Y	UR
Share-based Payments	01.01.2005	11	IFRS 2	UR <sup>B.3.1</sup>	UR <sup>B.3.6</sup>	Y <sup>B.3.2</sup>	Y	-
Non-current Assets Held for Sale & Discontinued Operations	01.01.2005	12	IFRS 5	Y	UR <sup>B.3.7</sup>	Y <sup>B.3.2</sup>	Y	-
<b>Adopted / Adapted</b>				<b>10</b>	<b>-</b>	<b>12</b>	<b>11</b>	<b>1(A)</b>
<b>Under Review</b>				<b>2</b>	<b>12</b>	<b>-</b>	<b>1</b>	<b>1</b>

**Notes**

B.3.1 Will be adopted by the end of Year 2006.

B.3.2 Adopted by the Council on April 28, 2006 effective for the periods beginning on or after July1, 2006

B.3.3 Based on the earlier IASs. The current IASs are under review.

B.3.4 The draft accounting standard of ' Financial Instruments - Presentation' has already been formulated by the Accounting Standards Board of ICAI, and it would be issued along with the proposed accounting standard on Financial Instruments : Recognition and Measurement', which is under formulation and expected to be issued by the end of this year.

B.3.5 At present dealt by the Accounting Standard on Accounting for Investments.

B.3.6 At present the employee share based payments are covered by a Guidance Note issued by the ICAI, which is based on IFRS 2. Further, some other pronouncements deal with other share based payments. Eg. AS 10, Accounting for Fixed Assets.

B.3.7 Corresponding Indian AS is based on IAS 35, Discontinuing Operations. IASB has recently issued IFRS 5 and withdrew IAS 35 on which Indian AS 24 is based. An Indian Accounting Standard corresponding to IFRS 5 is under preparation. After the issuance of this Indian AS, AS 24 is proposed to be withdrawn.

**B.4 - IASs/IFRSs with an Effective Date between 01.01.2006 to 31.12.2006**

IASs Title	Effective Date	S/No.	IAS No.	Adoption Status			Y – Adopted A – Adapted UR – Under Review	
				Sri Lanka	India	Pakistan	Bangladesh	Nepal
Property, Plant and Equipment	01.01.2006	1	16	UR <sup>B.4.1</sup>	UR <sup>B.4.7</sup>	Y	Y	-
Employee Benefits	01.01.2006	2	19	UR <sup>B.4.1</sup>	A	Y	Y	UR
The Effect of Changes in Foreign Exchange Rates	01.01.2006	3	21	UR <sup>B.4.1</sup>	UR	Y	Y	-
Related Party Disclosures	01.01.2006	4	24	UR <sup>B.4.1</sup>	UR	Y	Y	A
Intangible Assets	01.01.2006	5	38	UR <sup>B.4.1</sup>	UR	Y	Y	-
Financial Instruments : Recognition and Measurement	01.01.2006	6	39	UR <sup>B.4.2</sup>	UR	Y	UR	-
First-time Adoption of International Financial Reporting Standards	01.01.2006	7	IFRS 1	B.4.4	B.4.8	UR	UR	-
Insurance Contracts	01.01.2006	8	IFRS 4	B.4.5	UR	UR	UR	-
Exploration for and Evaluation of Mineral Resources	01.01.2006	9	IFRS 6	B.4.6	B.4.9	Y <sup>B.4.3</sup>	Y	-
<b>Adopted / Adapted</b>				-	<b>1(A)</b>	<b>7</b>	<b>6</b>	<b>1(A)</b>
<b>Under Review</b>				<b>6</b>	<b>6</b>	<b>2</b>	<b>3</b>	<b>1</b>

**Notes**

B.4.1 The IASB 2006 revisions will be adopted in Year 2007.

B.4.2 Will be adopted by the end of Year 2006.

B.4.3 IFRS 6 Adopted by the Council on April 28, 2006 effective for the periods beginning on or after July 1, 2006

B.4.4 As Sri Lanka Accounting Standards (SLASs) are based on the relevant IAS/IFRS, IFRS 1 was considered not relevant. Hence will not be adopted.

B.4.5 Sri Lanka had introduced a Statement of Recommended Practice on Insurance Contracts, prior to IASB publishing IFRS 4. This was made mandatory by the Insurance Act in Year 2005. Thus, IFRS 4 will be considered for adoption in Year 2007.

B.4.6 IFRS 6 will be adopted in Year 2007.

B.4.7 Indian AS is based on the pre-revised IAS 16. The ASB of the ICAI has already finalised the draft of revised Indian AS based on the current IAS 16.

B.4.8 In India, Indian ASs are being adopted since last many years and IFRSs are not being adopted for the first time. Therefore, the IFRS 1 is not relevant to India.

B.4.9 The ICAI has issued Guidance Notes on Accounting for Oil and Gas Producing Activities, which is comprehensive as it deals with all accounting aspects and is based on the corresponding US GAAPs.

**B.5 - IASs/IFRSs with an Effective Date after 01.01.2007**

IASs Title	Effective Date	S/No.	IAS No.	Adoption Status			Y – Adopted A – Adapted UR – Under Review	
				Sri Lanka	India	Pakistan	Bangladesh	Nepal
Presentation of Financial Statements	01.01.2007	1	1	UR <sup>B.5.1</sup>	UR	Y	Y	-
Financial Instruments : Disclosure	01.01.2007	2	IFRS 7	UR <sup>B.5.2</sup>	UR	UR	UR	UR
<b>Adopted / Adapted</b>				-	-	<b>1</b>	<b>1</b>	-
<b>Under Review</b>				<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>

**Notes**

- B.5.1 The IASB 2006 revisions will be adopted in Year 2007.  
 B.5.2 Will be adopted by the end of Year 2006.

## 2 - Comparative Analysis of SAFA Countries' Accounting Standard Setting Process

COUNTRIES →	SRI LANKA	INDIA	PAKISTAN	BANGLADESH	NEPAL
SUBJECT / ISSUE ↓					
1. About the Institute					
i. Name of the Institute	Institute of Chartered Accountants of Sri Lanka (ICASL)	Institute of Chartered Accountants of India (ICAI)	Institute of Chartered Accountants of Pakistan (ICAP)	Institute of Chartered Accountants of Bangladesh (ICAB)	Institute of Chartered Accountants of Nepal (ICAN)
ii. Form of organisation of the Institute	Autonomous Body	Autonomous Body	Autonomous Body	Autonomous Body	Autonomous Body
iii. Authority establishing the Institute	The Institute of Chartered Accountants Act No. 23 of 1959	Established under an Act of Parliament of India	Established under Chartered Accountants Ordinance, 1961	Established under The Bangladesh Chartered Accountants Order, 1973 (President's Order No. 2 of 1973 of the People's Republic of Bangladesh)	Established under a special act of Parliament of Nepal, Nepal Chartered Accountants Act 1997
iv. Year of establishment of the Institute	1959	1949	1961	1973	1997
v. Organisation of the Institute – Central Council Regional Councils etc.	Council and various Committees, inclusive of 2 special statutory committees for Standards	Central Council with 05 Regional Councils, 106 branches and 15 chapters outside India	01 Council and 2 Regional Committees	Central Council with 02 Regional Committees and 02 overseas Chapters in the UK and North America (covering USA and Canada)	Council and various Committees, which are formed amongst the Council Members
vi. Membership of the international accounting / auditing bodies	Member of 1) IFAC ; 2) CAPA ; 3) SAFA	Member of 1) IFAC ; 2) CAPA ; 3) SAFA	Member of 1) IFAC ; 2) CAPA ; 3) SAFA	Member of 1) IFAC ; 2) CAPA ; 3) SAFA	Member of; 1) CAPA; 2)SAFA and 3) Associate Member of IFAC
2. Whether in your country, separate national Accounting Standards are formulated?	Yes. Sri Lanka Accounting Standards (SLAS)	Yes.	Yes. Accounting Standards are formulated where IASs do not deal with a certain issue specific to the local environment	Yes. Bangladesh Accounting Standards (BAS) basically to cover areas covered by IASs	Yes. Nepal Accounting Standards (NAS)

COUNTRIES →	SRI LANKA	INDIA	PAKISTAN	BANGLADESH	NEPAL
SUBJECT / ISSUE ↓					
3. If answer to 2 above is no, whether International Accounting Standards are adopted as they are or any other set of Accounting Standards are adopted	N/A	N/A	International Accounting Standards that are considered appropriate to the local environment are adopted as they are	N/A	N/A
4. If answer to 2 above is yes:					
i. Base adopted for standard formulation  (a) International Accounting Standards or any other standards  (b) Whether there are significant departures from the requirements of the International Accounting Standards	<p>SLASs based on IASs/IFRSs ; Each Standard undergoes a Due Review Process prior to adoption. In certain instances, IASs/IFRSs are modified to meet national requirements. However, no significant departures from IASs/IFRSs.</p>	<p>While formulating the Accounting Standards, the Accounting Standards Board of the Institute tries to integrate the International Accounting Standards (IASs) with the local laws, conditions and practices. During this process of integration, departures from IASs sometimes becomes inevitable. Besides such differences of detail, a principal difference is that Indian Accounting Standards, unlike IASs, do not provide “Benchmark Treatment” and “Allowed Alternative Treatment”. During the Process of revision of existing Accounting Standards, a conscious effort is being made to narrow down (and, if possible, eliminate) differences with the corresponding International Accounting Standards. Wherever more than one treatment is originally allowed in Indian Accounting Standards, now normally it is not being allowed to ensure comparability ?</p>	<p>a. The standards are mainly formulated in line with the principles underlined in IASs. Departures from the requirements of IASs are avoided to the maximum extent possible</p>	<p>While formulating the Accounting Standards, the Technical and Research Committee of the Council of the Institute tries to integrate the International Accounting Standards (IAS) with the local laws, conditions and practices. During the process of revision of existing Accounting Standards, all-out efforts are being made to narrow down (and, if possible, eliminate) differences with the corresponding IAS.</p>	<p>a. NASs are based on International Accounting Standards  b. NASs have minimum departures from IAS to suit local practices of Nepal</p>

COUNTRIES →	SRI LANKA	INDIA	PAKISTAN	BANGLADESH	NEPAL
<b>SUBJECT / ISSUE</b> ↓					
ii. Is there only one set of accounting standards in your country or any other regulatory authority also announces accounting standards?	Only one set of Accounting Standards which are adopted by ICASL under the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995	There is only one set of Accounting Standards for accounting purposes which are promulgated by the ICAI. However, for the purpose of Income tax, the Central Board of Direct Taxes, has issued two accounting standards	No, there is more than one set of accounting standards in Pakistan. Islamic Financial Accounting Standards (IFAS) are issued by ICAP. Further, Companies Ordinance, 1984 also prescribes presentation and disclosure requirements. However, though none of the regulatory authorities announces separate accounting standards but recognition and measurement of certain financial instruments is prescribed by the Central Bank for the financial entities falling under its purview	There is only one set of Accounting Standards which are adopted by the ICAB	There is only one set of Accounting Standards formulated by the Accounting Standard Board of Nepal, which are adopted by the Council of ICAN
iii. Standards Formulating Process					
(a) The name of the body formulating accounting standards	Statutory Accounting Standards Committee consists of 12 members.	Accounting Standards Board consisting of 31 members/special invitees as follows:	a. Accounting and Auditing Standards Committee (AASC), a sub-committee of the Institute's Professional Standards and Technical Advisory Committee (PS & TAC) and Committee on Accounting and Auditing Standards for Interest Free Modes of Financing and Investments (IFAS)	Technical and Research Committee (TRC) of ICAB	(a) Accounting Standards Board (ASB)

COUNTRIES →	SRI LANKA	INDIA	PAKISTAN	BANGLADESH	NEPAL																																				
SUBJECT / ISSUE ↓																																									
(b) The Constitution of that	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; font-size: small;">No. of Members</th> <th style="text-align: center; font-size: small;">Representation</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">06</td> <td>Chartered Accountants Nominated by Council of ICASL (This includes President of ICASL)</td> </tr> <tr> <td style="text-align: center;">01</td> <td>Registrar of Companies</td> </tr> <tr> <td style="text-align: center;">01</td> <td>Director General of Securities &amp; Exchange Commission of Sri Lanka</td> </tr> <tr> <td style="text-align: center;">01</td> <td>Central Bank of Sri Lanka nominee</td> </tr> <tr> <td style="text-align: center;">01</td> <td>CIMA (UK) – Sri Lanka Division nominee</td> </tr> <tr> <td style="text-align: center;">01</td> <td>Ceylon Chamber of Commerce nominee – a Director</td> </tr> <tr> <td style="text-align: center;">01</td> <td>Federation of Chamber of Commerce and Industry in Sri Lanka Nominee – a Director</td> </tr> <tr> <td style="text-align: center;">..... 12 .....</td> <td style="text-align: center;">Total</td> </tr> </tbody> </table>	No. of Members	Representation	06	Chartered Accountants Nominated by Council of ICASL (This includes President of ICASL)	01	Registrar of Companies	01	Director General of Securities & Exchange Commission of Sri Lanka	01	Central Bank of Sri Lanka nominee	01	CIMA (UK) – Sri Lanka Division nominee	01	Ceylon Chamber of Commerce nominee – a Director	01	Federation of Chamber of Commerce and Industry in Sri Lanka Nominee – a Director	..... 12 .....	Total	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; font-size: small;">No. of Members</th> <th style="text-align: center; font-size: small;">Representation</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">09</td> <td>Certain elected members of the Council of the ICAI</td> </tr> <tr> <td style="text-align: center;">04</td> <td>Central Govt. nominees on the Council of the ICAI (rep. of Ministry of Company Affairs, Office of the Controller and Auditor General of India and Central Board of Direct Taxes &amp; Federation of Indian Chamber of Commerce and Industry)</td> </tr> <tr> <td style="text-align: center;">01</td> <td>Reserve Bank / Indian Bank Association nominee</td> </tr> <tr> <td style="text-align: center;">03</td> <td>Representative of Industry Associations – (1 from Associated Chambers of Commerce and Industry, 1 from Federation of Indian Chamber of Commerce &amp; Industry and 1 from Confederation of Indian Industries)</td> </tr> <tr> <td style="text-align: center;">01</td> <td>Representative of Institute of Cost and Works Accountants of India</td> </tr> <tr> <td style="text-align: center;">01</td> <td>Representative of the Institute of Company Secretaries of India</td> </tr> <tr> <td style="text-align: center;">04</td> <td>Eminent professionals (in practice, in industry, government, education etc.)</td> </tr> <tr> <td style="text-align: center;">01</td> <td>Representative of Financial Institutions</td> </tr> </tbody> </table>	No. of Members	Representation	09	Certain elected members of the Council of the ICAI	04	Central Govt. nominees on the Council of the ICAI (rep. of Ministry of Company Affairs, Office of the Controller and Auditor General of India and Central Board of Direct Taxes & Federation of Indian Chamber of Commerce and Industry)	01	Reserve Bank / Indian Bank Association nominee	03	Representative of Industry Associations – (1 from Associated Chambers of Commerce and Industry, 1 from Federation of Indian Chamber of Commerce & Industry and 1 from Confederation of Indian Industries)	01	Representative of Institute of Cost and Works Accountants of India	01	Representative of the Institute of Company Secretaries of India	04	Eminent professionals (in practice, in industry, government, education etc.)	01	Representative of Financial Institutions	b. (i) 35 members in all.	Technical & Research	(b) The Board consists of
No. of Members	Representation																																								
06	Chartered Accountants Nominated by Council of ICASL (This includes President of ICASL)																																								
01	Registrar of Companies																																								
01	Director General of Securities & Exchange Commission of Sri Lanka																																								
01	Central Bank of Sri Lanka nominee																																								
01	CIMA (UK) – Sri Lanka Division nominee																																								
01	Ceylon Chamber of Commerce nominee – a Director																																								
01	Federation of Chamber of Commerce and Industry in Sri Lanka Nominee – a Director																																								
..... 12 .....	Total																																								
No. of Members	Representation																																								
09	Certain elected members of the Council of the ICAI																																								
04	Central Govt. nominees on the Council of the ICAI (rep. of Ministry of Company Affairs, Office of the Controller and Auditor General of India and Central Board of Direct Taxes & Federation of Indian Chamber of Commerce and Industry)																																								
01	Reserve Bank / Indian Bank Association nominee																																								
03	Representative of Industry Associations – (1 from Associated Chambers of Commerce and Industry, 1 from Federation of Indian Chamber of Commerce & Industry and 1 from Confederation of Indian Industries)																																								
01	Representative of Institute of Cost and Works Accountants of India																																								
01	Representative of the Institute of Company Secretaries of India																																								
04	Eminent professionals (in practice, in industry, government, education etc.)																																								
01	Representative of Financial Institutions																																								

COUNTRIES →	SRI LANKA	INDIA	PAKISTAN	BANGLADESH	NEPAL
SUBJECT / ISSUE ↓					
		02 Representative of Academic Institutions (1 from University Grants Commission and 1 from Indian Institutes of Management) 01 Representative of Controller General of Accounts 01 Representative of Central Board of Excise and Customs 01 Representative of Insurance Regulatory and Development Authority 02 Chairmen of the Research Committee and the Expert Advisory Committee of the ICAI, if they are not the members of the ASB otherwise ..... 31 Total .....			

COUNTRIES →	SRI LANKA	INDIA	PAKISTAN	BANGLADESH	NEPAL
SUBJECT / ISSUE ↓					
<p>(c) The Process followed for formulating standards</p>	<ul style="list-style-type: none"> <li>• Identification of a necessity of a Standard</li> <li>• Appointment of Steering Committee (SC) <ul style="list-style-type: none"> <li>➢ For each Standard</li> <li>➢ Chaired by a Member of the Accounting Standards Committee</li> <li>➢ Includes representatives from Colombo Stock Exchange, Securities &amp; Exchange Commission of Sri Lanka, Accounting and Auditing Standards Monitoring Board, Ceylon Chamber of Commerce, CIMA-Sri Lanka Division, Central Bank and outside Members who are considered knowledgeable in the Standard under review</li> </ul> </li> <li>• SC to carry out a detailed study <ul style="list-style-type: none"> <li>➢ Whether the Standard can be adopted in Sri Lanka</li> </ul> </li> <li>• Distribution of Standard to relevant user groups and regulatory bodies <ul style="list-style-type: none"> <li>➢ To review and submit comments</li> </ul> </li> <li>• Public Presentation of the Standard (Round Table Discussion) <ul style="list-style-type: none"> <li>➢ Explain salient features of the Standard</li> <li>➢ To provide further clarification or explanation on matters embodied in the Standard</li> <li>➢ Create an awareness of the Standard among general public including investors</li> <li>➢ Obtain information &amp; views</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Identification of broad areas by ASB for formulating Accounting Standards</li> <li>• Constitution of study groups by ASB for preparing preliminary drafts of proposed Accounting Standards</li> <li>• Consideration of preliminary draft prepared by study group by ASB and revision, if any, of draft on basis of deliberations at ASB</li> <li>• Circulation of draft, so revised, among Council members of ICAI and specified outside bodies for comments</li> <li>• Meeting with representatives of specified outside bodies to ascertain their view on draft of proposed Accounting Standard</li> <li>• Finalisation of Exposure Draft of proposed Accounting Standard, on the basis of comments received and discussion with specified outside bodies</li> <li>• Issuance of Exposure Draft inviting public comments</li> <li>• Consideration of comments received on Exposure Draft and finalisation of draft Accounting Standard on the basis of same for submission to Council of the ICAI for its consideration and approval</li> <li>• Consideration of draft Accounting Standard by Council of the Institute, and if found necessary, modification of draft in consultation with ASB</li> <li>• The Accounting Standard, so finalised, is issued under the authority of Council</li> </ul>	<ol style="list-style-type: none"> <li>(i) Identification of a necessity of a Standard</li> <li>(ii) Appointment of Sub-Committee (SC) of AASC</li> <li>(iii) SC to formulate draft of the standard</li> <li>(iv) Approval of draft by the AASC</li> <li>(v) Draft of proposed standard is circulated to relevant user groups, regulatory bodies, and to general membership for their review and comments</li> <li>(vi) SC incorporates relevant comments and a revised draft is prepared</li> <li>(vii) Final draft approved by AASC is forwarded to Professional Standards and Technical Advisory Committee (PS &amp; TAC)</li> <li>(viii) PS &amp; TAC recommends the Standard to the Council of ICAP for formal issuance</li> </ol> <p>IFAS, the procedure is more or less same except that final draft of IFAS is presented to the Council directly and not through PS &amp; TAC</p>	<ul style="list-style-type: none"> <li>• Identification of the broad areas by the Technical and Research Committee (TRC) for formulating the Accounting Standards</li> <li>• Constitution of the study groups by the Technical and Research Committee (TRC) for preparing the preliminary drafts of the proposed Accounting Standards</li> <li>• Consideration of the preliminary drafts prepared by the study groups by the Technical and Research Committee (TRC) and revision, if any, of the drafts on the basis of deliberations at the Technical and Research Committee (TRC)</li> <li>• Circulation of the drafts, so revised, among the Members/Council – ICAB for comments</li> <li>• Meeting with the representatives of specified outside bodies on necessity basis to ascertain their views on the drafts of the proposed Accounting Standards</li> <li>• Finalisation of the Exposure Drafts of the proposed Accounting Standards, on the basis of comments received and discussions held with specified outside bodies, if required</li> </ul>	<ul style="list-style-type: none"> <li>• Identification of broad areas by ASB for formulating Accounting Standards</li> <li>• Constitution of ad-hoc technical committee by ASB for preparing preliminary drafts of proposed Accounting Standards (which are based on IAS).</li> <li>• Consideration of preliminary draft prepared by technical committee by ASB and revision, if any, of draft on basis of deliberations of ASB</li> <li>• Finalization of Exposure Draft of proposed Accounting Standard, on the basis of draft prepared by the Technical Committee and the comments of the ASB.</li> <li>• Issuance of Exposure Draft inviting public comments.</li> <li>• Consideration of comments received on Exposure Draft and finalization of Accounting Standard by the Board.</li> <li>• The Standard formulated by ASB is thereafter submitted to Council of ICAN for its consideration and approval</li> </ul>

COUNTRIES →	SRI LANKA	INDIA	PAKISTAN	BANGLADESH	NEPAL
SUBJECT / ISSUE ↓					
	<ul style="list-style-type: none"> <li>• Steering Committee to make presentation of the Standard to the Accounting Standards Committee <ul style="list-style-type: none"> <li>➢ Including changes necessary to meet national requirements</li> </ul> </li> <li>• ASC recommends the Standard to the Council of ICASL <ul style="list-style-type: none"> <li>➢ For formal adoption</li> <li>➢ ¾ majority (minimum of nine members) to consent in writing</li> </ul> </li> <li>• Adoption of Standard by Council</li> <li>• Published in Gazette (a legal requirement)</li> </ul> <p>N.B. The above process is basically carried out when adopting an existing IAS. However, if a completely new Standard is being adopted (not included in IAS) initially an Exposure Draft is issued. After due consideration and amendments, a Standard of Recommended Practice is issued. Sufficient time lag is provided prior to the adoption as a Standard to determine the outcome. Thereafter, it is adopted as a Sri Lanka Accounting Standard</p>		<p>In case of adoption of IFRS, the standard practise is that it is considered by AASC for adoption. It is then circulated to members for their feedback and comments. The AASC then forwards it to PS &amp; TAC on whose recommendation the Council approves the adoption of the Standard</p>	<ul style="list-style-type: none"> <li>• Issuance of the Exposure Drafts inviting – ICAB Members’ comments</li> <li>• Consideration of the comments received on the Exposure Drafts and finalisation of the draft of Accounting Standards on the basis of the same for submission to the Council – ICAB for consideration and approval</li> <li>• Consideration of the draft Accounting Standards by the Council – ICAB and if found necessary, modification of the drafts in consultation with the Technical and Research Committee (TRC)</li> <li>• The Accounting Standards, so finalized, are issued under the authority of the Council – ICAB as Bangladesh Accounting Standards (BAS)</li> </ul>	<ul style="list-style-type: none"> <li>• Consideration of Accounting Standard by Council of ICAN, and if found necessary, modification of draft in consultation with ASB</li> </ul> <p>The Accounting Standard, so approved by the Council is issued under the authority of Council</p>
iv. Standards Issuance / Promulgation  (a) The authority issuing the standards  (b) The Constitution of that authority	a. The Council of the ICASL  b. The Council consists of a President, a Vice president and fourteen (14) Members	a. The Council of the ICAI  b. 24 Elected members and 6 nominees of the Central Government	a. The Council of the ICAP  b. The Council consists of a President, two Vice Presidents and 13 other Members	a. The Council of the ICAB  b. 20 Elected Councillors	a. The Council of the ICAN  b. 14 Elected members and three nominees of the Government

COUNTRIES →	SRI LANKA	INDIA	PAKISTAN	BANGLADESH	NEPAL
SUBJECT / ISSUE ↓					
<p>(c) The process followed by the authority for issuance of standards</p>	<p>c. The Council of ICASL considers the Accounting Standard formulated by the Accounting Standards Committee. Thereafter, the Council formally approves the Accounting Standard. The Council may require the Accounting Standards Committee to consider any changes, if necessary</p>	<p>c. The Council of the ICAI considers the draft of Accounting Standard formulated by the Accounting Standards Board and, if necessary, modify the same, in consultation with the Accounting Standards Board. Thereafter, the Accounting Standard is issued under the authority of the Council</p>	<p>c. The Council of ICAP considers the issuance of a Standard forwarded by the PS &amp; TAC or IFAS Committee. Thereafter, the Council formally adopts the Standard</p>	<p>c. The Council of the ICAB considers the draft of Accounting Standard formulated by the Technical and Research Committee (TRC). Thereafter, the Accounting Standard is issued under the authority of the Council as Bangladesh Accounting Standards</p>	<p>c. The Council of the ICAN considers the Accounting Standard formulated by the Accounting Standards Board and, if necessary, modify the same, in consultation with the Accounting Standards Board. Thereafter, the Accounting Standard is issued under the authority of the Council.</p>
<p>v. Whether there is any other body, which endorses the accounting standards for legal and regulatory purposes?</p>	<p>The Accounting Standards issued by the ICASL, are recognised as the Sri Lanka Accounting Standards. Endorsement of any other body is not required.</p> <p>However, the Accounting and Auditing Standards Monitoring Board (SLAASMB) shall monitor the compliance with the SLASs, by the SBE's (Specified Business Enterprises)</p> <p>The Companies Act No. 17 of 1982 provides basic requirements relating to financial reporting of all companies incorporated in Sri Lanka. The context and form of financial statements have been prescribed in the fifth schedule of the Act and the seventh schedule of the Act outlines the specified matters to be stated in the auditors' report.</p> <p>Further, the Securities and Exchange Commission of Sri Lanka requires listed companies to comply with the SLAS's (listed companies are also included in the definition of SBEs)</p>	<p>(i) By virtue of an amendment by the Companies (Amendment) Act, 1999, in the Indian Companies Act, 1956, the Central Government in consultation with the National Advisory Committee on Accounting Standards (NACAS) established under sub section (1) of section 210A, of the Indian Companies Act, 1956, may prescribe the accounting standards recommended by the ICAI. The NACAS has already recommended all accounting standards issued by the ICAI till date to the Government for notification under the Companies Act. These are expected to be notified by the Government shortly. Until the accounting standards are notified by the government, as per the proviso to section 211(3C) of the Companies Act, 1956, the accounting standards specified by the ICAI are deemed to be the Accounting Standards. Therefore, at present, the Accounting Standards specified by the ICAI are applicable for the purposes of the Companies Act, 1956.</p>	<p>In case where an IAS is adopted by Council, it is referred to the Securities and Exchange Commission of Pakistan. SECP then notifies the adoption in the Official Gazette</p>	<p>The accounting standards issued by the ICAB are recognized as the Bangladesh Accounting Standards. Endorsement of any other body is not required.</p> <p>Securities and Exchange Commission of Bangladesh (SECB) requires the listed companies, through Listing Regulations of the Exchanges to comply with the Bangladesh Accounting Standards issued by the ICAB vis-à-vis International Accounting Standards (IAS) from time to time</p>	<p>No.</p>

COUNTRIES →	SRI LANKA	INDIA	PAKISTAN	BANGLADESH	NEPAL
SUBJECT / ISSUE ↓					
	<p>The Banking Act No. 30 of 1988 amended by Act 33 of 1995) authorises the Central Bank of Sri Lanka to regulate financial reporting by banks. The accounting and auditing requirements outlined in the Banking Act are in addition to the requirements set by the Companies Act.</p> <p>The Insurance Board of Sri Lanka requires the Insurance Industry to comply with the Sri Lanka Accounting Standards and Statement of Recommended Accounting Practice for Insurance Contracts.</p>	<p>(ii) Securities and Exchange Board of India (SEBI) requires the listed companies, through Listing Agreement to comply with the Accounting Standards issued by the ICAI from time to time.</p> <p>(iii) Insurance Regulatory and Development Authority also requires the insurance enterprises to comply with the Accounting Standards issued by the ICAI</p> <p>(iv) The Reserve Bank of India, through the circulars, requires banks to comply with the accounting standards issued by the ICAI</p>			
<p>vi. How many accounting standards covering the subjects covered by International Accounting Standards have been issued (Please specify)?</p> <p>(Number of Standards relevant to SAFA countries are 36)</p>	<p>31 Accounting Standards have been issued by ICASL</p> <p>05 Accounting Standards are under review</p>	<p>29 Accounting Standards have been issued by ICAI (Out of which, two standard, namely, AS 8, '<i>Accounting for Research and Development</i>', has been withdrawn pursuant to the issuance of AS 26, Intangible Assets and one standard, namely, AS 6, Depreciation Accounting and AS 13, '<i>Accounting for Investments</i>' are still in existence though IASB has withdrawn its corresponding standards, i.e. IAS 4 and IAS 25)</p> <p>08 Accounting Stds. are under review.</p>	<p>33 Standards have been adopted and 3 Standard are under review</p>	<p>29 Standards have been adopted and 3 Standards are under review</p>	<p>17. Out of which 12 Nepal Accounting Standards have been issued for mandatory compliance. 04 Nepal Accounting Standards have been issued for voluntary compliance. 03 Exposure Drafts have been issued for public discussion.</p>

COUNTRIES →	SRI LANKA	INDIA	PAKISTAN	BANGLADESH	NEPAL
SUBJECT / ISSUE ↓					
<p>vii. Projects on proposed accounting standards in progress (Please specify)</p>	<p>The following proposed accounting standards are under review :</p> <ol style="list-style-type: none"> <li>i. IAS 32 – Financial Instruments: Presentation</li> <li>ii. IAS 39 – Financial Instruments: Recognition and Measurement</li> <li>iii. IFRS 2 – Share Based Payments</li> <li>iv. IFRS 7 – Financial Instruments – Disclosures</li> <li>v. IFRS 6 – Exploration for and Evaluation of Mineral Resources</li> </ol>	<p>The following proposed accounting standards are under review/ :</p> <ol style="list-style-type: none"> <li>i. IAS 26 – Accounting and Reporting by Retirement Benefit Plans</li> <li>ii. IAS 32 - Financial Instruments: Presentation</li> <li>iii. IAS 39 - Financial Instruments: Recognition and Measurement</li> <li>iv. IAS 40, Investment Property</li> <li>v. IAS 41 – Agriculture</li> <li>vi. IFRS 2 – Share Based Payments</li> <li>vii. IFRS 4 – Insurance Contracts</li> <li>viii. IFRS 7 – Financial Instruments : Disclosure</li> </ol>	<p>The project of Proposed Framework and Standards for SMEs is under progress.</p> <p>The Institute has exposed</p> <ol style="list-style-type: none"> <li>i. Framework for Small and Medium-Sized Entities;</li> <li>ii. Standard for Medium Sized Entities;</li> <li>iii. Standard for Small-Sized Entities;</li> </ol> <p>Way Forward:</p> <ul style="list-style-type: none"> <li>• Approval of SME Framework and Standards by the Council of the Institute.</li> </ul> <p>Notification for applicability of the same by the SECP</p>	<p>The following proposed accounting standards are under preparation:</p> <ol style="list-style-type: none"> <li>i. IAS 32 - Financial Instruments: Disclosure and Presentation</li> <li>ii. IAS 39 - Financial Instruments: Recognition and Measurement</li> <li>iii. IAS 41 – Agriculture</li> </ol> <p>(However, IAS 32 &amp; 39 have been deferred by Council)</p>	<p>The following two standards are being followed up by the technical committee</p> <ol style="list-style-type: none"> <li>i Employee Benefits</li> <li>ii Disclosure in the Financial Statements of Banks and Similar Financial Institutions.</li> </ol>
<p>5. Applicability of Accounting Standards whether applicable to all entities?</p>	<p>Mandatory Application to Specified Business Enterprises – listed companies; banking and finance companies; capital market and public interest related institutions whether listed or unlisted</p>	<p>Generally, the Accounting Standards are applicable to all industrial, commercial and business reporting enterprises. However, on the basis of size and public accountability, certain –exemptions / relaxations are given to Small and Medium Sized Enterprises (SMEs). For example, accounting standards on Segment Reporting, Cash Flow Statements, Related Party Disclosures, Discontinuing Operations are not applicable to SMEs.</p>	<p>International Accounting Standards adopted via notifications of SECP are applicable to all joint-stock companies. IFAS will be applicable to Islamic financial institutions</p>	<p>Applicable to Registered Companies and Statutory Bodies/Corporations. Mandatorily applicable for all the Listed Companies</p>	<p>Applicable to all companies</p>

COUNTRIES →	SRI LANKA	INDIA	PAKISTAN	BANGLADESH	NEPAL
SUBJECT / ISSUE ↓					
<p>6. Whether standards are recommendatory or mandatory in nature</p>	<p>Mandatory for all Specified Business Enterprises (as stated in 5 above)</p> <p>Recommendatory for all other entities</p>	<p>Mandatory in nature (This implies that while discharging their attest functions, it will be the duty of the members of the Institute to examine the compliance with the accounting standards in the preparation of financial statements covered by their audit. In the event of deviations, it is their duty to make adequate disclosures in their audit reports so that the users may be aware of such deviations)</p>	<ul style="list-style-type: none"> <li>• Adopted IASs are mandatory for all Specified Business Enterprises (joint stock companies) but recommendatory for all other entities</li> <li>• Local Standards are mandatory for all entities</li> </ul>	<p>Mandatory for all Listed Companies. Recommendatory for all other Public and Private Companies and also recommendatory for Statutory Bodies including autonomous and semi autonomous bodies/corporations</p>	<p>Mandatory in nature</p>
<p>7. Mechanism for oversight of standards implementation</p> <p>The authority which oversees standards implementation</p> <p>(a) Constitution of that authority</p> <p>(b) Powers of that authority</p> <p>(c) Methodologies adopted by the authority</p>	<p>i. Under the Sri Lanka Accounting and Auditing Standards Act. No. 15 of 1995</p> <p>(a) It is the duty of every Specified Business Enterprises to prepare its accounts in compliance with the SLASs</p> <p>(b) Every SBE to be audited by a professionally qualified auditor (Members of ICASL) and it is the duty of the auditor to certify in the audit report the accounts have been prepared and presented in accordance with the SLASs</p> <p>ii. The above Act also established a Board (Sri Lanka Accounting and Auditing Standards Monitoring Board) to monitor the compliance with the SLASs by the SBEs. The Board has the power to summon and question any director, officer, auditor of any SBE on any matter pertaining to the preparation and</p>	<p>(i) Under the Companies Act, 1956, management and auditors of companies are required to report on the compliance with accounting standards. The companies are required to file their accounts with the Registrar of Companies, who are a constituent of Ministry of Company Affairs. The Registrars are expected to look into the compliance with the legal provisions relating to the preparation and presentation of accounts including accounting standards. Further, by virtue of Companies (Amendment) Act, 2000, the Board of Directors' report shall also include a Directors' Responsibility Statement indicating, inter alia, that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.</p>	<p>a. The Enforcement &amp; Monitoring Division (EMD) of the Securities and Exchange Commission of Pakistan and the Institute of Chartered Accountants of Pakistan (ICAP)</p> <p>b. The Commission has the power to:</p> <ul style="list-style-type: none"> <li>• Call for information and explanation, to conduct investigations and to initiate action against management and auditors of the company</li> </ul>	<p>i. The companies are required to file their accounts with the Registrar of joint stock companies and firms, which is the Directorate Office under the Ministry of Commerce. ICAB has also directed to its members to examine compliance with accounting standards in the presentation of financial statements covered by their audits.</p> <p>ii. ICAB recently developed and distributed amongst members a standards disclosure and compliance checklist for their use.</p>	<p>Not yet established</p>

COUNTRIES →	SRI LANKA	INDIA	PAKISTAN	BANGLADESH	NEPAL
SUBJECT / ISSUE ↓					
	<p>presentation of the Accounts. The Board has also power vested by the Act to summon a trial before a court of law (magistrate).</p> <p>All specified business enterprises required to file returns with the Monitoring Board in addition to filing returns with the Registrar of Companies.</p> <p>iii. SEC to check compliance with the Sri Lanka Accounting Standards for listed companies</p>	<p>(ii) ICAI has also cast a duty on its members to examine compliance with Accounting Standards in the presentation of financial statements covered by their audit. In case members do not comply with this requirement, they are liable for disciplinary action under the provisions of Chartered Accountants Act, 1949</p>	<ul style="list-style-type: none"> <li>• Enforce compliance with the provisions of the Companies Ordinance, 1984 and IAS</li> <li>• Impose fines as penalty</li> <li>• Exercise powers of court in relation to enquiries and proceedings</li> </ul> <p>ICAP can exercise its powers only on its members. It has the authority to penalise, reprimand or warn and remove the name of a members who is found guilty of misconduct or negligent in performing his professional duties</p> <p>c. EMD is responsible for review of published accounts of joint stock companies, investigation, compliance with relevant laws and regulations by listed companies and prosecution (except in relation to specialised companies and insurance companies)</p>		

COUNTRIES →	SRI LANKA	INDIA	PAKISTAN	BANGLADESH	NEPAL
SUBJECT / ISSUE ↓					
8. Mechanism for checking compliance with standards	<ul style="list-style-type: none"> <li>○ The Board monitors the compliance of SLASs on accounts forwarded to them by the SBEs. On the findings of the Board, steps are taken either to remedy the situation or take appropriate measures whenever applicable on the Members at fault</li> <li>○ Every director, officer or auditor of Specified Business Enterprises, who fails to comply with the relevant sections of the Sri Lanka Accounting and Auditing Standards Act, in regard to compliance with the Sri Lanka Accounting and Auditing Standards, shall be guilty of an offence, and shall on conviction after a summary trial before a magistrate, be liable to a fine not exceeding five hundred thousand rupees</li> <li>○ If the violator of the Act is an accountant, he shall be reported to the professional body of which he is a member, for appropriate action against him</li> </ul>	<p>ICAI has recently set up a Financial Reporting Review Board to review, either suo-moto or on a reference made to it, the general purpose financial statements and auditors report thereon, of certain enterprises, with a view to determine, to the extent possible, compliance, inter alia, with the generally accepted accounting principles in the preparation and presentation of the financial statements.</p> <p>Further, since the members of the Institute are required to report about non-compliance with mandatory accounting standards, if a complain is filed against a member where he has not reported the non-compliance, the Disciplinary Committee of the ICAI, examines the matter and take disciplinary action against the member concerned, if found guilty.</p> <p>The ICAI has constituted the Peer Review Board (PRB). The PRB, calls for information from practice units to ensure that these units, while carrying out their professional attestation services assignments, comply with the technical</p>	<p>ICAP undertakes quality control reviews (QCR). It also reviews the published financial statements to ensure that listed companies are adhering to the disclosure and presentation requirements of IASs and other local regulations. If major departures or non-compliances are observed, then the case is forwarded to the investigation Committee for further action against the member</p> <ul style="list-style-type: none"> <li>• The EMD monitors the compliance of IASs of accounts furnished to them by the companies. On the findings of the wings/division, steps are taken either to remedy the situation or take appropriate measures whenever applicable on the management / auditors of the company at fault</li> <li>• Professional Standards Compliance Department of ICAP, as part of its Quality Control Review (QCR) examines audit working papers and identifies non-compliances with IASs etc. to the concerned auditors</li> </ul>	<p>ICAB has a committee named Compliance Monitoring which monitors the compliance of the standards on random basis. On the findings of the Committee, ICAB Council takes appropriate measures wherever applicable on the members at fault</p>	<p>ICAN is in the process of establishing a mechanism for such compliance. However, there is the Code of Ethics that checks for such compliance.</p>

COUNTRIES →	SRI LANKA	INDIA	PAKISTAN	BANGLADESH	NEPAL
SUBJECT / ISSUE ↓					
	<ul style="list-style-type: none"> <li>○ Apart from this Act, if a member of ICASL fails to comply with the Standards and is reported to the Council, the Institute's Ethics Committee will take appropriate action after an inquiry.</li> </ul>	standards which include examining whether the mandatory Accounting Standards have been complied with, in the presentation of financial statements covered by their audit.	<ul style="list-style-type: none"> <li>• Under Financial Statements Review (FSR) programme of ICAP published financial statements are reviewed to see whether the requirements of IASs and other local regulations are followed while preparing the financial statements and report the non-compliances and deficiencies to the concerned auditors</li> </ul>		
9. Are there Costing, Secretarial or other like standards?	No	Yes. The Institute of Company Secretaries of India (ICSI) issues Secretarial Standards. The Institute of Cost and Works Accountants of India issues Cost Accounting Standards	Not yet undertaken	Not yet undertaken	No