

INTERNATIONAL FINANCIAL REPORTING STANDARDS(IFRS)

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MEANING OF IFRS

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) ARE A SET OF ACCOUNTING RULES FOR THE FINANCIAL STATEMENTS OF PUBLIC COMPANIES THAT ARE INTENDED TO MAKE THEM CONSISTENT, TRANSPARENT, AND EASILY COMPARABLE AROUND THE WORLD.

RELIABILITY

FINANCIAL STATEMENTS ARE PROVIDED COMPLETE AND UNBIASED. IT INDICATES IT'S THE IMPORTANCE OF BEING USED WIDELY AS ALL THE BUSINESS AFFAIRS NEED THE FAITHFUL REPRESENTATION OF THEIR FINANCIAL TERMS.

RELEVANCE

INFORMATION DERIVED USING THIS IS RELEVANT. IT WORKS BETTER FOR TAKING FUTURE DECISIONS AND COMPARABILITY ACROSS INTERNATIONAL BOUNDARIES. THIS IS EXTREMELY SUPPORTIVE TO KNOW THE EXACT PICTURE AS MANIPULATION BY THE MANAGERS UNDER THIS SYSTEM IS NOT ALLOWED. ABSENCE OF MANIPULATION ALWAYS LEADS TO THE RIGHT DECISIONS.

CONCEPTUAL FRAMEWORK

THIS IS A COMPLETE CONCEPTUAL FRAMEWORK WHICH SERVES AS A TOOL TO DEVELOP STANDARDS. MANY COMPANIES AND FIRMS USE THIS AS A REFERENCE FOR SELECTING THEIR ACCOUNTING POLICIES AND WORKING ACCORDINGLY. SO IT PLAYS A SIGNIFICANT ROLE IN ALL ENTITIES.

COMPATIBILITY

IFRS ADOPTION ENABLES THE COMPARISON WHICH IS VERY IMPORTANT TO DO IN TODAY'S COMPETITIVE ERA FOR THE EFFICIENT FUNCTIONING OF THE CAPITAL MARKET. ALL COMPANIES WHETHER SMALL OR BIG WANT TO COMPARE SET OF FINANCIAL STATEMENTS WITH THOSE OF PREVIOUS YEARS AND OTHER COMPANIES WHICH HELPS THEM ABOUT THE FUTURE COURSE OF ACTION.

TIMELINESS

USING THIS FRAMEWORK IS ALSO CONSIDERED TO BE TIME-SAVING. AS IT'S TECHNICALLY BASED AND CAN BE DONE WITHOUT INVOLVING MANY EFFORTS. SO, IT IS TIME-SAVING WHICH IS ADVANTAGEOUS FOR ALL BUSINESS ENTITIES TO GROW FURTHER. ALONG WITH THAT, IT RECOGNIZES THE LOSS IMMEDIATELY WHICH IS VERY BENEFICIAL FOR INVESTORS, LENDERS AND OTHER STAKEHOLDERS IN THE COMPANY.

BETTER ACCESS TO FOREIGN CAPITAL IN TERMS OF INVESTMENT

IT HELPS TO ACCESS THE INTERNATIONAL POSITION EASILY AS IT IS WIDELY ADOPTED BY ALL THE DEVELOPED COUNTRIES LIKE CANADA, JAPAN, EUROPE AND MANY OTHER JOINING COUNTRIES. SO, IT SHOWS WHEN THE FINANCIAL STATEMENTS ARE PREPARED UNDER ONE REPORTING STANDARD THEN THEY HAVE EASY ACCESS TO FOREIGN CAPITAL AND INVESTMENT. IT HELPS WITH THE COMPARABILITY OF THE INTERNATIONAL MARKET AND ALSO INCREASES THE FOCUS ON INVESTORS.

STANDARDIZATION OF ACCOUNTING AND FINANCIAL REPORTING

IFRS ENSURES THE STANDARDIZATION OF ACCOUNTING STANDARDS WHICH EVENTUALLY HELPS TO HAVE CLEAR AND IMPROVED FINANCIAL STATEMENTS. EVEN, IT ALSO REMOVES THE BARRIERS IN TRADE AND PROMOTES THE COUNTRY TOWARDS GLOBALIZED ERA.

IDENTIFYING THE OPPORTUNITY AND THREATS

ADOPTION OF IFRS HELPS THE BUSINESS TO IDENTIFY THE OPPORTUNITIES. IT PROVIDES THE FINANCIAL STATEMENTS IN A VERY TRUE AND FAIR MANNER WHICH ARE VERY HELPFUL IN IDENTIFYING THE OPPORTUNITIES AND RISKS ACROSS THE WORLD. BY THIS, IT CONTRIBUTES TO ECONOMIC EFFICIENCY AS WELL AND HELPS IN IMPROVING CAPITAL ALLOCATION.

The image features a light gray background with a subtle, circular, textured pattern in the center. The corners are decorated with several realistic water droplets of varying sizes, some overlapping. The droplets have highlights and shadows, giving them a three-dimensional appearance.

THANK YOU