

## **APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS IN OMAN: A WAY FORWARD TO IMPROVE THE ECONOMY OF YOUNG OMAN**

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### **ABSTRACT**

Right application of international financial reporting standards ensures that companies perform trustworthy and establish honorable commercial relationship with their stakeholders. Decent applications and practices of international financial reporting standards are vital tools as on one hand these establishes norms for best corporate administration and on the other provide effective accounting disclosures to gain trust of shareholders. The application and practice of proper international financial reporting standards is more relevant issue for good corporate management in the present competitive age as these applications maintain respectable status of a company in corporate world.

This paper attempts discussion to the approved applications and practices of international financial reporting standards in context of corporate administration and governance in Oman's scenario and that is the aim of this study. The rational of this study is to observe the scope of the application of international financial reporting standards in Oman's perspective and supports a core objective to add values by emphasizing the importance of applications and practices of IFRS for all companies operating in Oman's economy to produce authentic results based on proper financial reporting annually.

The research setting and results are based on empirical observations which make this paper a guideline for corporate entities in Oman. The outcomes show the spectrum of existing practices by audit companies for enforcement of international financial reporting standards to the corporate world to achieve a respectable level of corporate governance. The complexity raised due to different practices and applications of international financial reporting standards and Islamic standards by different entities in Oman is also discussed in this paper. A good overview related to risk analysis shows findings and its relevance that discusses policies, procedures, practices and organizational structures associated with different organizations and covers important issues identifying business objectives closely related to the applications of international financial reporting standards for the success of organizations operates in Oman.

Finally, the conclusion is designed in a manner which contributes to theoretical knowledge and imparts knowledge to professional practice and provides opportunities to the researcher to develop further research on the basis of findings to bring improvement in the economy of young Oman.

**KEYWORDS:** International Financial Reporting Standards, Corporate Management, Risk Analysis, Policies, Procedures, Practices. Islamic Standards

### **INTRODUCTION**

Application of International Accounting Standards and International Financial Standards provide a solid base to

the strategic planning of an organization. The corporate sector in Oman has shown a strong commitment towards global financial standards. According to International Financial Reporting Standards Foundation, Omani jurisdiction has made a public commitment in support of moving towards a single set of high quality global accounting standards. Omani government understands very well the advantage of adopting International Financial Reporting Standards for the corporate sector, so the Sultanate has involved various legislations towards application of International Financial Reporting Standards in Oman. There are clear directives from the Capital Market Authority of Oman, Central Bank of Oman and the Tax Authority of Oman to all companies in Oman to adopt International Financial Reporting Standards. Capital Market Authority plays a principal role to supervise Muscat Security Market. It regulates licenses and has a controlled monitoring towards the issuance of securities. CMA has its own regulation under which professional firms, working in Oman are supervised which ensures right practice of adoption of IFRS in Oman. Capital Market Law (Royal Decree 80/1998): Article 282 of the Executive Regulation of the Capital Market Law states that every issuer (listed companies) shall prepare financial statements in accordance with IFRS. The article 5 of the Capital Market Law, which is available both in English and Arabic, states clearly that companies which have a listed status and have issued securities for public subscription must follow the practice of presentation of half-yearly and quarterly financial statements and submission of a set of financial report is mandatory to the Capital Market Authority. The Code of Corporate governance also requires companies to prepare financial statements in accordance with IFRS. The Law of Organizing the Accountancy and Auditing Profession, (Royal Decree 77/1986): Article 30 which is a bilingual document states that accountants have no choice but are required to adopt the International Accounting Standards in preparing of financial statements. However, Omani Ministry of Commerce and Industry is responsible to notify related declaration in relation to application of international financial reporting standards in the country. Omani government has a strategic vision in context of application of International Financial Reporting Standards and International Accounting Standards which seems prominent in the practice of all governmental organizations. Article 79 of the Income Tax Law and Article 61 of executive Regulation of Income Tax Law (Royal Decree 47/1981) are very clear towards the application of finance lease issues and strongly recommend the application of International Accounting Standard 17, Leases. Omani Banking Law, which is also available both in English and Arabic languages, makes it mandatory for all licensed banks, practicing in Oman to submit annual financial reports to Central Bank of Oman and to follow the requirements specified by the Central Bank. The specific requirements are clearly stated in Banking Circulars, which are issued time to time, and required annual accounts of the banks in line with international accounting standards. In the present time, the accounting professionals associated with different sectors of economy feel the necessity to apply IFRS promulgated by the international Accounting without any amendment due to simplicity and convenient for all related stakeholders. The Code of Corporate governance also supports it and requires companies to prepare financial statements in accordance to International Financial Reporting Standards. Oman has a proper jurisdictional profile among 'IFRS application around the world document' for the general guidance, published by IFRS foundation. The profile provides specific professional set of advice to accounting professionals associated with Oman market

## **OBJECTIVES OF RESEARCH**

The main objective of this research to make in an investigation regarding application of International Financial Reporting Standard practices in the professional environment of Oman in for the development of economy of Oman, both in private and government sectors. Jurisdiction profile of Oman discusses different context of jurisdiction's status of adoption of IFRS in Oman. Centrally, Oman has adopted International Financial Reporting Standards at all levels.

This shows the public commitment of jurisdiction in support of moving towards a single set of high quality global accounting standard. Explanation by the concerned authority practicing financial management in a specific corporate is an important requirement; however, if the jurisdiction has not made a public statement supporting the move towards International Financial Reporting Standards then its own jurisdictions are applied. Generally, accounting and financial professional avoids complications and in different economy sectors of Oman companies whose securities are traded in Muscat Security Market present their accounts according to international Financial Reporting Standards. The practice of adopting IFRS is in order both in the separate financial statement of a company as well as in consolidated financial statements. There is no applicability to avoid the practice of adoption of IFRS due to controlled environment and high profiled professionalism in Oman. The local laws in Oman provide strong support to the economy of Oman. However, foreign companies are not allowed to trade securities in Oman. International Financial Reporting Standards are very much in support to the entire stakeholder, all over the world. In this connection the concerned authorities have made many efforts, one among them is the process of translation of IFRS from English language to Arabic language. It is a good sign that Omani government is also making effort to go hand in hand with IFRS foundation. Adoption of IFRS for small and medium size enterprises is under consideration. Accounting professionals associated with SMEs bringing live discussions regarding IFRS for SMEs in Oman and in result accounting firms have started IFRS for SMEs training programs in conjunction with different governmental organizations like, Ministry of Finance, Chamber of Commerce, Capital Market Authority and Central Bank of Oman. In recent years due to market orientation the economy of Oman created many reforms which are vital for an emerging economy. Growth comes due to financial discipline irrespective of size of industry in a country. Fortunately, for the last two decades investors have played a significant role for the enhancement of the economy of the country. It is a fact that proper practice of International Financial Reporting Standards and good financial management techniques are necessary to improve industry's efficiency, effectiveness, corporate conformance and proper communications between stewards and investors of the organization. Professional accountants and auditors of Oman have made worthy efforts to bring improvement in the reforms, principles of management and mindset of governance in the country. In the current decade, Omani companies have put forward their financial policies in line to professional financial guidance and use accounting standards to adopt the best practices. Due to application of required procedures the degree of transparency has appeared in sharing of information which has given confidence to all the stakeholders. The board of directors of different companies also availed opportunities to make their role successfully not only for the growth and development of their companies but also for the economy of Oman. Most of them have achieved corporate objectives and met challenges successfully. The role of corporate governance is significant for the fortune of an organization. Studies tell us that the corporate governance is based on ethical code of business practices which leads to corporate responsibilities of directors who are back bone of the organizations. To take an organization at the point of excellence chief financial officer plays a material role among all the members of the board to devise the right norms and systems with high efficiency and effectiveness to get the confidence and pleasure of internal and external stakeholders, especially of investors. So the financial governance creates a strong sense of responsibility and accountability towards the investors to enhance not only in their wealth but also liquid returns. Applications of International financial reporting standards have provided a platform of transparency in the corporate sector of Oman, which is a bright dawn for all the stakeholders associated with the economy. International Financial Reporting Standards just do not guide to accounting professionals towards presentation and application of right practices but also bring transparency issues of corporate and financial governance; in result an enormous amount of confidence has come up among stakeholders. The above debate

proves that the right practice of International Financial Reporting Standards has plugged in an improved financial environment in Oman and the financial reporting system is at the right path. All professionals associated with any sector of economy are working hard to achieve excellence in their respective areas. "Oman is one among those 21 countries of the world who have their target to achieve the final stage of development which is considered as 'Innovation Driven Economies' that is ruled by 35 strong economies of developed world. (Hameed- 2013)

### **IMPORTANCE OF RESEARCH**

The proper application of International Financial Reporting Standards and International Accounting Standards is very important to uphold the trust of investors and other stakeholders of different Omani organizations. The valuation of securities tradeoff in Muscat Security Market just do not associated with market forces but also get a great impact of the financial applications, procedures execution, appropriate practices and interpretation of International Financial Reporting Standards. It is a fact that all local companies prepare their accounts accordance with International Financial Standards and International Accountings standards issued by Accounting Standard Board. The professional accountants in Oman are familiar to the interpretations issued by the Standing Interpretation Committee of Accounting Standard Board and follow local commercial law of the Sultanate of Oman. The financial statements of local companies follow disclosure requirements set out in the rule book for right disclosure provided by Capital Market Authority of the Sultanate of Oman. However, there is a room for improvement to strengthen these rules to improve transparency in the financial statements of Omani organizations.

In present time, all financial professionals are aware of strategic views of new standards as they need accountability which is closely associated with transparency of the financial statement of the organization leads to the trust prevailed among the stakeholders of the organization. The understating of importance of disclosure is very important for accounting professionals and in Oman it is appreciated not only in the corporate sector but also in governmental sector. Disclosures provide understandability, comparability, uniform accounting practices and enforce adequate information related to International Financial Reporting standards. It is vital to note that application of IFRS is a prime issue of financial governance. To avoid it can create risk and loss of opportunities. To check the validity and true picture of application and practice of accounting standards in Oman this research paper investigates the annual reports of ten grown up Omani companies in the different sectors of industries.

### **LITERATURE REVIEW: STANDARDS IN ACTION- OMAN SCENARIO**

Oman is among those countries, which follow the practices of International Financial Reporting Standards and International Accounting Standards at both in private sector and public sector. Professionals working in different sectors are aware of importance of industry analysis which leads to competitiveness and comparative analysis among different players in corporate world. The country is in practice of International Financial Reporting Standards and International Accounting Standards for more than two decades. Accounting and financial professionals are aware of socio-economic development of Oman and know the importance of ethical practices of standards. It is known at all levels that a proper debate has occurred at legitimacy theory approach and it has been a great challenge to improve the quality of reporting. Performance of an organization is not the only key which gives confidences to related stakeholders but it requires conformance as well. Conformance is associated proper utilization of the accounting disclosures.

To get a proper status it is important for all organizations to contribute focused knowledge and wisdom to strengthen the application of accounting standards to make financial governance more stable in the highly competitive environment of the economy of Oman. However, it is not a one day job as it has many challenges to produce quality financial reports free from bias, with the accurate level of transparency. The government of Oman, at all levels trying its level best and has achieved substantial success in compliance of International Financial Reporting Standards and International Accounting Standards along with rules, regulations and policies of certain governmental organizations. The efforts of Capital Market Authority, Central Bank of Oman and the organization responsible to handle Commercial Company's laws of Oman are commendable. These professional organizations have been conducting workshops, conferences, and seminars to impart knowledge and practices at all levels in different segment in the economy. It is also observed that many organizations rely upon Islamic standards and follow related practices. It is important to discuss the context of Islamic banking and Finance in this connection in detail as well, which is also a need of Omani economy. "It is a proof that the population of Oman is ready to welcome Islamic Banking in their country at a large scale on the basis of their mature understanding' (Hameed: 2012). The harmony is a need in this context to get the confidence of stakeholders. Literature reviews prove that an enormous amount of research and development is in action and proper results occurs time to time.

## METHODOLOGY

A proper online survey was conducted for this research paper to improve conducted research in the same context. Given findings are based on different previous assignments of research conducted by high profiled academicians and industry champions associated with International Financial Reporting Standards and International Accounting Standards. The secondary data is used in this research, Table 1 to Table 5 (Shankariah & Rao) to show an overview of the practices of International Financial Reporting Standards and International Accounting Standards in the private and public sector of Oman. The data in the given tables show the importance of application of International Financial Reporting Standards for financial governance in Oman.

### Applicable Practices of International Financial Reporting Standards in Oman Economy

On the basis of a secondary data, current research provides a chance for further research to investigate into the following samples and population which have been presented in following numerical tables. Table 1 shows that except one sample of private companies which has not provided its opinion, remaining 90% of the related sample have emphasis that application of International Financial Reporting Standards are vital to get authentic financial and management governance.

**Table 1: Corporate Perceptions on the Relevance of Accounting Standards for Corporate Governance (n=10) (%)**

Accounting Standards	Private Sector	Public Sector	Total
Relevant	5(83)	4 (100)	9 (90)
Irrelevant	0	0	0
No Comment	1(17)	0	1(10)
<b>Total</b>	<b>6(100)</b>	<b>4 (100)</b>	<b>10(100)</b>

Table 2 expresses that majority of sample companies, which are 80% in volume, trust in spelling out the major policies required to run the financial and governance affairs of a business organization successfully and they have shown sufficient number of policies in their annual reports. These policies are in support of application of financial reporting standards.

**Table 2: Corporate Practices of Accounting Policies Disclosed in Annual Reports (n=10)**

Range of Policies	Private Sector	Public Sector	Total
Less than 20	1 (17)	0 (100)	1 (10)
20 – 35	4 (66)	4 (100)	8 (80)
25 & More	1 (17)	0	1 (10)
<b>Total</b>	<b>6 (100)</b>	<b>4 (100)</b>	<b>10 (100)</b>

The current research advocates the findings of secondary data in terms of the practices the most companies in Oman, which have adopted certain approach towards stock valuation. They prefer to follow lower of cost or net realizable value, according to the norms and standards given in International Accounting Standard – 2 Inventories. The method is most popular among listed companies those operate their business in Oman. Moving average method is another popular form of inventory valuation which is appreciated by Omani companies both in private and public sector companies in Oman. Table 3 shows an extract of the population.

**Table 3: Corporate Practices of Inventory Valuation (n=10) (%)**

Method	Private Sector	Public Sector	Total
Moving Average	4 (67)	3 (75)	7 (70)
Lower of Cost or NRV	2 (23)	1 (25)	3 (30)
Not disclosed	0	0	0
<b>Total</b>	<b>6 (100)</b>	<b>4 (100)</b>	<b>10 (100)</b>

Among major financial statements, the statement of Cash Flow plays an important role to disclose inflow and outflow of cash under certain activities. All Omani companies follow International Accounting Standard -7 to show the position of cash and cash equivalent. Table 4 shows a real picture of practice of IAS -7 in Oman.

**Table 4: Corporate Practices of Preparation of Cash Flow Statement (n=10) (%)**

Statement Published	Private Sector	Public Sector	Total
Cash Flow & Changes in Equity	6 (100)	4 (100)	10 (100)

Table 5 is an extract of the practices for fixed assets accounting. IAS -16, is applied by a large number of companies in Oman. Table 5, shows that the 90% of the sample organizations have selected straight line method of depreciation to compute depreciation, however, only 10% follow diminishing balance method.

**Table 5: Corporate Practices of Depreciation (n=10) (%)**

Method	Private Sector	Public Sector	Total
Diminishing Value	1 (17)	0	1 (10)
Straight Line	5 (83)	4 (100)	9 (90)
Not disclosed	0	0	0
<b>Total</b>	<b>6 (100)</b>	<b>4 (100)</b>	<b>10 (100)</b>

The above noted analysis related to practices of International Financial Reporting Standards and International Accounting Standards highlights many issues of accounting standards in Omani context. A deep observation can open certain issues, which need proper solutions for the development of economy of Oman and a further research can bring improvement in the practice.

For the guidance of all accounting professionals and to inform the readers of this research the following pronouncement have been given name Table “6” to Table “ 10” which have been extracted by Deloitte.

**Table 6: International Financial Reporting Standards**

#	Name	Issued
<b>IFRS 1</b>	First-time Adoption of International Financial Reporting Standards	2008*
<b>IFRS 2</b>	Share-based Payment	2004
<b>IFRS 3</b>	Business Combinations	2008*
<b>IFRS 4</b>	Insurance Contracts	2004
<b>IFRS 5</b>	Non-current Assets Held for Sale and Discontinued Operations	2004
<b>IFRS 6</b>	Exploration for and Evaluation of Mineral Assets	2004
<b>IFRS 7</b>	Financial Instruments: Disclosures	2005
<b>IFRS 8</b>	Operating Segments	2006
<b>IFRS 9</b>	Financial Instruments	2013*
<b>IFRS 10</b>	Consolidated Financial Statements	2011
<b>IFRS 11</b>	Joint Arrangements	2011
<b>IFRS 12</b>	Disclosure of Interests in Other Entities	2011
<b>IFRS 13</b>	Fair Value Measurement	2011
<b>IFRS 14</b>	Regulatory Deferral Accounts	2014

**Table 7: International Accounting Standards**

#	Name	Issued
<b>IAS 1</b>	<i>Presentation of Financial Statements</i>	2007*
<b>IAS 2</b>	<i>Inventories</i>	2005*
IAS 3	<i>Consolidated Financial Statements</i> Superseded in 1989 by IAS 27 and IAS 28	1976
IAS 4	<i>Depreciation Accounting</i> Withdrawn in 1999	
IAS 5	<i>Information to Be Disclosed in Financial Statements</i> Superseded by IAS 1 effective 1 July 1998	1976
IAS 6	<i>Accounting Responses to Changing Prices</i> Superseded by IAS 15, which was withdrawn December 2003	
<b>IAS 7</b>	<i>Statement of Cash Flows</i>	1992
<b>IAS 8</b>	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	2003
IAS 9	<i>Accounting for Research and Development Activities</i> Superseded by IAS 39 effective 1 July 1999	
<b>IAS 10</b>	<i>Events After the Reporting Period</i>	2003
<b>IAS 11</b>	<i>Construction Contracts</i>	1993
<b>IAS 12</b>	<i>Income Taxes</i>	1996*
IAS 13	<i>Presentation of Current Assets and Current Liabilities</i> Superseded by IAS 39 effective 1 July 1998	
<b>IAS 14</b>	<i>Segment Reporting</i> Superseded by IFRS 8 effective 1 January 2009	1997
<b>IAS 15</b>	<i>Information Reflecting the Effects of Changing Prices</i> Withdrawn December 2003	2003
<b>IAS 16</b>	<i>Property, Plant and Equipment</i>	2003*
<b>IAS 17</b>	<i>Leases</i>	2003*
<b>IAS 18</b>	<i>Revenue</i>	1993*
<b>IAS 19</b>	<i>Employee Benefits</i> (1998) Superseded by IAS 19 (2011) effective 1 January 2013	1998
<b>IAS 19</b>	<i>Employee Benefits</i> (2011)	2011*
<b>IAS 20</b>	<i>Accounting for Government Grants and Disclosure of Government Assistance</i>	1983
<b>IAS 21</b>	<i>The Effects of Changes in Foreign Exchange Rates</i>	2003*
<b>IAS 22</b>	<i>Business Combinations</i>	1998*

	Superseded by IFRS 3 effective 31 March 2004	
<b>IAS 23</b>	<i>Borrowing Costs</i>	2007*
<b>IAS 24</b>	<i>Related Party Disclosures</i>	2009*
<b>IAS 25</b>	<i>Accounting for Investments</i> Superseded by IAS 39 and IAS 40 effective 2001	
<b>IAS 26</b>	<i>Accounting and Reporting by Retirement Benefit Plans</i>	1987
<b>IAS 27</b>	<i>Separate Financial Statements (2011)</i>	2011
<b>IAS 27</b>	<i>Consolidated and Separate Financial Statements</i> Superseded by IFRS 10, IFRS 12 and IAS 27 (2011) effective 1 January 2013	2003
<b>IAS 28</b>	<i>Investments in Associates and Joint Ventures (2011)</i>	2011
<b>IAS 28</b>	<i>Investments in Associates</i> Superseded by IAS 28 (2011) and IFRS 12 effective 1 January 2013	2003
<b>IAS 29</b>	<i>Financial Reporting in Hyperinflationary Economies</i>	1989
<b>IAS 30</b>	<i>Disclosures in the Financial Statements of Banks and Similar Financial Institutions</i> Superseded by IFRS 7 effective 1 January 2007	1990
<b>IAS 31</b>	<i>Interests In Joint Ventures</i> Superseded by IFRS 11 and IFRS 12 effective 1 January 2013	2003*
<b>IAS 32</b>	<i>Financial Instruments: Presentation</i>	2003*
<b>IAS 33</b>	<i>Earnings Per Share</i>	2003*
<b>IAS 34</b>	<i>Interim Financial Reporting</i>	1998
<b>IAS 35</b>	<i>Discontinuing Operations</i> Superseded by IFRS 5 effective 1 January 2005	1998
<b>IAS 36</b>	<i>Impairment of Assets</i>	2004*
<b>IAS 37</b>	<i>Provisions, Contingent Liabilities and Contingent Assets</i>	1998
<b>IAS 38</b>	<i>Intangible Assets</i>	2004*
<b>IAS 39</b>	<i>Financial Instruments: Recognition and Measurement</i> Superseded by IFRS 9 where IFRS 9 is applied	2003*
<b>IAS 40</b>	<i>Investment Property</i>	2003*
<b>IAS 41</b>	<i>Agriculture</i>	2001

**Table 8: IFRIC Interpretations**

#	Name	Issued
<b>IFRIC 1</b>	<i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	2004
<b>IFRIC 2</b>	<i>Members' Shares in Co-operative Entities and Similar Instruments</i>	2004
<b>IFRIC 3</b>	<i>Emission Rights</i> Withdrawn June 2005	2004
<b>IFRIC 4</b>	<i>Determining Whether an Arrangement Contains a Lease</i>	2004
<b>IFRIC 5</b>	<i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	2004
<b>IFRIC 6</b>	<i>Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>	2005
<b>IFRIC 7</b>	<i>Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies</i>	2005
<b>IFRIC 8</b>	<i>Scope of IFRS 2</i> Withdrawn effective 1 January 2010	2006
<b>IFRIC 9</b>	<i>Reassessment of Embedded Derivatives</i>	2006
<b>IFRIC 10</b>	<i>Interim Financial Reporting and Impairment</i>	2006
<b>IFRIC 11</b>	<i>IFRS 2: Group and Treasury Share Transactions</i> Withdrawn effective 1 January 2010	2006
<b>IFRIC 12</b>	<i>Service Concession Arrangements</i>	2006
<b>IFRIC 13</b>	<i>Customer Loyalty Programmes</i>	2007
<b>IFRIC 14</b>	<i>IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	2007



<b>IFRIC 15</b>	<i>Agreements for the Construction of Real Estate</i>	2008
<b>IFRIC 16</b>	<i>Hedges of a Net Investment in a Foreign Operation</i>	2008
<b>IFRIC 17</b>	<i>Distributions of Non-cash Assets to Owners</i>	2008
<b>IFRIC 18</b>	<i>Transfers of Assets from Customers</i>	2009
<b>IFRIC 19</b>	<i>Extinguishing Financial Liabilities with Equity Instruments</i>	2009
<b>IFRIC 20</b>	<i>Stripping Costs in the Production Phase of a Surface Mine</i>	2011
<b>IFRIC 21</b>	<i>Levies</i>	2013

**Table 9: SIC Interpretations**

#	Name	Issued
<b>SIC-1</b>	<i>Consistency – Different Cost Formulas for Inventories</i> Superseded	1997
<b>SIC-2</b>	<i>Consistency – Capitalisation of Borrowing Costs</i> Superseded	1997
<b>SIC-3</b>	<i>Elimination of Unrealised Profits and Losses on Transactions with Associates</i> Superseded	1997
<b>SIC-5</b>	<i>Classification of Financial Instruments - Contingent Settlement Provisions</i> Superseded	1998
<b>SIC-6</b>	<i>Costs of Modifying Existing Software</i> Superseded	1998
<b>SIC-7</b>	<i>Introduction of the Euro</i>	1998
<b>SIC-8</b>	<i>First-Time Application of IASs as the Primary Basis of Accounting</i> Superseded	1998
<b>SIC-9</b>	<i>Business Combinations – Classification either as Acquisitions or Uniting of Interests</i> Superseded	1998
<b>SIC-10</b>	<i>Government Assistance – No Specific Relation to Operating Activities</i>	1998
<b>SIC-11</b>	<i>Foreign Exchange – Capitalisation of Losses Resulting from Severe Currency Devaluations</i> Superseded	1998
<b>SIC-12</b>	<i>Consolidation – Special Purpose Entities</i> Superseded by IFRS 10 and IFRS 12 effective 1 January 2013	1998
<b>SIC-13</b>	<i>Jointly Controlled Entities – Non-Monetary Contributions by Venturers</i> Superseded by IFRS 11 and IFRS 12, effective for annual periods beginning on or after 1 January 2013	1998
<b>SIC-14</b>	<i>Property, Plant and Equipment – Compensation for the Impairment or Loss of Items</i> Superseded	1998
<b>SIC-15</b>	<i>Operating Leases – Incentives</i>	1999
<b>SIC-16</b>	<i>Share Capital – Reacquired Own Equity Instruments (Treasury Shares)</i> Superseded	1999
<b>SIC-17</b>	<i>Equity – Costs of an Equity Transaction</i> Superseded	2000
<b>SIC-18</b>	<i>Consistency – Alternative Methods</i> Superseded	2000
<b>SIC-19</b>	<i>Reporting Currency – Measurement and Presentation of Financial Statements under IAS 21 and IAS 29</i> Superseded	2000
<b>SIC-20</b>	<i>Equity Accounting Method – Recognition of Losses</i> Superseded	2000
<b>SIC-21</b>	<i>Income Taxes – Recovery of Revalued Non-Depreciable Assets</i> Superseded by, and incorporated into, IAS 12 by amendments made by <i>Deferred Tax: Recovery of Underlying Assets</i> , effective for annual periods beginning on or after 1 January 2012	2000

<b>SIC-22</b>	<i>Business Combinations – Subsequent Adjustment of Fair Values and Goodwill Initially Reported</i> Superseded	2000
<b>SIC-23</b>	<i>Property, Plant and Equipment – Major Inspection or Overhaul Costs</i> Superseded	2000
<b>SIC-24</b>	<i>Earnings Per Share – Financial Instruments and Other Contracts that May Be Settled in Shares</i> Superseded	2000
<b>SIC-25</b>	<i>Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders</i>	2000
<b>SIC-27</b>	<i>Evaluating the Substance of Transactions in the Legal Form of a Lease</i>	2000
<b>SIC-28</b>	<i>Business Combinations – 'Date of Exchange' and Fair Value of Equity Instruments</i> Superseded	2001
<b>SIC-29</b>	<i>Disclosure – Service Concession Arrangements</i>	2001
<b>SIC-30</b>	<i>Reporting Currency – Translation from Measurement Currency to Presentation Currency</i> Superseded	2001
<b>SIC-31</b>	<i>Revenue – Barter Transactions Involving Advertising Services</i>	2001
<b>SIC-32</b>	<i>Intangible Assets – Web Site Costs</i>	2001
<b>SIC-33</b>	<i>Consolidation and Equity Method – Potential Voting Rights and Allocation of Ownership Interests</i> Superseded	2001

**Table 10: Other Pronouncements**

<b>Name</b>	<b>Issued</b>
Conceptual Framework for Financial Statements 2010	2010
Preface to International Financial Reporting Standards	2002*
IFRS for Small and Medium Sized Entities	2009
IFRS Practice Statement Management Commentary	2010

## DISCUSSIONS AND ISSUES

The private and public sector Omani organizations follow disclosure of Accounting Policies as it is a mandatory requirement of concerned authorities. It is a strong observation that in many areas subjectivity is practiced by accountants, which needs improvement. The concept of material fact also needs attention as decision regarding an item of being material or immaterial needs high level of professional judgment. Further, valuation issues related to inventories and net book value of fixed assets needs proper attention as alternative accounting treatment can create window dressing. In transactional analysis the usage of accounting soft ware does not need any comparability, however, for reporting purpose, flexibility should not be allowed at industry level. Finally, adoption of International Financial Reporting Standards and International Accounting Standards is just not a matter of fulfilling the requirements of International Accounting Board but it is suggested to find out the relevance of a specific standard in the Omani context, which will produce more confidence among various stakeholders which will lead towards good financial governance.

## CONCLUSIONS AND SUGGESTIONS

Establishment of one own country's standards play a significant role as local professionals can formulate laws and