



Impact Of International Financial Reporting Standards On Accounting Professionals And Stake Holders

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Abstract:

This study appearances at how Indian businesses are pretentious with International Financial Reporting Standards (IFRS) which had been officially announced by Ministry of Corporate Affairs of India on 1st April, 2012 for global expansion but, IFRS regime had been started to implementation in phased manner during from 2015 to 2017 and implemented successfully in India in fourth phases. Global market expansion is beneficial from an economic standpoint because it encourages the expansion of the nation's foreign trade. In order to adhere to a set of universally accepted standards, actually, the Indian Accounting Standards that have been converged with IFRS. The present study has employed the quantitative research methodology in order to achieve its objectives. Since the goal was to examine the IFRS regime in India to identify the IFRS operation that impact on accounting professionals and stake-holders. This study also highlights the findings with reference to the analytical results.

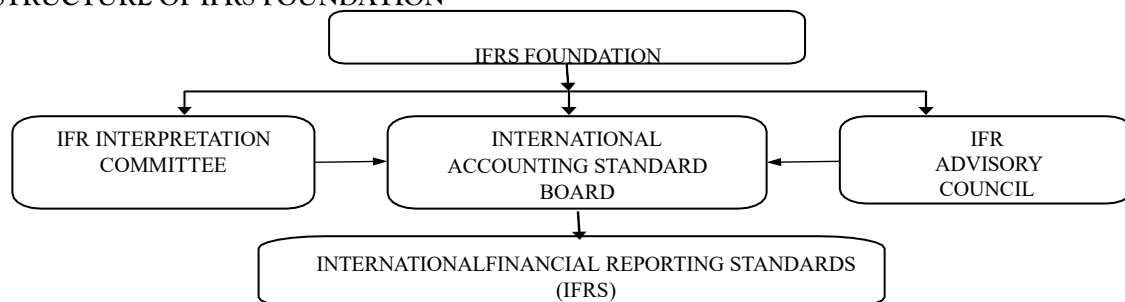
Key Words: IFRS, Companies Act, Accounting Standards, Economic Growth and Global Market.

INTRODUCTION:

Globalization brought around many changes to the financial reporting of business operations, one of which was the espousal of IFR Standards (IFRS). The course of providing management and the widely spread over stake holders with financial data regarding a concern's performance over a given time frame is as financial reporting. The primary goal of these IFRS is to establish a unified and universally recognized set of high-quality financial statements philosophies that will enhance the transparency in financial information. These financial principles are categorized by their good quality, comprehensibility, legal enforceability, and global recognition. In essence, the aforementioned are a collection of international financial accounting principles that demarcate the prescribed methods for documenting specific types of transactions and other events within financial statements. In India, starting on April 1, 2012, the Corporate Affairs of India Ministry had proposed IFRS in a phased transition till the point, an Indian business environment with global atmosphere and also the main objective of accepting and implementing the IFRS to reach global system, IFRS is

the global financial language for a comprehensive analysis of financial statements and with these objective financial statements of corporations can be comprehended and compared across international borders. Hence, Indian corporate sector should deliberately be accepting the IFRS on a voluntary basis. Advocate of IFRS survive the harmonization of financial statement principles in globally and improves uniformity with high quality and it's very comprehensively to make an analysis and comparability of financial statements with different geographical regional companies. Encouraging the inclusion of Indian corporations on global stock exchanges may act as a catalyst for those corporations to comply with the implementation of IFRS. Potentially, promoting foreign investment in the Indian market could contribute to the country's approval of IFRS. The Indian Companies Act of 2013 has been amended and modified to incorporate a provision that aids in the process of aligning with IFR Standards. Companies may be required to observe a transition period from voluntary to mandatory incorporation of IFRS.

THE STRUCTURE OF IFRS FOUNDATION



Since 1973, the International Accounting Standard Committee (IASC) has been entrusted with the primary responsibility for the institution of International Accounting Standards (IASs). In April 2001, the IASB assumed authority over the IASC and it is the IFRS Foundation's autonomous standard-setting organization. IFRS are widely applied across numerous geographical areas worldwide, including the GCC nations, South Africa, Singapore, Turkey, India, Hong Kong, Australia, Malaysia, and Pakistan in addition to the European Union. As of August 2008, the U.S. Securities and Exchange Commission reported that 113 countries worldwide, encompassing all European nations, currently mandate the utilization of IFRS for financial reporting purposes.

THREE KEY OBJECTIVES FOR IFRS:

- The standards should encompass a foundational compilation of accounting pronouncements that serve as a comprehensive and universally acknowledged framework for accounting.
- To foster comparability and transparency and ensure full disclosure, the standards must be considered "high quality."
- It is imperative to apply and interpret the standards with the utmost rigorous.

INDIAN PERSPECTIVE

The Accounting Standard Board (ASB) of India was established by the Institute of Chartered Accountants of India (ICAI) with the purpose of formulating and disseminating accounting standards that align with the International Accounting Standards (IAS). The ICAI has made the decision to gradually align Indian Accounting Standards with IFR Standards, effective April 1, 2015. At the outset, this transition will only apply to corporations with a net worth in excess of Rs 1,000 crore. Commencing on April 1st, 2016, the second phase comprises publicly traded and privately held companies with a combined net worth exceeding Rs 500 crore. As of April 1, 2017, it is mandatory for small and medium-sized enterprises (SMEs) to produce financial statements in compliance with the IFRS-India convergence of accounting standards for the third and fourth phases. Conversely, the financial statements of all Indian corporations engaged in international business activities or listed abroad are prepared in accordance with accounting standards that are consistent with those of India and are IFRS-compliant. From the personal observation, it is found that a smaller number of auditors having knowledge of IFRS or IND AS. Therefore, the deficiency of auditors together with IFRS know-how means the auditing charges is going to be increased, therefore more research-based training must connect gap.

REVIEW OF LITERATURE

Bashir Tijjani et al. (2021) between 2003 and 2020." Using bibliometric analysis, this study intends to assess the global quantitative research output on International Financial Reporting Standards (IFRS). The approach was

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implemented on articles that were in database in order to examine the trends, publication patterns, and research output of the chosen papers. The top five countries in terms of the number of articles published on IFRS are the United States, the United Kingdom, Australia, Germany, and Canada, according to the findings of this study. The majority of the studies are quantitative in nature; this study suggests that accounting standards publications are well-liked, as evidenced by the substantial number of citations.

Shashikanth M (2022) on "A study on adoption of IFRS and its role in Indian accounting system". This study highlights the training packages that companies are required to offer to their staff. It also highlights that the capabilities of the current accounting information system are frequently insufficient to meet the rising disclosure requirements and information needs.

The differences amid Indian GAAP and IFRS may have an upshot on an organization's financial performance and decision-making. The progress and result have to be assessed and also phase-wise setup might be taken on. From the personal observation, it is found that a few numbers of auditors having knowledge of IFRS there would be deficiency of auditors with knowledge on IFRS. **Jenice Kinsey et al. (2022)** The objective of the International Accounting Standards Board (IASB) is to ensure that its IFR Standards (IFRS) can be compared globally in financial reporting. By advocating for rigorous and uniform global enforcement, this study aims to propose an organizational dynamic that could enhance the global comparability of financial reporting in accordance with IFRS.

STATEMENT OF RESEARCH PROBLEM

India lacks the requisite training facilities for accounting professionals and stake-holders. The proper implementation of IFRS should be trained to the accounting professional and stake-holders in the corporate. Additional, individuals who bear responsibility for ensuring the efficiency of the adoption process include corporate executive, government officials, information technology technicians and chartered accountants/auditors. Several new IFRS implemented and required to be addressed by the international financial reporting system.

RESEARCH QUESTIONS

How Indian accounting standards have been taken convergence into IFRS?

How do accounting professionals and stake-holders operating and manage the IFRS?

OBJECTIVE OF THE RESEARCH STUDY

To identify the IFRS operation that impact on accounting professionals and stake-holders.

HYPOTHESIS:

H0: The IFRS operation have not a significant difficult with professionals and stake-holders.

RESEARCH METHODOLOGY

The contemporary study has employed the quantitative tactic in order to achieve its research objectives and test the hypothesis. The use of stratified random probability sampling method along with a proportionate approach was chosen because it was feasible to implement randomization of accounting professionals responding to the questionnaires.

SAMPLE SIZE DETERMINATION CRITERIA

The sample size has been determined using Cochran's equation with a 95% confidence level, the data gathered from 383 participants in the study were determined to be valid. A structured, closed-ended questionnaire was distributed to accounting professionals to pursue perceptions and other matters pertaining to the enactment of the IFRS regime in India.

PILOT STUDY

The questionnaire's validity was assessed by a panel of academic professionals and industry experts. In order to validate the questionnaire and ascertain the study's feasibility, a pilot study was compartmented. Cronbach's alpha procedures were employed to measure the data obtained from the sample of 30 respondents in order to achieve the objective.

STATISTICAL TOOLS FOLLOWED FOR ANALYSIS

The following statistical tools considered for data analysis and test the hypothesis, descriptive statistics like percentage, mean and standard deviation. Inferential statistics like ANOVA for finding results and make interpretation. Its ANOVA tool is very much suitable for this study since its accounting professionals and stake holders could be made comparisons within the group and between the group.

Table-1: The sampling method and size, stratified with proportionate:

INDUSTRIES	PRIVATE	PUBLIC	TOTAL	Prop (2.1%)
Metals & Chemicals	75647	8619	84266	176.95
Machinery & Equipment	50216	3725	53941	113.28
Textiles	29663	3046	32709	68.69
Others	10773	521	11294	23.71
TOTAL	166299	15911	182210	382.63

Source: <http://www.mca.gov.in>

Proportionate of 2.1 percent would be considered as a sample size from each industry classification as per the criteria of sampling method and size determination.

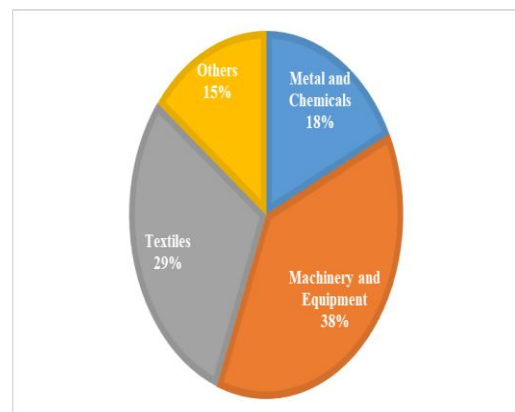
ANALYSIS AND INTERPRETATION

Table-2: Industry Classification

Industry Classification			
	Response	(%)	C. (%)
Metal and Chemicals	68	17.8	17.8
Machinery and Equipment	146	38.1	55.9
Textiles	113	29.5	85.4
Others	56	14.6	100.0
Total	383	100.0	

Source: Primary Data has been complied

Among the respondents, the largest group represents the machinery and equipment sector, with 146 participants accounting for 38.1% of the total. The textiles sector also exhibits a notable representation, with 113 respondents, making up 29.5% of the total. The metal and chemicals sector are represented by 68 respondents, accounting for 17.8% of the total. Additionally, 56 respondents fall

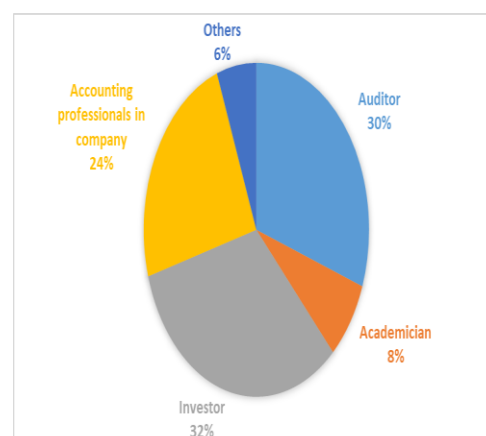


under the category of "others," representing 14.6% of the total. This ensures a more comprehensive analysis of the impacts of IFRS on the different classification corporate industry in India. In decision, the type of industry data showcases a diverse representation of respondents from different sectors within the industry.

Table-3: Occupation Classification

Source: Primary Data has been complied

Occupation Classification			
	Response	(%)	C (%)
Auditor	117	30.5	30.5
Academician	29	7.6	38.1
Investor	124	32.4	70.5
Accounting professionals in company	91	23.8	94.3
Others	22	5.7	100.0
Total	383	100.0	



The occupational classification contains the accounting professionals and stake holders; this data offers valuable insights into the occupational distribution of the contributors involved in the research study that investigates the effects of IFR Standards (IFRS) on different industrial sector. Investors make up a substantial portion of the respondents, with 124

participants representing 32.4% of the total. The regiment comprising the greatest number of respondents, 117 auditors for 30.5% of the overall sample. Accounting professionals in companies, consisting of 91 respondents, account for 23.8% of the total. Academicians, comprising 29 respondents, account for 7.6% of the total. Lastly, 22 respondents fall under the category of "others," representing 5.7% of the total.

Table: 5.43 Descriptive statistics

Descriptives			
IFRS Accounting Norms			
	N	Mean	Std. Deviation
Auditor	117	3.6692	0.59251
Academician	29	4.1500	0.00000
Investor	124	3.3895	0.33051
Accounting professionals in company	91	3.4385	0.19537
Others	22	3.6045	0.08439
Total	383	3.5565	0.44080

Source: Primary Data has been complied

The descriptive statistics for providing insights into the perceptions of different category of stake holders. Among the groups, Auditors displayed a moderate average perception score of 3.6692, indicating a generally positive view. Meanwhile, Academicians had the highest average score of 4.1500, reflecting an overwhelmingly positive perception of IFRS accounting norms. Investors exhibited an average score of 3.3895, suggesting a slightly

less favorable perception compared to Auditors. Accounting professionals in the company had a similar average score of 3.4385, indicating a relatively positive perception. finally, the group labeled as "Others" showed a slightly higher average score of 3.6045, signifying a generally positive perception. These findings provide valuable insights into the varying perspectives held by different groups of stake holders.

Table: 5.44 ANOVA for IFRS Accounting Norms

ANOVA					
IFRS Accounting Norms					
	Sum of Squares	DF	Mean Square	F	Sig.
Between Groups	16.478	4	4.120	26.966	0.000
Within Groups	57.746	378	0.153		
Total	74.224	382			

Source: Primary Data has been complied

The ANOVA results for the variable "IFRS " suggest that there is a significant effect of the designation of employees on the way they perceive the impact of IFRS accounting norms on different sectors of industries. The between-groups analysis reveals that there is a substantial variation in the perception scores across different individual designation, as indicated by the large sum of squares (16.478) and the significant F-value (26.966).

This suggests that the designation of individual has a meaningful influence on their perception of how IFRS will affect the industry sector in India. However, the within-groups analysis indicates a relatively smaller sum of squares (57.746) and a non-significant mean square value, suggesting that the majority of the variation in perception scores is accounted for by differences between employee designations rather than within each designation. Therefore, we can conclude that the different stake holders significantly affect their perception of the impact of IFRS accounting norms on Indian corporate sector.

CONCLUSION:

The analysis shows that different types of stake holders have a significant impact on their perception of how IFRS accounting norms will affect the corporate sector in India. Different designated stake holders have varying perceptions of this impact. The implementation of IFRS is perceived to increase transparency in financial statements. Auditors, academicians and other respondents have positive perceptions, while accounting professionals in the company hold a relatively moderate perception. Stakeholders generally believe that the approval of IFRS will enhance the international equivalence of financial statements. Auditors, academicians respondents, and investors exhibit positive perceptions, along with accounting professionals. Stakeholders generally believe that IFRS implementation will increase the understandability of financial statements. Auditors, academicians respondents, and other respondents have positive perceptions, while accounting professionals in the company hold a moderate favorable perception.

The perception of increased accessibility to funds for Indian companies differs among stakeholders. Auditors and accounting professionals in the company have a moderate belief, while investors exhibit a negative perception. The impact of IFRS on cross-border listings is perceived positively by investors, accounting professionals in the company, and other respondents, while auditors and academicians respondents hold a negative perception. The implementation of IFRS is seen to provide professional opportunities to Indian professionals across the globe, particularly among auditors and academicians respondents. However, investors have a negative perception.

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