

IMPLEMENTATION OF IFRS IN CURRICULUM - A STUDENTS PERSPECTIVE

Dr.C.V.Ranjani ¹

Assistant Professor and Head, Department of Commerce, Nizam College, Hyderabad, Telangana.

T.Ramya Sree²

M.com.Final Year Student, Nizam College ,Hyderabad., Telangana

INTRODUCTION

There are many accounting standards in the world, with each country using a version of their own generally accepted accounting principles, also known as GAAP. These allow firms to report their financial statements in accordance to the GAAP that applies to them. The complication lies within whether the firm does business in multiple countries. How can investors then deal with multiple standards, which ones are accurate, and how can corporations be compared based upon their financials? The answer to these questions lies within the adoption of the International Financial Reporting Standards, or IFRS, which is being developed and supported by the International Accounting Standards Board (IASB). IFRS is “A single set of high quality, understandable and enforceable global accounting standards that require high quality, transparent and comparable information in financial statements and other financial reporting to help participants in the world's capital markets and other users make economic decisions”.

In June 1973, the International Accounting Standards Committee (IASC) came into existence, with the stated intent that the new international standards it released must “be capable of rapid acceptance and implementation world-wide”. The IASC survived for 27 years, until 2001 when the organization was restructured and the International Accounting Standards Board (IASB) came into existence.

Adoption means process of adopting IFRS as issued by IASB with or without modifications. Convergences means harmonization of national GAAP with IFRS through design and maintenance of accounting standards in a way that financial statements prepared with national accounting standard are in compliance with IFRS .

Converging to global accounting standards i.e. IFRS facilitates comparability between enterprises operating in different jurisdictions. Thus, global accounting standards would remove a frictional element to capital flows and lead to wider and deeper investment in markets. Convergence with IFRS is also in the interest of the industry since compliance with them would be able to create greater confidence in the mind of investors and reduce the cost of raising foreign capital. Convergence with IFRSs means adoption of IFRSs with the aforesaid exceptions, where necessary. For a country to be IFRS-compliant, it is not necessary that IFRSs are applied to all entities of different sizes and of different public interests.

Furthermore, comparison and benchmarking of financial data with international competitors would be possible. Adoption of IFRS will make cross border acquisitions and joint venture possible, and also provide access to foreign capital. This is because majority of stock exchanges

require financial information presented according to the IFRS. Early adoption of IFRS may offer an edge to the companies over their competitors as they can claim early adoption. This, in turn, will enhance the brand value of the company. The companies can trade their shares and securities on stock exchanges world-wide. For this, most of the stock exchanges require financial statements prepared under IFRS.

The implementation of IFRS in the corporate world would require trained accountants, auditors, values and actuaries. This will boost the growth of the service sector also as India can emerge as an accounting services hub. Moreover, a single set of accounting standards worldwide would ensure that auditing firms standardize their training and quality of work is maintained globally. By adopting IFRS, there will be growth in the international business which leads to the economic development of a country. It encourages International Investment which will lead to more foreign capital inflow into the country. Investors would be provided with the information that is more relevant, reliable, timely, and comparable across the jurisdictions. IFRS would enhance the comparability between the Financial Statements of various companies across the globe. The industry would be able to raise capital from the foreign markets at lower cost if it can create confidence in the minds of the foreign investors that its Financial Statements comply with the globally accepted Accounting Standards. It would reduce different accounting requirements prevailing in various countries thereby enabling the enterprises to reduce the cost of compliances. It serves international clients by providing professional opportunities. It would increase their mobility to work in different parts of the world either in industry or practice. In this context, it becomes necessary to make an analysis of the adoption of IFRS in India.

The adoption of accounting standards that requires high-quality, transparent, and comparable information is welcomed by investors, creditors, financial analysts, and other users of financial statements. It is difficult to compare worldwide information without a common set of accounting and financial reporting standards. The use of a single set of high quality accounting standards would facilitate investment and other economic decisions across borders, increase market efficiency, and reduce the cost of raising capital.

REVIEW OF LITERATURE:

Various studies have been done in the field of IFRS across the globe. Proponents of IFRS often claim that IFRS adoption leads to greater and higher-quality disclosures. When compared with local accounting standards in most countries, IFRS is considered as being more fair-value-oriented, reducing accounting flexibility allowed for the issuers of financial statements, and incorporating the effects of economic events on firm performance into financial statements in a timely manner. Kamath and Desai (2014) in their study *The Impact of IFRS Adoption on the Financial Activities of Companies in India an Empirical Study*, categorized the financial activities into financial risk, investment activities, operating activities and debt covenant. Dr. Mahender k. Sharma, did work in the field of "IFRS and India –its problems and challenges in 2013. The main objective of this study is to analyze the information available on IFRS adoption process in India. It also focuses on the IFRS adoption procedure in India and the utility for India in adopting IFRS. Dr. U.V. Panchal (2012) in his article "IFRS – opportunities and challenges before India" focused on challenges in the convergence with IFRS faced by India. Dr. Bhuvender Choudhary, Rachit Gupta and Hemant Chauhan (2012) in their research article "Convergence of IFRS in India- Strategy, Benefits and Challenges for

Infrastructure Industry” revealed that the adoption of IFRS will reflect more appropriately the revenues of Indian Real Estate developers and their ability to deliver projects. They also believe that IFRS deals with the market risks that are related to real estate projects more effectively than the percentage completion method. Ms. Archana Patro and Dr. V.K. Gupta (2012) in their article “Adoption of International Financial Reporting Standards (IFRS) in Accounting Curriculum in India- An Empirical Study” investigated the perceptions of IFRS among the Indian management students and assessed the level of planning for adoption of the standards and stated that it would assist the management schools and universities with decision regarding adoption of IFRS in Indian Accounting curriculum. Sarbapriya Ray (2012) in her article “Indian GAAP and its convergence to IFRS: Empirical Evidence from India” studied the rationale behind introducing IFRS, made a comparative analysis of the Indian Accounting Standards and IFRS, studied the challenges involved in IFRS while adopting it in India, and analyzed the impact and consequences on financial statements due to IFRS adoption in Wipro Ltd. Goswami Suvaran and Sarkar Aniruddha (2011) | their paper “IFRS and its adoption in India: A Study” an Endeavour has been made by the authors to ascertain the extent of implementation of IFRS in India. Pawan Jain (2011) in his research article “IFRS implementation in India Opportunities and challenges ” discuss the problems faced by the stakeholders in the process of adoption of IFRS in India. Lantto & Sahlstrom (2009) also undertook a study of key financial ratios of companies of Finland and later found that the adoption of IFRS changes the magnitude of the key accounting ratios and also showed that the adoption of Fair Value Accounting rules and stricter requirements on certain Accounting issues are the reasons for the changes observed in. Rong-Ruey Duh, did study entitled of “Adopting IFRS: Implications for Accounting Educators”, in the year of 2009. The main outcome of this study is to Approach to a Single Set of Financial Reporting Standards in the World. In determining the cost of the acquisition, marketable securities issued by the acquirer are measured at their fair value which is their market price as at the date of the exchange transaction, provided that undue fluctuations or the narrowness of the market do not make the market price an unreliable indicator

RESEARCH OBJECTIVES

- To study the Indian scenario of IFRS adoption and applicability.
- To study the implementation of IFRS in the curriculum from the students perspective.

RESEARCH METHODOLOGY

used for the study is secondary in nature. From different sources like ICAI website, MCA website, other websites, articles from reputed national and international journals. Primary data is collected through questionnaire method and data analysis is done by using MS-excel spread sheets & IBM SPSS.

DATA ANALYSIS AND INTERPRETATION

Knowledge of IFRS

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-----------|---------|---------------|--------------------|
| Maybe | 1 | 2.8 | 2.8 | 2.8 |
| No | 6 | 16.7 | 16.7 | 19.4 |
| Yes | 29 | 80.6 | 80.6 | 100.0 |
| Total | 36 | 100 | 100 | |

Source: Questionnaire administered

80.6% of the respondents have heard about IFRS, 16.7% of the respondents had not heard about the IFRS and 2.8% of the respondents are in dilemma about the IFRS. Analysis says that most of the respondents have heard about the IFRS. As it is an upcoming topic in accounting field very few of them had not heard about the IFRS.

Source of information about IFRS

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|------------|-----------|---------|---------------|--------------------|
| ICAI | 13 | 36.1 | 36.1 | 36.1 |
| Newspapers | 8 | 22.2 | 22.2 | 58.3 |
| Others | 6 | 16.7 | 16.7 | 75.0 |
| Textbooks | 9 | 25.0 | 25.0 | 100.0 |
| Total | 36 | 100.0 | 100.0 | |

Source: Questionnaire administered

36.1% of the respondents heard about IFRS from ICAI, 25% of the respondents from textbooks, 22.2% of the respondents from Newspapers, 16.7% of the respondents came to know information about IFRS from others. Analysis shows that most of the respondents got an information about IFRS from ICAI as it is a national accounting body of India, few of the respondents from Newspapers, some of the respondents such as students are came to know information about IFRS from Textbooks as they are giving introduction part about IFRS in textbooks and at last very few of them got an information about IFRS from others.

Training in IFRS

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-----------|---------|---------------|--------------------|
| No | 35 | 97.2 | 97.2 | 97.2 |
| Yes | 1 | 2.8 | 2.8 | 100.0 |
| Total | 36 | 100.0 | 100.0 | |

Source: Questionnaire administered

97% of the respondents had not taken training on IFRS; only 2.8% of the respondents had taken training on IFRS. By the analysis the researcher came to know that most of the respondents had not taken training on IFRS as it is an upcoming topic, very few of them are taken a training on IFRS.

Interested in taking training in IFRS

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-----------|---------|---------------|--------------------|
| No | 12 | 33.3 | 33.3 | 33.3 |
| Yes | 24 | 66.7 | 66.7 | 100.0 |
| Total | 36 | 100.0 | 100.0 | |

Source: Questionnaire administered

66.7%of the respondents are interested to take training on IFRS,33.3%of the respondents are not interested to take training on IFRS in future . Most of the respondents shown interest to take training on IFRS as they are supporting the change in accounting, but very few of them are not willing to take training on IFRS.

Adoption of IFRS by educational institutions in their curriculum

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-----------|---------|---------------|--------------------|
| No | 4 | 11.1 | 11.1 | 11.1 |
| Yes | 32 | 88.9 | 88.9 | 100.0 |
| Total | 36 | 100.0 | 100.0 | |

Source: Questionnaire administered

88.9%of the respondents are agreed that educational institutes should adopt IFRS in their course curriculum, negative responses are very less. Most of the respondents are eagerly waiting for the adoption of IFRS in their course curriculum. Very few of them are not interested.

Usefulness of IFRS knowledge in career

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-----------|---------|---------------|--------------------|
| Maybe | 9 | 25.0 | 25.0 | 25.0 |
| No | 2 | 5.6 | 5.6 | 30.6 |
| Yes | 25 | 69.4 | 69.4 | 100.0 |
| Total | 36 | 100.0 | 100.0 | |

Source: Questionnaire administered

69.4%of the respondents are agreed that IFRS will be helpful in their career, 25 %of the people are in dilemma.5.6% are not agreed. some of the interesting findings revealed about the knowledge of IFRS which helps in their career. Most of the responses are positive in nature, some of them are negative as they may be opt for any other career apart from IFRS.

Availability of software for IFRS

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|------------|-----------|---------|---------------|--------------------|
| Don't know | 30 | 83.3 | 83.3 | 83.3 |
| No | 2 | 5.6 | 5.6 | 88.9 |
| Yes | 4 | 11.1 | 11.1 | 100.0 |
| Total | 36 | 100.0 | 100.0 | |

Source: Questionnaire administered

83.3% of the respondents are don't know about the software for IFRS ,11.1% them are aware of the IFRS software and rest 5.6%of them not even know about the software . From the survey it can be conclude that IFRS is an infant stage as most of them are don't know about the IFRS software ,very few of them are aware of the IFRS software .

CONCLUSION

With the implementation of IFRS by developed and some developing nations, India has no option than to implement it and converge it with the Indian Accounting standards. Though there may be implementation challenges, but with proper planning, implementation and control, the financial reports can easily be aligned with the international standards. Therefore India needs to develop its conference regarding to IFRS convergence. Also need to develop some training programs for IFRS policies. For the purpose of successful conversion of IFRS with Indian Corporate, India needs to have efficient professionals to operate in this field. Apart from this, IFRS require the fair market value applications in financial reporting this may create significant differences in financial information currently presented in financial reports. This may result in the reduction in earnings of the company. Therefore Indian companies will have to create awareness amongst its customers, investors and stakeholders as well as they need to make clear themselves to explain the reason for this changes and maintain understanding, transparency and reliability of their financial statements.

Business schools and especially accounting programs will mainly be benefited by proactively integrating IFRS. A positive approach towards integration will enhance the schools' prestige and reputation – both with students and prospective employers. Further, there will be a high demand for faculty with knowledge of IFRS and experience of integrating IFRS into the curriculum in the coming years. Before introducing IFRS into the Accounting curriculum, faculty must acquire the necessary knowledge, starting with some background knowledge about the quest for and trend toward global accounting standards. Integrating IFRS to Accounting curriculum must be managed properly. Placement of IFRS modules in the Accounting curriculum requires special planning to ensure successful learning. Objectives should be clearly set and delineated. Three essential questions should be answered before Implementing IFRS. They are need for integration of IFRS; level of Integration and optimal method of integration.

Therefore India needs to develop its conference regarding to IFRS convergence. Also need to develop some training programs for IFRS policies. For the purpose of successful conversion of IFRS with Indian Corporate, India needs to have efficient professionals to operate in this field. Apart from this, IFRS require the fair market value applications in financial reporting this may create significant differences in financial information currently presented in financial reports. This may result in the reduction in earnings of the company. Therefore Indian companies will

have to create awareness amongst its customers, investors and stakeholders as well as they need to make clear themselves to explain the reason for this changes and maintain understanding, transparency and reliability of their financial statements. Due to the lack of availability of professionals with adequate valuation skills to stimulate Indian Corporate to get fair value estimate.

SUGGESTIONS

- Government of India and the Institute of chartered Accountants of India (ICAI) should take proper steps to organize conference, workshops, and other awareness programs in order to create awareness among the accounting professionals and concerns regarding the IFRS standards.
- ICAI should give proper training to the accounting professional.
- Taxation laws should address the treatment of tax liabilities arising on convergence from India.

DIRECTIONS OF FUTURE RESEARCH

Further research may be conducted among different sections of populations with large sample size. The impact of adoption and implementation of IFRS on various business entities is to be surveyed for including in accounting curriculum.

REFERENCES

- Archana patro ,A,and Gupta,V.K(2012).Adoption of IFRS in accounting curriculum in India-An empirical study procedure economics and finance.
- Amit kumar and Gurpreetkaur.IFRS and INDIA :problems &challenges ,International multi Research Journal.
- Amit Kumar Chakrabarty Convergence of IAS with IFRS: Theoretical aspects and Present status in India ,The Journal of Commerce.
- Dr.A.K.Singh &Suchita Diwan,IFRS :Asnapshot of the new accounting standard in India-international journal of Business Quantitative Economics &Applied Management Research vol.1,issue.1,June 2014.
- Dr.A.Vinayagamoorthy- IFRS and Indian current scenario- International Journal of Scientific Research &Education vol.2,issue pp.753-760.
- Ernakulam Branch of SICASA ICAI ,E-Newsletter.
- Goswami ,S&Sarkar ,A,(2011).IFRS and its adoption in India-A study International Journal of Business Economics &Management Research ,2(10),88-99.
- Hira Desai "IND AS Converged with IFRS –Abhinav National monthly Referred Journal of Research in commerce &Management .
- Lantto A& Sahlstrom,P(2009).IFRS,Accounting &finance.
- Pawan Jain –IFRS Implementation in India :Opportunities &Challenges.
- Ravat D.S (2010) – student's Guide to Accounting standards –Taxmann Publications pvt .ltd –NewDelhi.
- Revanayya kantayya IND –AS:A road map of IFRS in India ,department of commerce ,central university of Karnataka .
- Shah, k.2014. IFRS &India:Opportunities &challenges ,Global journal of multidisciplinary studies ,3(9) 165-188.

- Sunita Ajay kumar Rai (2012). "IFRS -Problems & challenges in first time adoption", International indexed referred research Journal, ISSN -2250-2556, vol.1.
 - Venkatesh .D& professor M.Venkatesh -Opportunities and challenges in Adopting IFRS in India.
 - www.ifrs.org
 - www.pwc.services.in
 - www.iasplus.com
 - www.mca.gov
 - www.icai.org
-