

# Teachers' Perspective towards Convergence of Indian Accounting Standards with IFRS

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**Abstract – IFRS are International Financial Reporting Standards, which are issued by the International Accounting Standards Board (IASB), a committee bargaining of 14 individuals, from nine distinct nations, which cooperate to create worldwide accounting standards. International Financial Reporting Standards is worldwide reporting language. Convergence of accounting standards over the globe is picking up momentum. In resulting years, numerous different nations either embraced IFRS or united to IFRS. An up and coming economy on world economic map, India, as well, chose to meet to IFRS. Most standard setting bodies have recognized that a definitive objective of convergence is to have a solitary and universally acknowledged financially reporting framework. Convergence of IFRS around the globe is happening quickly to realize accounting quality improvement through a uniform arrangement of standards for financial reporting. Financial reporting results relies upon an assortment of components that impact those results and Accounting quality does not depend just on Accounting standards but rather likewise on the organizations' by and large institutional setting, including the English Language, Legal enforcement framework, Practical expenses for usage, Market get to conditions, Taxation framework, Size of capital markets and Multinational organizations. The essential point of this paper is to know the teacher's viewpoint towards convergence of Indian accounting standards with IFRS. The present paper endeavoured to the variables affecting the convergence of Indian Accounting Standards with IFRS from academician's point of view. A market get to condition is the prime impacting factor.**

**Keywords: IFRS, Indian Accounting Standards, Convergence, Teacher**

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## 1. INTRODUCTION

In a world that is getting to be compliment continuously, for all intents and purposes everybody concurs that the development towards worldwide accounting standards is something to be thankful for. Uniform standards help upgrade the free stream of capital, encourage cross-border transactions, diminish costs for guarantors and enable speculators to make increasingly significant examinations of their venture choices. Accounting Standards are sure rules that immediate the way of legitimate application of a specific accounting rule in the readiness and introduction of the accounts of an element. Numerous such standards are accessible all through the world. Every nation is having its very own arrangement of accounting standards on one hand and International Accounting Standards business and it is seen that numerous nations for example India, Japan and so on, have made changes in the laws overseeing business to acquire worldwide flexibility. When a business goes into worldwide stage, it needs to plan and present its accounts and professional accounting bodies have drawn in themselves progress in the direction of convergence in a way that is reasonable to the world.

Accounting is called language of the business by which business can speak with the partner of the business. Every single organization ought to set up the financial articulations to speak with them by their nations Generally Acceptable Accounting Principles (GAAP). To make consistency in the all world new arrangement of exhibiting financial proclamation or the new language of accounting for the world is International Financial Reporting Standard (IFRS).

One of the ongoing improvements in the field of standard setting is the International Financial Reporting Standards (IFRS). These are principles-based Standards, Interpretations and Framework received by the International Accounting Standards Board (IASB) since its beginning in April 2001 (prior known as International Accounting Standards Committee (IASC). The IASC from 1973 (the time of its development) till 2001 have articulated upwards of 41 International Accounting Standards (IAS) and the IASB has included eight new standards. These are on the whole known as the present IFRS.

### 1.1 IFRS

"A solitary arrangement of high quality, justifiable and enforceable global accounting standards that

require high quality, transparent and comparable data in financial explanations and other financial reporting to help members on the planet's capital markets and different clients settle on economic choices"

IFRS are the accounting rules by the International Accounting Standard Board (IASB), an Independent association situated in London. Before the commencement of IASB, International Standards were issued by IASB predecessor, the IASC a body built up in 1973 through an understanding made by professional accounting bodies from Australia, Canada, France, Germany, Japan, Mexico, Netherlands, United Kingdom, Ireland. In late 1997, IASC perceived that to keep on playing out its job viably should figure out how to achieve convergence between national accounting standards and practices and high-quality global accounting standards. In 1997, IASC shaped a key working gathering that distributed a dialog paper in 1998 and last proposal in 1999. IASC Board affirmed the proposition in 1999 and the IASC part bodies in 2000. The new accounting setting body was named as International Accounting Standard Board (IASB) and since 2001 has been playing out the rule making capacity. IFRS is a general financial reporting language comprising of set of high quality, justifiable and enforceable global accounting standards.

## 1.2 International Financial Reporting Standards (IFRS) comprises of:

- IFRS Standards issued after 2001
- International Accounting Standards issued before 2001
- Interpretation started from International Financial Reporting Interpretation Committee (IFRIS) issued after 2001
- Standard Interpretation Committee (SIC) before 2001.
- IFRS is quickly picking up acceptance; starting at now 100 nations require or license to utilize IFRS. China and Canada have chosen to meet from 2008 and 2011, individually. It is additionally extremely reassuring to take note of that Institute of Chartered Accountant of India has likewise set out a roadmap to join with IFRS by 2011. Convergence will bring both happenstance and difficulties. Opportunity, which accompanies the utilization of particular financial reporting structure, facilitates access to global capital market, peer bunch correlation, cross-border procurement or vital transaction among others. Difficulties incorporate uniform elucidation and application of principles based standard.

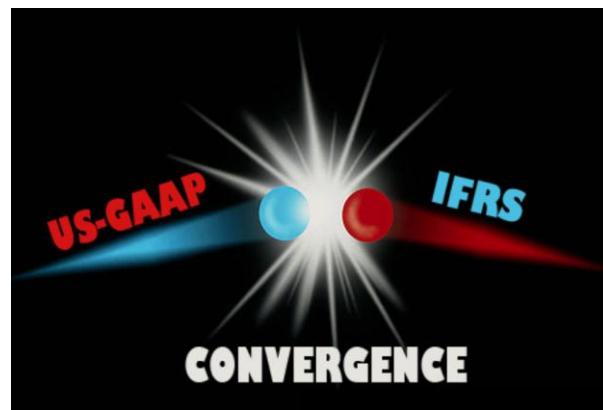


Figure 1 Convergence Of IFRS

## 1.3 Need for Convergence

The convergence of Accounting Standards is picking up importance among accounting circles. There are weights for accounting convergence. The fundamental target is arriving uniform arrangement of accounting standards. The primary purposes behind the improvement of convergence are

- International of national business concerns.
- Need of expanded outside capital.
- Growth of international markets.
- Business Process Outsourcing. (BPO)
- Development of international audit firms.

## 1.4 Opportunities from IFRS'S Convergence

International Opportunity: Indian CAs can take their professional capacities and profound information anyplace around the globe. Potential Demand of Valuation Experts: according to the IFRSs resources and liabilities are to be perceived at reasonable qualities. This reasonable valuation will require valuers. This is one new territory that can be investigated by CAs. Arrangement in Companies as IFRS authority: Companies would work along the groups of specialists and advisors. CAs would be required for deciphering the different complex issues and getting ready financial proclamations as indicated by the standards. The banking business in India which is most influenced by the usage of IFRSs will likewise require these professionals as this industry should set up its financial explanations according to the new standards. The people with mastery in international accounting standards will likewise have an edge over others in educational institutes which are running certificate diplomas and training programs around there. Proceeding with Professional Education: Intensive IFRS training should be conferred to key management staff of organizations. ICAI has made strides in such manner.

## 1.5 Challenges in Convergence with IFRS

Regardless of part of advantages delighted in by a few people, Implementation of IFRS isn't some tea for every nation. There are a few impediments and practical difficulties for the appropriation of IFRS. Noteworthy expenses of convergence: Each nation's accountants, regulators, faculty, students and auditors must learn IFRS. There ought to be pertinent reading material for learning. There ought to be legitimate foundation offices moreover.

- Legitimate and administrative necessities
- Unique auditing challenges
- Dimension of readiness
- Educating investors:
- Reasonable contrasts
- Training:
- Issue of co-activity:
- Lack of assets:
- Taxation

## 2. REVIEW OF LITERATURE

**Srivastava (2009)** underlined on "Convergence of Indian Accounting standards with IFRS: Prospects and difficulties". He opined that the convergence will deliver in abundance advantages to investors, industry, professionals and the economy all in all. India's blue-chip companies have started to adjust their accounting standards to the International Financial Reporting Standards (IFRS), at long last this can be brought about international activity of convergence of Accounting Standards to a typical standard viz International Financial Reporting Standards (IFRS) in India.

**Govindarajan (2014)**. An investigation on "Prologue to IFRS and Convergence" was finished by N. Govindarajan, in which he referenced about what is IFRS, its needs, Convergence and difficulties looked by the stakeholders. He presumed that the convergence of IFRS with Indian Standards will, obviously, advantage us.

**Suresh (2015)** underlined from his investigation on "Converging Indian Accounting standards to IFRS-A Journey towards global standards" that to know whether IFRS are useful to companies in setting up their financial statements and what are every one of the challenges associated with embedding IFRS as for India. Finally, the investigation results to evacuate the variety in benefits, international accounting standards companies independent of their areas

ought to pursue IFRS in getting ready financial statements are ordinarily accounting standards pursued by all member nations.

**Dr. C. Vijai (2018)** – Trust and transparency prompted a talk of financial reporting. Steady, comparable and reasonable financial data is the soul of trade and making venture. Remembering this, Accounting Professionals and Accounting Bodies across the globe, amid a decade ago, had attempted to set up a financial reporting framework which is fit, hearty and have broad relevance. IASB (once in the past IASC) turned out with IFRS which were received formally by members of European Union in 2005. In ensuing years, numerous different nations either embraced IFRS or converged to IFRS.

An up and coming economy on world economic map, India, as well, chose to converge to IFRS. This examination endeavours to investigate the data accessible on IFRS appropriation process in India. It additionally talks about the IFRS reception methodology in India and the utility for India in embracing IFRS. The paper examines the issues looked by the stakeholders (Regulators, Accountants, Firms and so forth.) during the time spent reception of IFRS in India. In end part, Paper draws out the routes through which these issues can be tended to.

## 3. RESEARCH METHODOLOGY

The present investigation depends on the both primary and secondary data, an exploratory in nature, was led in Visakhapatnam city.

### • Sample size

Purposive sampling technique was utilized. 98 respondents were chosen who encourage accounting and finance and taxation papers. Teachers test speak to 13 junior Lecturers, 20 Senior Lecturers, 18 Assistant professors, 21 Associate professors, and 26 Professor in this way, bringing absolute respondents' number to 98.

### • Data collection tools

A structured questionnaire containing diverse questions identifying with affecting variables of convergence of Indian Accounting Standards with IFRS has been utilized.

### • Statistical tools used

The SPSS 16.0 version was utilized to interpret and examine the information. The techniques of frequencies, rate and Garrets Ranking Technique connected to infer the outcomes.

#### 4. DATA ANALYSIS AND INTERPRETATIONS

Table 1: Age of Respondents

Age in years	Frequency	Percent
Below – 30	9	9.2
31-40	23	23.5
41-50	41	41.8
50 and Above	25	25.5
Total	98	100.0

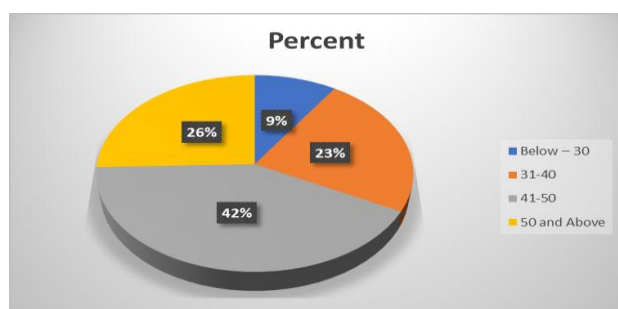


Figure 2 Age of Respondents

Table 1 presents age wise distribution of the respondents. Out of the total respondents 41.8% are in the age gathering of 41-50 years, 25.5% are in the age gathering of 50 or more years. Further, 23.5 percent are in the age gathering of 31-40 years and 9.2 percent are aged underneath 30 years.

Table 2: Gender of the Respondents

Gender	Frequency	Percent
Male	66	67.3
Female	32	32.7
Total	98	100.0

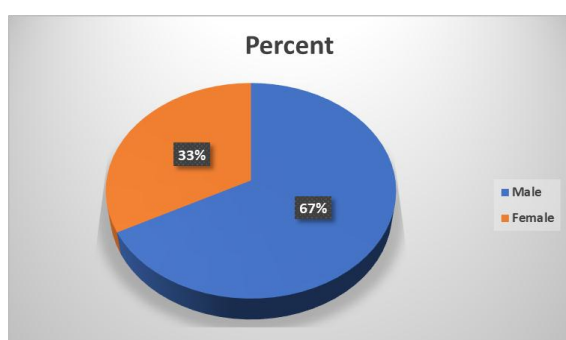


Figure 3 Gender of The Respondents

Table 2 portrays gender-wise distribution of respondents. It very well may be seen from the example that majority of the respondents i.e., 66 out of 98 total respondents speaking to 67.3 percent has a place with male category while the rest of the 32 respondents speaking to 32.7 percent has a place with female category.

Table 3: Educational Qualifications of the Respondents

Educational Qualifications	Frequency	Percent
Ph.D.	53	54.1
M.Phil.	15	15.3
Master	30	30.6
Total	98	100.0

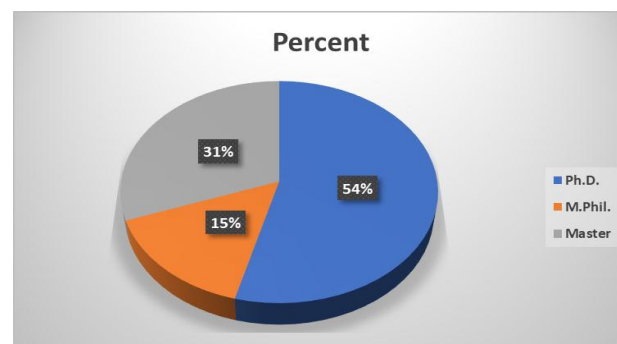


Figure 4 Educational Qualifications of the Respondents

Educational Qualifications of the sample respondents is displayed in table: 3. Out of the total sample 53 respondents speaking to 54.1 percent have Ph.D. as their academic qualification, trailed by 30 respondents speaking to 30.6 percent are having Master's Degree as their academic qualification and 15 respondents' speaking to 15.3 percent have M.Phil. Degree as their academic qualification.

Table 4: Professional Qualifications of the Respondents

Professional Qualifications	Frequency	Percent
Commerce	91	92.9
Management	7	7.1
Total	98	100.0

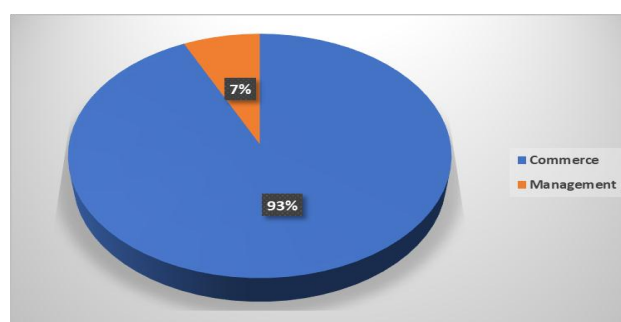


Figure 5 Professional Qualifications of the Respondents

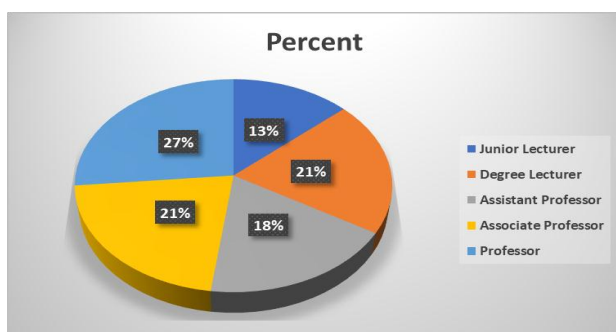
Table 4: delineates the Professional Qualifications of the Respondents. It very well may be seen from the sample that majority of the respondents i.e., 91 out of 98 total respondents speaking to 92.9 percent



have Commerce as their Professional Qualifications while the rest of the 7 respondents speaking to 7.1 percent have Commerce as their Professional Qualifications.

**Table 5: Designation of the Respondents**

Designation	Frequency	Percent
Junior Lecturer	13	13.3
Degree Lecturer	20	20.4
Assistant Professor	18	18.4
Associate Professor	21	21.4
Professor	26	26.5
Total	98	100.0

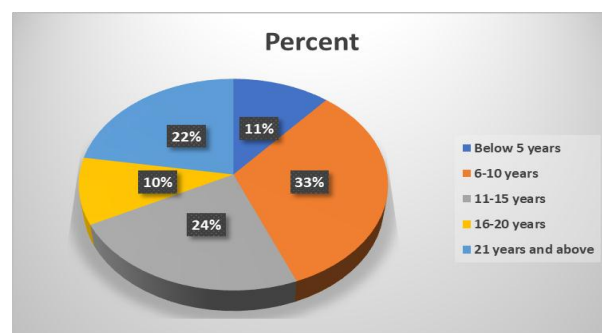


**Figure 6 Designation of the Respondents**

Table 5 demonstrates the Designation of the respondents. Out of the total sample 26 respondents speaking to 26.5 percent their designation is Professor, trailed by 21 respondents speaking to 21.4 percent their designation is Associate Professor, while 20 respondents speaking to 20.4 percent their designation is Degree Lecturer, 18 respondents speaking to 18.4 percent their designation is Assistant Professor and the rest of the 13 respondents speaking to 13.3 percent their designation is Junior Lecture.

**Table 6: Work Experience**

Work Experience	Frequency	Percent
Below 5 years	11	11.2
6-10 years	32	32.7
11-15 years	23	23.5
16-20 years	10	10.2
21 years and above	22	22.4
Total	98	100.0



**Figure 7 Work Experience**

Table 6: shows the Work Experience of the respondents. Out of the total sample 32 respondents 32.7 percent speaking to their work experience is 6-10 years pursued by sample 23 respondents 23.5 percent speaking to their work experience is 11-15 years, while 22 respondents 22.4 percent speaking to and 11 respondents 11.2 percent speaking to their work experience is 21 years or more and underneath 5 years and 10 respondents 10.2 percent speaking to their work experience is 16-20 years.

There are seven elements were distinguished to study the affecting components the convergence of Indian Accounting Standards with IFRS from academicians point of view. The elements are English Language, Legal enforcement framework, Practical expenses for execution, Market access conditions, Taxation framework, Size of capital markets and Multinational companies. The respondents were solicited to rank the affecting elements from convergence of Indian Accounting Standards with IFRS as per effect of selection of IFRS in India.

#### • Garrett's ranking

Garrets Ranking Technique has been utilized to investigate rank the affecting components of convergence of Indian Accounting Standards with IFRS as per effect of reception of IFRS in India. Under the Garrett's Ranking Technique, the percentage position is determined by utilizing the accompanying formula:

$$\text{Percentage position} = \frac{100 (R_{ij} - 0.5)}{N_j}$$

Where  $R_{ij}$  = Rank given for  $i^{\text{th}}$  variable by the  $j^{\text{th}}$  respondent.

$N_j$  = Number of factors ranked by the respondents.

The respondents were approached to rank the seven factors recognized with the end goal of this investigation as 1, 2, 3, 4, 5, 6 and 7 so as to know rank the impacting factors of convergence of Indian

Accounting Standards with IFRS. The determined percentage positions for the ranks 1, 2, 3, 4, 5, 6, and 7 and their comparing Garrett's table qualities are given in Table 7.

**Table 7: Percentage Positions and Their Corresponding Garrett's Values**

Rank	Percentage Position	Garrett's table value
1	$100(1-0.5)/7 = 7.14$	79
2	$100(2-0.5)/7 = 21.43$	66
3	$100(3-0.5)/7 = 35.74$	57
4	$100(4-0.5)/7 = 50$	50
5	$100(5-0.5)/7 = 64.29$	43
6	$100(6-0.5)/7 = 78.57$	34
7	$100(7-0.5)/7 = 92.86$	21

Table 7 demonstrates the percentage positions for the ranks 1, 2, 3, 4, 5, 6 and 7 and their relating Garrets table qualities. For Rank1, the determined percentage position is 7.14 the table esteem is 79.

This esteem is given in the Garrets ranking table for the percentage 6.81, which is close 7.14. As like for all the determined percentage positions, the table qualities are alluded from Garrett's ranking table.

**Table 8: Ranks for Influencing Factors of Convergence of Indian Accounting Standards with IFRS**

S. No.	Factor	Ranks							Total No. of respondents	Total Score	Mean Score	Rank
		1	2	3	4	5	6	7				
1	English language	3	20	18	10	28	12	7	98	4842	49.41	V
2	Legal enforcement system	5	12	21	10	27	14	9	98	4710	48.06	VI
3	Practical costs for implementation	18	12	18	10	22	12	6	98	5220	53.26	II
4.	Market access conditions	20	7	16	12	25	10	8	98	5599	57.13	I
5.	Taxation system	12	20	8	18	20	6	14	98	4982	50.84	III
6.	Size of capital markets	8	14	10	17	23	14	12	98	4693	47.89	VII
7.	Multinational companies	7	17	15	16	21	12	10	98	4893	49.93	IV

**Note:** For affecting factors the total score is determined by multiplying the quantity of respondents ranking that factor as 1, 2, 3, 4, 5, 6 and 7 by their particular table qualities given in Table II. Mean score is determined by isolating the total score by the quantity of respondents.

Table 8 demonstrates the quantity of respondents ranking the factors as 1, 2, 3, 4, 5, 6 and 7 for the inclination for the chose brand of Talcum powder. This table likewise demonstrates the total score and the mean score.

It is seen from Table.8 that as indicated by the Garrett ranking, the impacting factors which incites the respondents to assessment to convergence of Indian Accounting standards with IFRS are in a specific order in particular Market access conditions, Practical expenses for implementation, Taxation system, Multinational companies, English language, Legal enforcement framework, Size of capital markets.

## 5. CONCLUSION

IFRS is a solitary language of accounting which is particularly useful for the arrangement and presentation. Diverse individuals' conclusions distinctively for the selection of IFRS. The changing over to IFRS is a noteworthy test, however it is additionally an open door for audit firms to survey their projects, methods and practices to make them increasingly compelling and productive. Like any significant move, the changeover won't be simple and will require extensive assets and time. Great arranging will be critical to adapt to the conspicuous increment in outstanding task at hand and to keep up the quality of administrations advertised. Accounting cooperation, legitimate technique and viable initiative is required. IFRS has today turned into an all-inclusive financial reporting language through which all the global companies are speaking with its global investors as opposed to having a disparate arrangement of standards connected diversely in various nations. Convergence of IFRS around the globe is happening quickly to realize accounting quality improvement through a uniform arrangement of standards for financial reporting. Financial reporting results relies upon an assortment of factors that impact those results and Accounting quality does not depend just on Accounting standards but rather additionally on the organizations' by and large institutional setting, including the English Language, Legal enforcement framework, Practical expenses for execution, Market access conditions, Taxation framework, Size of capital markets and Multinational companies.

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