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Awareness & perception of chartered accountants & tax practitioner for the adoption of IFRS in Vijayapur districts

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Abstract
In the present era of globalization, more than 3600 multinational companies are establishing their businesses in the different sectors in India. These Indian business firms are presenting financial statements as per IFRSs, Indian GAAPs, USGAAPs, Japan GAAP, etc., With a view to avoid this kind of inconvenience, the accounting bodies across the world are working towards a standard set of accounting policies, valuation norms and disclosure requirements. In this scenario there is a requirement of transition from Indian GAAP to IFRS for India in all the sectors. An upcoming economy on world economic map, India, too, decided to converge with IFRS by developing a standard called Indian AS. The purpose of the present paper is to know the awareness & perception of chartered accountants & tax practitioner for the adoption of ifrs in vijayapur districts in India and to know the impact of IFRS Convergence on Different Sectors. The researcher found that the different ways of understanding about IFRS and the results shows that there is a high requirement of knowledge as well as training towards IFRS and also results shows that a Lot of positive response from the different sectors towards the implementation process.

Keywords: IFRS, standard setting, uniform accounting standards, financial reporting

Introduction
The International Accounting Standards Board (IASB) is an independent, private-sector body that develops and approves International Financial Reporting Standards (IFRSs). The IASB operates under the oversight of the IFRS foundation. The IASB was formed in 2001 to replace the International Accounting Standards Committee. From 1 July 2012, the IASB has 16 members.

Role of IASB
Under the IFRS Foundation Constitution, the IASB has complete responsibility for all technical matters of the IFRS Foundation including:

- Full discretion in developing and pursuing its technical agenda, subject to certain consultation requirements with the Trustees and the public.
- The preparation and issuing of IFRSs (other than Interpretations) and exposure drafts, following the due process stipulated in the Constitution.

The approval and issuing of Interpretations developed by the IFRS Interpretations Committee International Accounting Standards Board (IASB) framed International Financial Reporting Standards (IFRS) for creating uniformity in Accounting all over the world. International Financial Reporting Standards (IFRS) adopted by International Accounting Standards Board (IASB) is a standardized format of financial reporting that is gaining momentum worldwide and is a single consistent accounting framework and is likely to become predominant GAAP in times to come. In this world of globalization in which Indian economy has also flourished, adopting IFRS would not only make Indian companies at par with other global companies but shall also increase India's marketability globally in terms of foreign investments.

Litrature review
S.P. Srivastava and Sanjay Kumar Patel in their paper they explained Consistent, comparable and understandable financial information is the lifeblood of commerce and making investment. The idea of global harmonization of accounting standards stems from lack of comparability of financial statements across the country. The main fascination with adoption or convergence of IFRS is sound business sense. Increasing cross border investing and proliferation of financial products have posed a challenge to companies as they faced multiple standards. Harmonization and convergence with IFRS can greatly contribute to the efforts to build global financial reporting infrastructure. This resulted in international initiative of convergence of Accounting Standards to a common standard viz. the International Accounting Standards/ International Financial Reporting Standards (IFRS). In India the Institute of Chartered Accountants of India (ICAI) has decided to adapt IFRS for accounting periods commencing on or after April 1, 2011. This decision is an important milestone in achieving full convergence with IFRS, as India will join 109 countries which presently require or permit use of IFRS. By 2011, this number is expected to reach 150. This analytical article deals with concept, objective and benefits of convergence with IFRS and explores the way how we converge the Indian GAAP with IFRS. Problems and challenges faced in the process of convergence in Indian perspective have been thoroughly discussed. This article also focuses on IFRS prospects in Indian scenario. This article puts forward a view point that convergence will bring forth galore benefits to investors, industry,

professionals and the economy as a whole. India's blue-chip companies have begun to align their accounting standards to the International Financial Reporting Standards (IFRS), two years ahead of the mandatory time for the switchover. The list of companies includes IT firms like Wipro, Infosys Technologies and NIIT, automakers like Mahindra & Mahindra and Tata Motors; textile companies like Bombay Dyeing and pharma firm Dr Reddy's Laboratories. This is a significant move towards the emergence of IFRS as a global accounting language.

Dr A Vinayaga Moorthi has discussed about IFRS in Indian scenario, from his paper it can be seen that in 1991, the Narashima Rao government was announced liberalization, privatization and globalization (LPG) in India. The Introduction of International Financial Reporting Standards (IFRS) is closely related to the entire issue of globalization because it has changed close economy into open economy. The implementation process of International Financial Reporting Standards (IFRS) gained wide interest in the field of financial accounting research community in India. The International Financial Reporting Standards (IFRS) represents a essential change in accounting for transactions and reporting of financial statements and it is one of the recent Developments in the field of accounting, with the aim of making accounts more consistent, In India the date of implementation has been postponed from April 2011 to April 2015. Hear after India has no further escape route and the mind-set has to change for IFRS. But the process of convergence with IFRS has been making a slow but steady progress till now.

Ball (2006) points out that the adoption of IFRS, now in more than 100 countries, although driven by global integration of markets, may not produce high quality financial statements in practice because of political and legal barriers to successful implementation at the country level. Studies show both country-level and firm-level factors are important determinants of governance choices (including disclosures) (Doidge, Karolyi & Stulz, 2007) and voluntary IFRS adoption (Francis, Khurana, Martin, & Perera, 2008). Ball, Robin & Wu (2003) show that, in four Asian countries (Hong Kong, Malaysia, Singapore & Thailand), firms report earnings which are less timely in terms of loss recognition than earnings in some common law countries (Australia, Canada, UK, USA) but about the same as in some code-law countries (France, Germany, Japan). They argue that poor timeliness of earnings in the four Asian

Objectives of the study

- To gain the basic knowledge of IFRS
- To know the awareness of IFRS adoption on various key accounting aspects
- To understand the perception of accounting practitioners on IFRS adoption.

Type of research

Exploratory research method has been employed for the study. An attempt has been made to know the awareness and understand the perception of accounting practitioners on IFRS adoption on key accounting aspects

Population

The study population constitutes all tax practitioners and chartered accountants in Vijayapura City.

Sampling Method and Sample

25 (Twenty Five) respondents have been selected (Including tax practitioners and chartered accountants) based on convenient sampling.

Sources of Data

The study is based on primary data. This data have been collected from questionnaire prepared by researcher.

IFRS (International Financial Reporting Standards) Needs of IFRS

- IFRS Standards address this challenge by providing a high quality, internationally recognised set of accounting standards that bring transparency, accountability and efficiency to financial markets around the world.
- IFRS Standards bring transparency by enhancing the international comparability and quality of financial information, enabling investors and other market participants to make informed economic decisions.
- IFRS Standards strengthen accountability by reducing the information gap between the providers of capital and the people to whom they have entrusted their money. Our Standards provide information that is needed to hold management to account. As a source of globally comparable information, IFRS Standards are also of vital importance to regulators around the world.
- And IFRS Standards contribute to economic efficiency by helping investors to identify opportunities and risks across the world, thus improving capital allocation. For businesses, the use of a single, trusted accounting language lowers the cost of capital and reduces international reporting costs.
- IFRS was successful in creating a common accounting language for capital markets.
- International Financial Reporting Standards (IFRS) is a set of accounting standards developed by an independent, not-for-profit organization called the International Accounting Standards Board (IASB).
- The goal of IFRS is to provide a global framework for how public companies prepare and disclose their financial statements. IFRS provides general guidance for the preparation of financial statements, rather than setting rules for industry-specific reporting.
- Having an international standard is especially important for large companies that have subsidiaries in different countries. Adopting a single set of world-wide standards will simplify accounting procedures by allowing a company to use one reporting language throughout. A single standard will also provide investors and auditors with a cohesive view of finances.
- Currently, over 100 countries permit or require IFRS for public companies, with more countries expected to transition to IFRS by 2015. Proponents of IFRS as an international standard maintain that the cost of implementing IFRS could be offset by the potential for compliance to improve credit ratings.
- IFRS is sometimes confused with IAS (International Accounting Standards), which are older standards that IFRS has replaced.

Analysis and Interpretation

1) Are you aware of IFRS?

Table 1

Particulars	Number
Yes	8
No	2
Total	10

Interpretation

Table 1 depicts that portion of tax practitioners and charted accountants towards the awareness of IFRS. Out of the total population 80% people are aware about the IFRS practice and 20% of the people are yet to be aware regarding the practice.

2) Do IFRS require in India

Table 2

Particulars	Number
Yes	6
No	4
Total	10

Interpretation

Above graph depicts that practitioners are in need of IFRS. 70% of the total population are willing to get converge to the new accounting system of IFRs and most of the population us yet to be like into the existing system.

3. Do you think auditors, accountants and accounting students are ready for the convergence to IFRS?

Table 3

Particulars	Number
Yes	3
No	7
Total	10

Above graph 3 depicts that practitioners willingness towards acceptance of IFRS. Out of the total population 70% of the people are ready to converge in to IFRS practice where has the rest portion is not ready to accept the practice because of the new method and technique.

4. Do you believe that existing accounting software are compatible with IFRS?

Table 4

Particulars	Number
Yes	3
No	7
Total	10

The graph shows that compatibility towards existing accounting software with IFRS because lack of awareness and training system it proves that there is no compatibility with IFRS software. Maximum portion of the population feels that there is no compatibility with existing software.

5. What will be the impact of IFRS on Total Assets?

Table 5

Particulars	Numbers
Increase in value of Total Assets	5
Decrease in value of Total Assets	4
Change in return on Total Assets	1
Total	10

Interpretation

The above graph depicts that portion of respondents' opinion towards impact on Total Assets by IFRS implementation. Where has 52% of the respondents feels that there is an increase in value of Total Assets, 36% of the total respondents feel that there is a decrease in value of Total Assets and the rest 12% of respondents feels that there is no change in return on Total Assets.

6. What will be the impact of IFRS on Profitability?

Table 6

Particulars	Numbers
Add on the value of Profitability	6
Downfall in the value of Profitability	3
No change in the value of Profitability	1
Total	10

Interpretation

The above graph depicts that impact of IFRS adoption on the profitability of the companies. Where has the 60% practitioners feel that there is an add on the value of profitability, 28% of respondents feel that there is a downfall in the value of the profitability and the rest the 12% portion of respondents feels that there is no change in the addition or downfall in the profitability of the companies.

7. What will be the impact of IFRS on Tax liability?

Table 7

Particulars	Numbers
Increase in the Tax liability	4
Decrease in the Tax liability	2
No impact on the Tax liability	2
Total	10

Interpretation

The above graph shows that impact on the tax liabilities of the company by IFRS. Where the tax practitioners has reveals that 40% of the respondents feel that there is an increase in the Tax liability, 36% of them feel that there will be negative impact ability by the adoption and the rest 24% of the respondents reveals there is no impact of IFRS on tax liability.

8. Do you think IFRS adoption can ensure more disclosure practices and transparency in Indian companies?

Table 8

Particulars	Number
Yes	10
No	0
Total	10

Interpretation
The above table shows that tax practitioners and charted accountants feels that there will be transparency through practice of IFRS implementation in Indian companies.

9. Do you agree that convergence with IFRS brings better access to capital market

Table 9

Particulars	Number
Yes	7
No	3
Total	10

Interpretation
The above graph shows that respondents opinion regarding better access to capital market through the implementation of IFRS adoption in Indian companies.

10. IFRS requires immediate change in Indian company laws or regulations

Table 10

Particulars	Number
Yes	6
No	4
Total	10

Interpretation
The above graph depicts that 48% of respondents feels that adoption of IFRS require change in rules and regulations in Indian companies and the rest 52% of the respondents wish the existing system to be continued with new adoption too.

11. IFRS requires immediate change in Indian tax accounting policies and practices

Table 11

Particulars	Number
Strongly agree	3
Agree	2
Neutral	2
Disagree	2
Strongly disagree	1
Total	10

Interpretation
The above graph shows that implementation of IFRS require there is a change to be done in the existing tax accounting policies and practices which helps in for simple way and benefits in adoption as well practice.

12. IFRS requires immediate change in Indian SEBI regulations

Table 12

Particulars	Number
Strongly agree	5
Agree	2
Neutral	2
Disagree	1
Strongly disagree	0
Total	10

Interpretation
The above graph shows that there need to be change in rules and regulations of the SEBI because the new system of adoption will brings several changes in accounting practices and forms several changes in formations in order of that the regulation of SEBI guidelines has to be changed.

13. Inadequate training facilities at an affordable cost is a roadblock to IFRS

Table 13

Particulars	Number
Strongly agree	5
Agree	2
Neutral	2
Disagree	1
Strongly disagree	0
Total	10

Interpretation
The above table depicts that due to inadequate training facilitates lending to the practitioners is leading to roadblock of IFRS in India because of lack of training has leaded to least in awareness.

14. IFRS based financial statements will not provide a fair picture of financial position of companies in countries suffering from hyper-inflation.

Table 14

Particulars	Number
Strongly agree	4
Agree	3
Neutral	2
Disagree	1
Strongly disagree	0
Total	10

Interpretation
The above table depicts that respondents feel that IFRS based financial statements will not provide a fair picture of financial position of companies in countries suffering from hyper inflation

where has it shows implementation of IFRS is costlier than other accounting system.

15. IFRS implementation is likely to increase work burden of practitioners.

Table 15

Particular	Number
Yes	6
No	4
Total	10

Interpretation

The above table shows that adoption of IFRS will increase the burden of accountant/ auditors due to the inadequate training facilities and improper guidance.

16. IFRS has increased complexities in preparing financial statements thereby increased the risk of errors and omissions

Table 16

\Particulars	Number
Strongly agree	2
Agree	5
Neutral	3
Disagree	0
Strongly disagree	0
Total	10

Interpretation

The above graph shows that adoption of IFRS will increase complexities in preparing financial statements thereby increased the risk of errors and omissions because of lack of training and new techniques of IFRS is difficult to follow.

17. First time adoption will impair the quality of first financial statements and will also affect the quality of the financial statements

Table 17

Particulars	Number
Strongly agree	2
Agree	5
Neutral	2
Disagree	1
Strongly disagree	0
Total	10

Interpretation

The above table shows that the first time adoption of IFRS will impair the quality of first financial statements and will also affect the quality of the financial statements because of lack training facilities as well the method new adoption will consume more time.

Findings

- It is found that awareness of IFRS has raised around 80% of Tax practitioner and Charted Accountants have knowledge regarding new accounting system IFRS.
- The study reveals that most of the practitioners (70%) are in need of IFRS.
- It is found to be all the practitioners are willing to get converge in to new accounting system i.e. IFRS which is more flexible and transparent.
- Study shows that there is no compatibility in existing accounting software with IFRS because of lack of proper awareness and knowledge it is not so familiar yet.
- Half portion of the respondents reveals that there is impact on the Total assets of companies by the adoption of IFRS and 35% respondents feel that there is negative impact on the assets.
- 60% of the respondents reveal that there is add on the profitability of the companies by the adoption of IFRS which will make more flexible and easier.
- Due to adoption of IFRS the respondents feel that there is an impact on the tax liability of the company where has the more transparency will reduce the loopholes in the company.
- It is found to be there is 100% IFRS adoption can ensure more disclosure practices and transparency in Indian companies.
- It shows that respondents opinion regarding better access to capital market through the implementation of IFRS adoption in Indian companies.
- 50% of the respondents wish the existing system to be continued with new adoption of IFRS they need the existing rules and regulation to be continued with the same.
- It shows that implementation of IFRS require a change to be done in the existing tax accounting policies and practices.

Conclusion

To spread the positive framework regarding implementation of IFRS and smooth convergence the ICAI regulatory bodies have taken several measures. The need is to have a systematic approach to make the corporate entities and the investors to prepare them to adopt the standards. Corporate houses need to gear themselves for continuous updation. Ensuring a qualitative corporate financial reporting depends on effective control and enforcement mechanism. The corporate and audit financial statement in accordance with IFRS. The regulation and law maker must implement efficient monitoring changes in the existing laws for IFRS implementing process.

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