



## “A study on challenges and benefits of implementation of Ind AS”

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**Abstract:** A good financial reporting system is the most important factor to run a Business effectively. Keeping this in mind, Accounting Professionals and Accounting Bodies of every country have its own separate accounting guidelines .Each country prepared its financial statement as per their accounting standards. As the world globalize, most of the countries doing trade and operations in across the boundaries . Therefore entities need to prepared different sets of accounts as per that country requirement in which country it is operating results in complexity to users in understanding and comparison. It creates the need for single set of accounting standards for all. IASB (formerly IASC) introduced IFRS initially it was adopted by European countries afterwards other countries also adopted IFRS or converged IFRS. In India the Institute of Chartered Accountants of India (ICAI) is playing considering role in implementation of IFRS in three phase manner .IFRS has not adopted as it is but it converged as per Indian environment and named Ind AS. This paper deals with the benefits and Challenges faced by accountants regarding implementation of Ind AS in india.

## 01.Introduction:

Now a days companies want to work internationally, because of this globalization rate and growth is increasing constantly across the world. Ind AS provides global listing. Ind AS also helps for global comparability of financial statements. Ind AS increase the investors ability to compare investments universally. Even developing countries and developed countries are making every effort for mobilizing the finance from domestic as well as from worldwide sources for attainment of their goals of development and expansion economically and socially. Availability of relevant information of potential targets of investment plays a very crucial role for channelising the investments from various domestic and worldwide sources, for conducting assessment of risk and also for making suitable investment decisions. Attracting investors become difficult and more competitive day-by-day. The entities whose financial statements are more comparable, understable and reliable are likely to attract more investors worldwide. Reliability, transparency and comparability in financial reporting significantly influence the investment decisions of investors. However, all the countries use their countries accounting standards, which make difficult for the investors in order to compare the investment opportunities of different countries. Additionally, constant increase in rate of globalization and interdependency on global financial markets necessitate and demanded the harmonization of standards of financial reporting across the globe.

Indian Accounting Standard is the accounting standard adopted by companies in India and issued under the supervision of Accounting Standards Board (ASB) which was constituted as a body in the year 1977. ASB is a committee under Institute of Chartered Accountants of India (ICAI) which consists of representatives from government department, academicians, other professional bodies viz. ICAI, representatives from ASSOCHAM, CII, FICCI, etc. ICAI is an independent body formed under an act of parliament.

## 02. REVIEW OF LITERATURE :

**Dutta, A., et.al, (2020)** provided insights to the impact of Ind AS Adoption on the financial position and opined that Ind AS adoption and implementation provided benefits like access to global capital markets, developed and updated accounting standards; Ind ASs are positively affecting the financial position of the reporting companies.

**Sharma, S. N., & Gautam, H. C. (2020)** assessed the usage and compliance of Ind AS by the State Public Sector Undertakings (SPSU) of Assam state for the financial years 2016-17 to 2018-19. and concluded that sector wise and company wise analysis of Ind AS compliance has showed that all the companies failed to comply with all the Ind AS in all the financial years during the research period.

**Dutta, A., & Dutta, S. (2021)** researcher point out the reasons for convergence of IFRS instead of adoption of IFRS, identified the challenges and benefits involved in adoption of Ind AS instead of IFRS, evaluated the implicational differences between Ind AS and IFRS. Researcher gave insight that ICAI and ASB converged IFRS with IGAAP and Ind AS fulfilled the entire requirement accepted in national as well

as international platform. Investors and stakeholders also appreciated because Ind AS are more or less same to international reporting standards.

### **03. STATEMENT OF THE PROBLEM**

This study explores accountants perceived benefits and challenges regarding the implementation of Ind AS, a Important trend in the globalization of financial reporting. Through a survey of 50 accountants , the research assesses their awareness, understanding, and the perceived benefits and challenges of adopting Ind AS. Findings reveal that while most accountants acknowledge the advantages—such as improved comparability and transparency—many face challenges related to the complexity of the standards and the need for further training. Hence this study is conducted to get clarity regarding perception of accountants towards implementation of Ind as.

### **04.OBJECTIVES OF THE STUDY**

1. To discuss the theoretical background of Accounting standards.
2. To study the conceptual framework of Indian Accounting Standards.
3. To identify and examine the perceptions of Auditors and Accountants on Indian accounting standard issued by ICAI.

### **05. SCOPE OF THE STUDY**

This study explores the theoretical background of the accounting standards in india and Ind AS, IFRS, and also considers the auditors and accountants perceived benefits and challenges towards the implementation of Ind AS in India., The data collected through structured questionnaires in shivamogga district

### **06. NEED FOR THE STUDY**

The present study tries to identify the perception towards benefits and challenges of implementation of Ind AS from accountant points of view, by considering both practicing Auditors and professional accountants as research study samples. Even though many research conducted, majority of the study was conducted in the outside countries and also in outside the state but not many studies could be referred to as related to Indian accounting scenario. Hence, the present study attempted to understand the fresh and clear opinion of practicing auditors and professional accountants on the level of acceptance and adherence to the Indian Accounting Standards regarding benefits and challenges of implementing Ind AS.

## 07. RESEARCH METHODOLOGY

Research Methodology is a methodology to collecting all Forms of information and data pertaining to the research. The objectives is to examine all the issues involved and conduct situational analysis. The methodology includes the overall research design ,sampling procedure and fieldwork done and finally the analysis procedure. The study contains

- Primary Data and
- Secondary Data

primary Data• primary data is collected through 50 sample respondents from shivamogga district in order to examine the respondents perceived benefits challenges from implementation of Ind AS in india.

Secondary Data Collected through various journals, newspapers, and magazine.

## 8. ANALYSIS OF THE STUDY:

### 8.1 Classification of respondents on the basis of their opinion towards the benefits associated with Ind AS.

Particulars		Very much	Much	Neutral	Some What	Not at all
Improved access to international Capital market	Frequency	26	20	9	0	0
	Percent	42.0	40.0	18.0	0	0
Low cost of Capital	Frequency	10	24	11	1	4
	Percent	20.0	48.0	22.0	2.0	8.0
Benchmarking with global peer	Frequency	18	16	12	2	2
	Percent	36.0	32.0	24.0	4.0	4.0
Enhanced brand value	Frequency	11	23	8	3	5
	Percent	22.0	46.0	16.0	6.0	10.0
Avoidance of multiple Reporting	Frequency	11	24	9	2	4
	Percent	22.0	48.0	18.0	4.0	8.0

From the above table it is clear that regarding the benefits of implementation of Ind AS out 50 respondents

40% of respondents opined that implementation of Ind AS helps to Improved access to international capital market,

36% agreed that implementation of Ind AS helps to Benchmarking with global peer,

46% agreed that implementation of Ind AS helps to enhanced brand value, and

48% opined that implementation of Ind AS Avoids multiple reporting the entities.

**Table 8.20 classification of respondents on the basis of their opinion towards the benefits for Chartered Accountants from implementation of IndAS in India.**

Particulars		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Implementation of Ind AS provides scope for CA to enhance their knowledge and skills about global level accounting standards	Frequency	10	12	9	16	3
	Percent	20.0	24.0	18.0	32.0	6.0
Implementation of Ind AS provides opportunities for chartered accountants to serve at global level	Frequency	9	12	8	18	3
	Percent	18.0	24.0	16.0	36.0	6.0

From the above table it is clear the out of 50 respondents for the statement of ‘Implementation of Ind AS provides scope for Chartered accountants to enhance their knowledge and skills about global level accounting standards’, 20% of respondents are strongly Disagreed, 24% of them are Disagreed, 18% of them are having Neutral pinion, 32% of them are agree, 6% of them are strongly agree for the above statement.

‘Implementation of IndAS provides opportunities for chartered accountants to serve global level’, 18% of respondents are strongly Disagreed, 24% of them are Disagreed, 16% of them are having Neutral opinion, 36% of respondents are agreed, 6% of them are strongly agreed for the above statement.

**Table 8.3 classification of respondents on the basis of their opinion towards the challenges for Chartered Accountants from implementation of IndAS in India.**

Particulars		Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
Implementation of Ind AS poses challenges to Chartered accountants with respect to learning and development	Frequency	20	14	7	7	2
	Percent	40.0	28.0	14.0	14.0	4.0
Implementation of Ind AS would pose serious challenge to the chartered accountants with respect to first time reporting Implementation	Frequency	12	14	14	8	2
	Percent	24.0	28.0	28.0	16.0	4.0
Non applicability of Ind AS for the smaller companies creates problem for chartered accountants that they have to follow two different set of standards i.e., IGAAP and IndAS	Frequency	17	13	13	5	2
	Percent	34.0	26.0	26.0	10.0	4.0

**(Sources: Primary data)**

### Interpretation:

- From the above table it is clear that out of 50 respondents for the statement of 'Implementation of Ind AS poses challenges to Chartered accountants with respect to learning and development', 40% of respondents are strongly Disagreed, 28% of respondents are Disagreed, 14% of respondents are having Neutral opinion, 14% of respondents are agreed, 4% of respondents are strongly agreed for the above statement.
- From the above table it is clear that out of 50 respondents, for the statement of 'Implementation of Ind AS would pose serious challenge to the chartered accountants with respect to first time reporting implementation', 24% of respondents are strongly Disagreed, 28% of respondents are Disagreed, 28% of respondents are Neutral, 16% of respondents are agreed, 4% of respondents are strongly agreed for the above statement.

- From the above table it is clear that out of 50 respondents for the statement of 'Non applicability of Ind AS for the smaller companies creates problem for chartered accountants that they have to follow two different set of standards i.e., IGAAP and Ind AS', 34% of respondents are strongly Disagreed, 26% of respondents are Disagreed, 26% of respondents are Neutral, 10% of respondents are agreed, 4% of respondents are strongly agreed for the above statement.

### 09. FINDINGS OF THE STUDY:

The majority of the respondents opined that implementation of Ind AS Helps to Improved access to international market

- The respondents overall knowledge of IndAS is moderate
- 8% of respondents opined that there is no changes in cost of capital even though implementation of Ind AS
- The majority of the respondents opined that implementation of Ind AS Helps to Improve the brand value. And 14% of respondents agreed that Implementation of Ind AS poses challenges to Chartered accountants with respect to learning and development.
- some of respondents agreed that Implementation of Ind AS poses challenges to Chartered accountants with respect first time reporting implementation.

### 10. SUGGESTIONS :

In order to boost the confidence among accountants regarding Ind AS, the ICAI and government bodies must provide proper training, conducting seminar and workshops on Ind AS it helps to overcome the challenges of implementation of IND AS. And also ICAI Should Improve the E learning platform to reach the education regarding Ind AS, There is need for further improvements in the context of IndAS to simplify the usage and application. Ind As must be in curriculum in effective manner so student will be aware about global standards and compatible in dynamic environment.

### 11. CONCLUSION:

The transition journey towards Indian GAAP to Ind AS is not easy but at the same time it benefited the users at maximum level. Accounting Statement prepared according to IFRS enhance understandability, uniformity, comparability and reduce the dual set of accounting statement of companies which have operations in another country. The proper set up process has requires a complete change in formats of accounts, accounting policies and disclosure requirements. So, all parties concerned with financial reporting also need to share the responsibility of international harmonization and convergence because Ind AD is a principle based approach rather than a rule based approach. All accounting professional requires to attain the knowledge of IFRS for smooth functioning of convergence process

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