A Study of Recent Accounting Trends in India's Corporate Sector with Special Reference to International Financial Reporting Standards

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ABSTRACT

Accounting is the process of keeping track of monetary transactions and data in a structured, consistent, and understandable style so that stakeholders in a business or organization may make informed economic decisions. Early forms of accounting used clay tokens to keep track of products and livestock, but the discipline has since evolved into a sophisticated system for recording a wide variety of financial transactions and details. The first step toward IAS, or International Accounting Standards, was done in 1959. Since then, accounting groups and others have collaborated to form the International Accounting Standards Committee. In 1997, the IASC was restructured to better enable the convergence of various national accounting standards and practices toward a single, high-quality set of global accounting standards. Established in 1973, it issued the foundational documents for what is now known as International Accounting Standards until the year 2000. As the International Accounting Standards Committee (IASC) was abolished in 2001, the International Accounting Standards Board (IASB) was tasked with publishing international accounting standards. The integration of global financial markets and the need of investors for more uniformity in the financial reports of multinational firms both demand the globalization of IFRS.

Keywords: accounting, trends, corporate sector, international, financial reporting, standards

I. INTRODUCTION

Financial transactions and their outcomes can be communicated using the "language of business," accounting. To effectively gather, analyze, and disseminate financial data, an organization needs accounting. Money and accounting go back to ancient times. In the beginning, when the volume of transactions was low, it was possible for all parties involved to maintain their records for a given time frame (Abad, 2018). Depending on the organization's size, kind, volume, and other factors, a bookkeeper may be required to keep financial records following a set of accounting principles and standards defined by an accountant. Accounting allows us to ascertain whether or not the company made a profit during a given time frame. It's useful for looking at how things have gone in the past so we can better predict how things will go in the future (Bassemir, 2018). Accounting is the process of keeping track of, categorizing, and summarizing monetary transactions and events so that the findings may be understood and used in decision-making. Some examples of such choices include deciding whether or not to launch a business, how to grow that firm, what kind of employees to hire, whether or not to close the business, whether or not to invest in securities, how to set monetary and fiscal policy, and so on (Kajüter, 2017).

Modern Professional Accounting

There are now thousands of accountants across the globe, as well as several professional organizations and formal rules that serve to standardize accounting procedures and enforce ethical standards (Goodwin, 2019). Better standardization of accounting methods and a codified code of professional principles were called for, especially in the United States during the Great Depression. Today, public accountants are expected to follow the guidelines established by GAAP, or Generally Accepted Accounting Principles. Each nation has its own set of accounting rules, although they're all very standard. It is the culmination of many years of deliberate deliberation, practice, and agreement. Today's accounting landscape is the result of the intersection of two ideas. First, in the 1400s, the double-entry method of bookkeeping was invented, and then, in the 1900s and 2000s, accounting became a recognized profession (Hillier, 2016).

International Financial Reporting Standards (IFRS)

1959 was the first step toward IAS. International Accounting Standard development started (Choi, Frost, & Meek, 1999). In 1973, accounting and non-accounting groups established the International Accounting Standards Committee. The 22 trustees of IASC are led by former Federal Reserve Chairman Paul A. Volcker. Accounting firms, private financial institutions and corporations, central and development banks, international and professional organizations, and others provide funding for the IASC Foundation (Jin, 2017). The International Accounting Standards Committee (IASC) was restructured in 1997 to facilitate greater conformity between national and international accounting practices. International Accounting Standards were issued by the group from 1973 until 2000. In 2001, IASB superseded IASC to provide international accounting standards. IASB members are from nine nations and have diverse functional backgrounds (Steinbach, 2014).

IFRS Scenario in Indian Corporate Sector

International Financial Reporting Standards (IFRS) are a worldwide language for business so firm accounts are comparable across borders. They result from expanding worldwide ownership and commerce and are crucial for firms with global operations. They're replacing national accounting standards. Accountants must follow regulations to maintain comparable, intelligible, dependable, and relevant internal or external books of accounts (Nguyen, 2019).

IFRS originated as an effort to unify accounting throughout the EU, but its value made it popular worldwide. International Accounting Standards are occasionally used (IAS). International Accounting Standards Committee published IASs between 1973 and 2001. On 1 April 2001, the IASB took over creating International Accounting Standards from the IASC. The new Board approved IAS and SIC standards at its first meeting (Rixon, 2015). The IASB continues to develop "International Financial Reporting Standards."

II.   LITERATURE REVIEW

Goodwin, J., Atilgan, Y., Simsir, S. A. and Ahmed, K. (2019) Investor response to misleading news for Australian listed corporations from 2006 to 2013 4.1% of firm-years contain a misrepresentation, and 79% are revealed in periodic reports (stealth misstatements). They find no investor response for the typical misrepresentation, 2.3 to 2.8 percent (1.5 to 1.7 percent) for misstatements that diminish prior period profits or equity (impact revenue), and 1.3 to 2.7 percent for nonstealth misstatements.

Nguyen, L. and Rahman, A. (2019) examined "the strategic process of contextualizing IFRS in a totalitarian-to-capitalist economy, Vietnam," focusing on actor conflicts. This research uses Puxty et alparadigm's to analyze State, Market, and Profession actors' behavior. Market demands induce state-instituted IFRS contextualization, they find. IFRS-based regulations undergo 'reality testing' and are localized.

Giner, B., and Pardo, F. (2018) New IASB and FASB lease models seek to enhance financial reporting. Both standard-setters need operational lease assets and liabilities. Preparers have lobbied against these changes, believing they would have detrimental economic effects. To find out how the market values asif capitalized operating leases, they perform a value relevance study. Hand-collected data on operating leases in the financial statements is used in their analysis of Spanish-listed companies. Based on our findings, investors do not behave differently in common law countries with more developed markets and stronger enforcement compared to code law nations with less established markets.

Jin, Y., McConomy, B. J. and Xu, B. (2017) Canadian greenhouse vegetable grower as a case study. Students will be able to (1) apply IFRS in practice, (2) prepare and reconcile financial statements under ASPE and IFRS, (3) analyze the impact of IFRS adoption on key financial ratios, and (4) detect and explain differences in financial statements under ASPE and IFRS through common size analysis as they work through this case study of the transition from Canadian to International Financial Reporting Standards (IFRS).

Kajüter, P., and Nienhaus, M. (2017) evaluated IFRS 8's influence on investor segment reporting. The analysis is 3-steps. First, they compare segment reporting before and after IFRS 8. Second, they compare a treatment group of enterprises that had to adjust their segmentation with an unaffected control group. Third, reporting current and prior year financial information under current accounting rules enables us to study a unique data set of segment reports for the same firm and year under two separate standards. Our findings on German-listed corporations reveal that IFRS 8 segment reports are more valuable than IAS 14 in all three phases.

Ben-Shahar, D., Sulganik, E. and Tsang, D. (2016) said that "inadequate financial reporting of off-balance-sheet firms" was a direct effect of the global financial crisis of 2007. To create consolidated financial statements, IFRS 10 establishes new guidelines for determining the extent to which an investor controls an investee. They show that two standard measures of strength, the Shapley Shubik value, and the Banzhaf index, are at odds with a novel scenario. Our findings add to the existing research on the topic of accounting's incorporation of economic theory.

III.   OBJECTIVES OF THE STUDY

- To comprehend how easily the Indian corporate sector can shift to IFRS.
- To assess the benefits of the company's existing adoption of IFRS for a more accurate comparison of Indian Accounting Standards in the context of financial statement reporting.

IV.   RESEARCH METHODOLOGY

Below is a description of the procedures that were used to compile the study's findings.

Research Type

The procedures that were used to carry out the study included the selection of a research design, the creation of a sample, the development of a questionnaire, the collecting of data, and its statistical analysis.

Sample Size

Six businesses served as the sample size for data collecting, and their 300 responders, along with those of other businesses, were included in the analysis.

Universe of the Study

Following a notification issued by the Ministry of Corporate Affairs at the request of the Institute of Chartered Accountants of India, all listed firms for which the adoption of IFRS is required are included in the study's universe (ICAI). As a result, all enterprises with a net value of up to 500 billion rupees, including those with share capital issued outside of the nation, are included in our universe.

V.   SAMPLE SELECTION AND SAMPLING METHOD

Those involved in auditing, accounting, and management at IFRS-using businesses make up the study's sample size of six. To ensure that our sample would be representative of the population of interest, we began by narrowing down the pool of potential respondents to those public limited companies in Rajasthan that are both Indian and listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE), out of a total of 80 such companies. To that end, we have zeroed down on six firms, the maximum number permitted by the research's stated focus. From the state of Rajasthan, we chose two public sector companies: Rajasthan Vidyut Utpadan Nigam Limited and Rajasthan Vidyut Prasaran Nigam Limited; then, to increase the sample size, we added four global companies from the private sector, including Hindustan Zinc Limited and Tata Consultancy Services. From the indexes listed on the Bombay Stock Exchange and the National Stock Exchange, we chose Coal India Limited and Oil and Natural Gas Corporation as our examples. High-level analysis of consolidated financial statements that are available to the public forms the backbone of our quantitative and qualitative impact assessment. All six of the winning businesses are market leaders in their respective industries.

VI.   DATA TYPE

Primary Data

The questionnaire used to collect primary data was designed specifically for the sample of respondents used. Auditors, accountants, and managers are all part of this group. Three hundred managers, auditors, and accountants from local businesses provided the study's primary data.

VII.   TOOLS AND TECHNIQUES

One Sample t-Test

Whether you want to check if a sample is representative of a population with a certain mean, the one-sample t-test is what you need. To evaluate if the replies are statistically valid for a given sample size, one sample student's test is used with a significance value selected at 0.05.

Correlation

Dependence or connection is any statistical link, whether causal or not, between two random variables or two sets of data. Correlations are valuable because they may show a predicted link that can be utilized in practice.

Regression Analysis

It is possible to estimate the connections between different variables by a statistical method called regression analysis. The emphasis is on the connection between a dependent variable and one or more independent variables, and several modeling and analysis tools are at your disposal.

VIII.   RESULTS

All Indian Accounting Standards established under section 133 of the Companies Act, 2013 and promulgated by the Ministry of Corporate Affairs (MCA) under the Companies (Indian Accounting Standards) Rules, 2015 have been followed in the preparation of these financial statements (as amended).

IFRS Scenario in Selected Companies
The potential outcomes of IFRS convergence with Ind AS are described below.

Table 1: IFRS Scenario

S. No	Particular	RVUNL	RVPNL	HZL	TCS	CIL	ONGC
1	FollowedCompany Act	Company Act, 2013	Company Act, 2013	Company Act, 2013	Company Act, 2013	Company Act, 2013	Company Act, 2013
2	Area of operation	Power	Power	Mining	Software	Mining	Oil & Gas
3	Applicable Accountingstandards	Ind AS	Ind AS	Ind AS	Ind AS	Ind AS	Ind AS
4	Functional and operational currency	INR	INR	INR	INR	INR	INR
5.	Recognition of Assets	Cost price	Cost price	Cost price	Cost price	Cost price	Cost price
6	Basis of measurement	Cash & accrual	Cash & accrual	Cash & accrual	Cash & accrual	Cash & accrual	Cash & accrual

Primary Data Analysis
Auditor, accountant, and manager respondents were asked a series of questions to collect primary data.

Demographical Profile of Respondents
Auditors, accountants, and managers provided data for this research. Using a standardized questionnaire, we obtained data on respondents' perceptions of IFRS. The survey includes both presence/absence and Likert scale items.

Age
Table and diagram were used to classify respondents by age. Table 2 shows the respondents' ages.

Table 2: Age of Respondents

	Frequency	Percent
Below 25	15	5%
25-35	85	28%
35-45	168	56%
45 & above	32	11%
Total	300	100.0

Gender
To classify respondents by gender, data were tabulated in table 3:

Table 3: Gender-Wise Distribution of Respondents

	Frequency	Percent
Male	222	74.0
Female	78	26.0
Total	300	100.0

Gender-wise research yielded 300 responses. From the table and graph, 74% of respondents are male and 26% are female. Since the survey, this distribution demonstrates uneven gender representation in chosen organizations.

Benefits from IFRS Implementation
Non-listed, medium-sized, and owner-managed enterprises are also interested in IFRS. This is due to a rising number of medium-sized multinational enterprises and foreign investors' interest in this market. These organizations desire to avoid complicated accounting principles or multiple accounting due to internal, tax, or - for German Full-IFRS users - commercial legal duties. SMEs can't yet gauge IFRS's relevance. Waiting for EU approval and national legislation changeover. International accounting rules are likely to exert pressure on national standard setters and lawmakers.

Table 4: Organization Benefits

Mean Distribution					
Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
ORG_1	300	1.00	5.00	3.1233	.82283
ORG_2	300	2.00	4.00	3.4000	.66443
ORG_3	300	3.00	5.00	3.9200	.52394
ORG_4	300	2.00	5.00	4.0100	.70110
ORG_5	300	2.00	4.00	3.1700	.61836
ORG_6	300	2.00	5.00	4.0000	.78872
ORG_7	300	3.00	5.00	4.1300	.65920
ORG_8	300	2.00	5.00	3.2667	1.07365
ORG_9	300	2.00	4.00	3.1300	.62802
ORG_10	300	2.00	4.00	3.3800	.63002
Valid N (listwise)	300				

Table 5: One-Sample T-Test: Organization-Related Benefits

One-Sample Statistics				
	N	**Mean**	**Std. Deviation**	**Std. Error Mean**
ORG_1	300	3.1233	.82283	.04751
ORG_2	300	3.4000	.66443	.03836
ORG_3	300	3.9200	.52394	.03025
ORG_4	300	4.0100	.70110	.04048
ORG_5	300	3.1700	.61836	.03570
ORG_6	300	4.0000	.78872	.04554
ORG_7	300	4.1300	.65920	.03806
ORG_8	300	3.2667	1.07365	.06199
ORG_9	300	3.1300	.62802	.03626
ORG_10	300	3.3800	.63002	.03637

One-Sample Test						
	Test Value = 3					
					95% Confidence Interval of the Difference	
	t	**df**	**Sig. (2-tailed)**	**Mean Difference**	**Lower**	**Upper**
ORG_1	2.596	299	.010	.12333	.0298	.2168
ORG_2	10.427	299	.000	.40000	.3245	.4755
ORG_3	30.413	299	.000	.92000	.8605	.9795
ORG_4	24.952	299	.000	1.01000	.9303	1.0897
ORG_5	4.762	299	.000	.17000	.0997	.2403
ORG_6	21.960	299	.000	1.00000	.9104	1.0896
ORG_7	29.691	299	.000	1.13000	1.0551	1.2049
ORG_8	4.302	299	.000	.26667	.1447	.3887
ORG_9	3.585	299	.000	.13000	.0586	.2014
ORG_10	10.447	299	.000	.38000	.3084	.4516

Table 5 shows the one-sample t-t-value, test's df, and statistical significance. All p values are .05, therefore population and sample means are substantially different. According to a t-test and mean value analysis, auditors, managers, and accountants of chosen organizations feel IFRS adoption improves earnings management, reporting, and information consistency. Reduce account preparation costs; increase data quality and reporting. IFRS application presents data quickly, simplifies accounting, and reduces fraud.

Multivariate regression analysis was utilized to determine the critical factors of their benefits.

Table 6: Multiple Regression Analysis of Organization-Related Variables

	Variables Entered/ Variables Removed[a]		
Model	**Variables Entered**	**Variables Removed**	**Method**
1	ORG_10	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
2	ORG_6	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
3	ORG_3	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
4	ORG_1	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
a. Dependent Variable: Satisfaction			

Table 7: Model Summary

	Model Summary			
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.266[a]	.071	.067	.75274
2	.338[b]	.114	.108	.73617
3	.411[c]	.169	.160	.71421
4	.435[d]	.190	.179	.70642
a. Predictors: (Constant), ORG_10				
b. Predictors: (Constant), ORG_10, ORG_6				
c. Predictors: (Constant), ORG_10, ORG_6, ORG_3				
d. Predictors: (Constant), ORG_10, ORG_6, ORG_3, ORG_1				

Table 8: Anova

	ANOVA[e]					
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	12.816	1	12.816	22.619	.000[a]
	Residual	168.851	298	.567		
	Total	181.667	299			
2	Regression	20.709	2	10.354	19.106	.000[b]
	Residual	160.958	297	.542		
	Total	181.667	299			
3	Regression	30.677	3	10.226	20.046	.000[c]
	Residual	150.990	296	.510		
	Total	181.667	299			
4	Regression	34.454	4	8.613	17.260	.000[d]
	Residual	147.213	295	.499		
	Total	181.667	299			
a. Predictors: (Constant), ORG_10						
b. Predictors: (Constant), ORG_10, ORG_6						
c. Predictors: (Constant), ORG_10, ORG_6, ORG_3						
d. Predictors: (Constant), ORG_10, ORG_6, ORG_3, ORG_1						
e. Dependent Variable: Satisfaction						

Table 9: Coefficients

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.277	.238		18.006	.000
	ORG_10	-.329	.069	-.266	-4.756	.000
2	(Constant)	5.874	.479		12.275	.000
	ORG_10	-.505	.082	-.408	-6.169	.000
	ORG_6	-.250	.065	-.253	-3.816	.000
3	(Constant)	7.546	.599		12.601	.000
	ORG_10	-.474	.080	-.383	-5.936	.000
	ORG_6	-.326	.066	-.330	-4.959	.000
	ORG_3	-.376	.085	-.253	-4.421	.000
4	(Constant)	7.310	.598		12.214	.000
	ORG_10	-.501	.080	-.405	-6.300	.000
	ORG_6	-.336	.065	-.340	-5.155	.000
	ORG_3	-.392	.084	-.264	-4.653	.000
	ORG_1	.138	.050	.146	2.751	.006
a. Dependent Variable: Satisfaction						

Four organizational factors affecting the advantages of adopting IFRS are chosen using multiple regressions. Step-by-step, variables are identified. Variables form multiple regression models to predict future research benefits. Model summary lists variables and their influence, whereas ANOVA measures model fit. Significant ANOVA values indicate future model fitness. The coefficient table also shows constant and variable values to generate the multiple regression equation.

The resulting regression model with 4 independent variables (ORG 10, ORG 6, ORG 3, and ORG 1) explains 19% of the variation of Company-related IFRS adoption variables. Also, the standard error of the estimate has been lowered, which implies the margin of error for any forecast IFRS adoption number is 95%. Four regression coefficients and restrictions are significant at 0.05. Multicollinearity in the 4 variables is minor.

IX. CONCLUSION

The present research aims to assess the influence of IFRS adoption on India's business sector and its performance in reporting. It's important to focus on research so that it may be done thoroughly. The proposed research covers the following IFRS-adopting Indian enterprises. Reduce account preparation costs; increase data quality and reporting. IFRS application improves data display, accounting work, and fraud prevention. T-test and mean value analysis show that population and sample means are different. From the 't-test and mean value analysis, it can be concluded that respondents, i.e. auditors, managers, and accountants of the select companies, perceived that IFRS adoption gives easy Disclosures for investors, attracts more investors

for the company around the world, simplifies issues, and provides more information for decision making and comparing company profiles.

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