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RECENT TRENDS IN ACCOUNTING: FOCUS ON IFRS IN INDIA'S CORPORATE SECTOR

Rekha M K[1], Dr. Baldev Batra[2]
Research Scholar, Department of Commerce, Sabarmati University, Ahmedabad[1]
Assistant Professor, Department of Commerce, Sabarmati University, Ahmedabad[2]

Abstract

This study examines the adoption and impact of International Financial Reporting Standards (IFRS) on large Indian companies, specifically focusing on six organizations in Rajasthan across sectors such as power, mining, and oil & gas. A sample of 300 respondents, including auditors, accountants, and managers, was surveyed using statistical methods like one-sample t-tests, correlation analysis, and regression modeling to assess the benefits of IFRS implementation. The findings show that IFRS adoption positively influences data quality, transparency, and accounting procedures. Regression analysis identified cost reduction and improved data processing speed as key factors driving satisfaction. The results suggest that IFRS convergence with Indian Accounting Standards (Ind AS) provides significant advantages, particularly for multinational and large-scale organizations. However, the study's limitations include its small sample size and regional focus, limiting generalizability. Future research could expand the sample to include smaller companies and a broader range of industries and regions for a more comprehensive assessment of IFRS's impact across India.

Keywords: *International Financial Reporting Standards (IFRS), Indian Accounting Standards (Ind AS), Financial Reporting, Data Quality, Transparency.*

1. Introduction

This study investigates the adoption and impact of International Financial Reporting Standards (IFRS) on large Indian companies, with a focus on six organizations in Rajasthan across industries such as power, mining, and oil & gas [1]. The research is based on a sample of 300 respondents, including auditors, accountants, and managers, to examine how IFRS has affected various organizational aspects, such as financial reporting and accounting practices. Through a robust methodology utilizing one-sample t-tests, correlation analysis, and regression modeling, the study assesses the benefits of IFRS implementation, including enhanced data quality, transparency, and streamlined accounting procedures. The findings reveal that IFRS adoption has a significant positive impact on the participating companies, particularly in terms of cost reduction and faster data processing. These benefits were identified as key drivers of satisfaction among respondents [2]. Furthermore, the convergence between IFRS and Indian Accounting Standards (Ind AS) appears to offer substantial advantages, particularly for multinational and large-scale industries. However, the study's scope is limited by its small sample size and the focus on large, publicly listed companies in Rajasthan, limiting the generalizability of the results. Future research could address these limitations by expanding the sample to include smaller companies and a broader range of industries and regions [3].

2. Literature Review

The recent trends in accounting, particularly the adoption and implementation of International Financial Reporting Standards (IFRS), have significantly influenced India's corporate sector. As India moves toward global financial integration, the adoption of IFRS has become a critical step in aligning corporate financial reporting with international standards. This literature review explores the impact of IFRS on financial transparency, corporate governance, and the challenges faced by Indian companies. By examining recent studies and trends, it aims to provide insights into the evolving accounting landscape in India and its implications for businesses.

Summary of Literature Review

Author	Work Done	Findings
Mehta, A. (2023)	Analyzes the adaptation of Indian firms to IFRS through case studies.	Found that firms face significant adaptation challenges, including differences in accounting treatments.
Kapoor, N. (2023)	Investigates the process of IFRS compliance among Indian firms.	Suggests that while compliance improves corporate governance, there are considerable hurdles during implementation.
Rao, D. (2022)	Assesses the impact of IFRS on corporate financial reporting in India.	Concludes that IFRS improves the quality of financial reporting, enhancing comparability and consistency.
Kaur, P. (2022)	Provides a comparative analysis of IFRS and Indian GAAP in the corporate sector.	IFRS provides more transparency and clarity compared to Indian GAAP, but the transition requires careful planning.
Saini, M. (2021)	Evaluates the critical evaluation of India's transition to IFRS.	Highlights both the benefits of IFRS adoption and the transition barriers such as infrastructure and regulatory gaps.
Bhatia, R. (2021)	Examines the role of IFRS in enhancing transparency and accountability in Indian companies.	Finds that IFRS leads to higher accountability and improved financial decision-making.
Gupta, S. (2020)	Empirical study on the impact of IFRS on Indian corporate financial statements.	IFRS improves the accuracy and clarity of financial statements, facilitating better decision-making.
Ghosh, R. (2019)	Explores opportunities and challenges of IFRS adoption in India.	Identifies challenges like regulatory hurdles and the need for training, but acknowledges long-term benefits.

Research Gap

Despite valuable insights into IFRS adoption in large Indian companies, this study presents several research gaps. The sample size of six organizations and the focus on large, publicly listed companies in Rajasthan limit the generalizability of the findings. Additionally, the study exclusively considered the perspectives of auditors, accountants, and managers, excluding other stakeholders within organizations. Future research could expand the sample to include smaller companies and diverse industries across different regions, providing a more comprehensive understanding of IFRS's impact on India's corporate landscape.

3. Methodology

The research methodology for this study involves a systematic approach to gather and analyze data. The study begins by designing the research framework, selecting a sample of six businesses, and developing a custom questionnaire to collect responses from a sample of 300 individuals involved in auditing, accounting, and management. The study population comprises companies listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) that adhere to International Financial Reporting Standards (IFRS), with a net worth up to 500 billion rupees. The sample is strategically selected from public and private sector companies in Rajasthan, including major firms like Hindustan Zinc Limited and Tata Consultancy Services. Primary data is collected through the questionnaire, which is analyzed using statistical tools such as one-sample t-tests to validate sample means, correlation to explore relationships between variables, and regression analysis to model variable dependencies. This approach allows for a comprehensive examination of the IFRS adoption's impact on financial reporting and the broader corporate sector in India. The Ministry of Corporate Affairs and ICAI play key roles in setting the regulatory context for this study.

4. Result & Discussion

The financial statements were prepared in accordance with all Indian Accounting Standards (Ind AS) as mandated under Section 133 of the Companies Act, 2013, and issued by the Ministry of Corporate Affairs (MCA) under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

IFRS Scenario in Selected Companies

The potential implications of the convergence between IFRS and Ind AS in the selected companies are outlined below [10].

Table 1 IFRS Scenario

S. No	Particular	RVUNL	RVPNL	HZL	TCS	CIL	ONGC
1	**Followed Company 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 Accounting Standards**	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

To collect primary data, auditors, accountants, and managers were asked a series of targeted questions.

Demographic Profile of Respondents: The data for this research was provided by auditors, accountants, and managers. Using a standardized questionnaire, we gathered insights on their perceptions of IFRS. The survey included both presence/absence questions and Likert scale items.

Age: The respondents were categorized by age, with a table and diagram used to present the data. Table 2 provides a breakdown of 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

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

Table 3 Gender-Wise Distribution of Respondents.

	Frequency	**Percent**
Male	222	74
Female	78	26
Total	300	100

Gender-wise Distribution of Respondents

The survey received 300 responses, with 74% of respondents identifying as male and 26% as female, as shown in the table and graph. This gender distribution reflects an uneven representation in the selected organizations.

Benefits of IFRS Implementation

IFRS is gaining interest among non-listed, medium-sized, and owner-managed enterprises, driven by the increasing number of medium-sized multinational companies and growing foreign investor interest in the market [11]. These organizations aim to simplify accounting practices and avoid the complexities of multiple accounting methods due to internal, tax, or commercial legal obligations, particularly for German Full-IFRS users. Small and medium-sized enterprises (SMEs) are still uncertain about the relevance of IFRS, often waiting for EU approval and national legislative changes. International accounting standards are expected to pressure national standard-setters and lawmakers to adapt.

Table 4 Organization Benefits.

Mean Distribution					
Descriptive Statistics					
	N	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
ORG1	300	1	5	3.1233	0.82283
ORG2	300	2	4	3.4	0.66443
ORG3	300	3	5	3.92	0.52394

ORG4	300	2	5	4.01	0.7011
ORG5	300	2	4	3.17	0.61836
ORG6	300	2	5	4	0.78872
ORG7	300	3	5	4.13	0.6592
ORG8	300	2	5	3.2667	1.07365
ORG9	300	2	4	3.13	0.62802
ORG10	300	2	4	3.38	0.63002
Valid N (listwise)	300				

Table 5 presents the one-sample t-value, degrees of freedom (df), and statistical significance of the test. With all p-values being 0.05, it indicates that the population and sample means differ significantly [12]. The t-test and mean value analysis suggest that auditors, managers, and accountants from the selected organizations believe that adopting IFRS improves earnings management, enhances reporting, and ensures consistency in information. It also reduces accounting preparation costs, improves data quality, and streamlines reporting. Furthermore, the application of IFRS facilitates quicker data processing, simplifies accounting procedures, and minimizes fraud risks. To identify the key factors driving these benefits, a multivariate regression analysis was performed.

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

One-Sample Statistics				
	N	**Mean**	**Std. Deviation**	**Std. Error Mean**
ORG1	300	3.1233	0.82283	0.04751
ORG2	300	3.4	0.66443	0.03836
ORG3	300	3.92	0.52394	0.03025
ORG4	300	4.01	0.7011	0.04048
ORG5	300	3.17	0.61836	0.0357
ORG6	300	4	0.78872	0.04554
ORG7	300	4.13	0.6592	0.03806
ORG8	300	3.2667	1.07365	0.06199
ORG9	300	3.13	0.62802	0.03626
ORG10	300	3.38	0.63002	0.03637

One-Sample Test						
	Test Value = 3					
					95% Confidence Interval of the Difference	
	t	**df**	**Sig. (2-tailed)**	**Mean Difference**	**Lower**	**Upper**
ORG1	2.596	299	0.01		0.0298	0.2168

ORG2	10.427	299	0	0.4	0.3245	0.4755
ORG3	30.413	299	0	0.92	0.8605	0.9795
ORG4	24.952	299	0	1.01	0.9303	1.0897
ORG5	4.762	299	0	0.17	0.0997	0.2403
ORG6	21.96	299	0	1	0.9104	1.0896
ORG7	29.691	299	0	1.13	1.055 1	1.2049
ORG8	4.302	299	0		0.1447	0.3887
ORG9	3.585	299	0	0.13	0.0586	0.2014
ORG10	10.447	299	0	0.38	0.3084	0.4516

Table 6 Multiple Regression Analysis of Organization-Related Variables.

Variables Entered/ Variables Removed[a]			
Model	**Variables Entered**	**Variables Removed**	**Method**
1	ORG10	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
2	ORG6	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
3	ORG3	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
4	ORG1	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
a. Dependent Variable: Satisfaction			

The table outlines the stepwise regression method used to select variables for predicting the dependent variable "Satisfaction." In four steps, the variables ORG10, ORG6, ORG3, and ORG1 were entered into the model based on the criteria that variables with a probability-of-F-to-enter ≤ 0.05 were included, and those with a probability-of-F-to-remove ≥ 0.10 were excluded. No variables were removed during the analysis [13]. This method ensures that only the most statistically significant variables were included in the regression model.

Table 7 Model Summary.

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.266[a]	0.071	0.067	0.75274
2	.338[b]	0.114	0.108	0.73617
3	.411[c]	0.169	0.16	0.71421

4	.435[d]	0.19	0.179	0.70642
a. Predictors: (Constant), ORG10				
b. Predictors: (Constant), ORG10, ORG6				
c. Predictors: (Constant), ORG10, ORG6, ORG3				
d. Predictors: (Constant), ORG10, ORG6, ORG3, ORG1				

Table 7 presents the model summary for a stepwise regression analysis. As more predictors (ORG10, ORG6, ORG3, and ORG1) were added to the model, the R Square value increased from 0.071 in the first model to 0.19 in the fourth model, indicating that the predictors explain more of the variance in the dependent variable, "Satisfaction." The Adjusted R Square also increased, showing a better fit with each additional predictor. The standard error of the estimate decreased from 0.75274 to 0.70642, indicating improved prediction accuracy.

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	0.567		
	Total	181.667	299			
2	Regression	20.709	2	10.354	19.106	.000[b]
	Residual	160.958	297	0.542		
	Total	181.667	299			
3	Regression	30.677	3	10.226	20.046	.000[c]
	Residual	150.990	296	0.51		
	Total	181.667	299			
4	Regression	34.454	4	8.613	17.26	.000[d]
	Residual	147.213	295	0.499		
	Total	181.667	299			
a. Predictors: (Constant), ORG10						
b. Predictors: (Constant), ORG10, ORG6						
c. Predictors: (Constant), ORG10, ORG6, ORG3						
d. Predictors: (Constant), ORG10, ORG6, ORG3, ORG1						
e. Dependent Variable: Satisfaction						

Table 8 presents the ANOVA results for the stepwise regression models. For each model, the regression sum of squares (SSR) and residual sum of squares (SSE) are provided, along with the degrees of freedom (df) and mean square values. The F-values (ranging from 17.26 to 22.619) and their associated significance values (all $p < 0.001$) indicate that the models are statistically significant, showing that the predictors (ORG10, ORG6, ORG3, and ORG1) explain a significant portion of the

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variance in the dependent variable, "Satisfaction." As more predictors are added, the regression sum of squares increases, reflecting a better model fit [14].

Table 9 Coefficients.

Coefficients[a]						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	4.277	0.238		18.006	0
	ORG10	-0.329	0.069	-.266	-4.756	0
2	(Constant)	5.874	0.479		12.275	0
	ORG10	-0.505	0.082	-.408	-6.169	0
	ORG6	-0.25	0.065	-.253	-3.816	0
3	(Constant)	7.546	0.599		12.601	0
	ORG10	-0.474	080	-.383	-5.936	0
	ORG6	-0.326	0.066	-.330	-4.959	0
	ORG3	-0.376	0.085	-.253	-4.421	0
4	(Constant)	7.31	0.598		12.214	0
	ORG10	-0.501	0.080	-.405	-6.3	0
	ORG6	-0.336	0.065	-.340	-5.155	0
	ORG3	-0.392	0.084	-.264	-4.653	0
	ORG1	0.138	0.05	-.146	2.751	0.006
a. Dependent Variable: Satisfaction						

Table 9 presents the coefficients for the regression models assessing the impact of various predictors (ORG10, ORG6, ORG3, and ORG1) on the dependent variable, "Satisfaction." For each model, both unstandardized (B) and standardized (Beta) coefficients are provided, along with the t-values and significance levels (Sig.).

In each model, the constant term represents the baseline satisfaction value. The negative coefficients for ORG10, ORG6, and ORG3 indicate a negative relationship with satisfaction, while ORG1 has a positive effect in the final model (Model 4). All predictors are statistically significant with p-values less than 0.05, except for ORG1 in Model 4, which has a significance value of 0.006. The t-values show the strength of each predictor's influence, with larger values indicating stronger effects.

5. Conclusion

In conclusion, this study explores the adoption and impact of International Financial Reporting Standards (IFRS) in large Indian companies, focusing on six organizations in Rajasthan across sectors like power, mining, and oil & gas. A sample of 300 respondents—auditors, accountants, and managers—was surveyed using one-sample t-tests, correlation analysis, and regression modeling to evaluate the benefits of IFRS implementation. The findings indicate that IFRS adoption has significant positive effects on the organizations, improving data quality, transparency, and accounting procedures. Additionally, the regression analysis revealed that cost reduction and improved data processing speed were the primary drivers of satisfaction among respondents. These results suggest that IFRS convergence with Indian Accounting Standards (Ind AS) brings advantages, especially for multinational and large-scale companies. However, the study has limitations, including the small sample size and the focus on large, publicly listed companies in one region, which limits generalizability. The study also only included the perspectives of auditors, accountants, and managers, excluding other organizational viewpoints. Future research could expand the sample to include smaller companies and more diverse industries and regions, providing a more comprehensive understanding of IFRS's impact across India.

Future Scope

- Include a broader sample, including smaller firms and companies from various regions to enhance generalizability.
- Incorporate views from employees, shareholders, and regulators for a comprehensive understanding of IFRS impact.
- Compare firms with and without IFRS adoption to assess specific benefits and challenges.
- Conduct longitudinal studies to track the sustained impact of IFRS on financial performance and governance.
- Focus on specific sectors, like SMEs or family-owned businesses, to explore unique impacts of IFRS.

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