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Books

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill
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- Chandel K.S. (2009): "Ethics in Commerce Education." Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

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- Kumar S. (2006): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University.

Online resources

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

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CHALLENGES FOR IFRS IMPLIMENTATIONS IN INDIA - AN ACCOUNTING REVOLUTION

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ABSTRACT

International Financial Reporting Standards (IFRS) adopted by International Accounting Standards Board (IASB) is a standardized format of financial reporting that is gaining momentum world wide and is a single consistent accounting framework and is likely to become predominant GAAP in times to come. IFRS was developed in the year 2001 by the International Accounting Standard Board (IASB) in the public interest to provide a single set of high quality, understandable and uniform accounting standards. More than 12,000 companies in almost 100 nations have adopted IFRS, including listed companies in the European Union. Other countries, including Canada and India, are expected to transition to IFRS by 2011. The present paper makes an attempt to understand the various beneficiaries by adopting IFRS, the challenges faced by India in adopting the same and the likely risks in introducing IFRS. The paper also makes an attempt to analyze the requirements for successful implementation of IFRS in India.

KEY WORDS

IFRS, adoption, accounting framework, IASB, ASB, Consideration, Convergence, Complexity, Categorization, Project Management, Access, Design, Implementation

INTRODUCTION

IFRS is an accounting framework that establishes recognition, measurement, presentation and disclosure requirements relating to transactions and events that are reflected in the financial statements. IFRS was developed in the year 2001 by the International Accounting Standards Board (IASB) in the public interest to provide a single set of high quality, understandable and uniform accounting standards.

NEED FOR UNIVERSAL GAAP

In recent times, capital markets have become global and continue to expand. Moreover, there has been significant globalization of production and trade. Investors can trade shares and securities worldwide. Entities are in a position to access the funds globally in the most advantageous markets. For this, investors from all over the world rely upon financial statements before taking decisions. They need to be convinced that the financial statements are true and fair and what they understand from the statements is what the person preparing them intends to convey.

However, different countries adopt different accounting treatments and disclosure patterns with respect to the same economic event. This may create confusion among the users while interpreting the financial statements. Financial statements that are based on a single, universally accepted and used GAAP will enable the world to exchange financial information in a meaningful and trustworthy manner. This will accelerate the globalization of finance.

ADOPTION OF IFRS WORLDWIDE AND IN INDIA

The use of International Financial Reporting Standards (IFRS) as a universal financial reporting language is gaining momentum across the globe. Several countries have implemented IFRS and converged their national GAAP to IFRS. More than 100 countries throughout the world, including the 27 European Union member states, require or permit the use of International Financial Reporting Standards (IFRSs), developed by the IASB. The number of countries adopting IFRS is expected to increase to 150 by the end of 2011. Countries such as China and Canada have announced their intention to adopt IFRS from 2008 and 2011 respectively. Adoption of IFRS has been approved by the Securities Exchange Commission (SEC) as well. The SEC has issued a roadmap whereby a few big US corporations would begin reporting according to IFRS by 2014. Full conversion would be done by 2016 depending upon the size of the entity.

The matter of convergence to IFRS has gained increasing importance in India as well. At present, accounting standards in India are formulated and issued by the Accounting Standards Board (ASB). The standards issued by the ASB are more or less in line with IFRS except for a few instances where departure is necessary to comply with the legal, regulatory and economic environment. In May 2006, the Council of the Institute of Chartered Accountants of India (ICAI) expressed its opinion of adopting IFRS which was considered and supported by the ASB in a meeting held in August 2006. With a view to set up a road map for convergence and provide the necessary approach for convergence, ASB set up an IFRS Task Force. Based on the recommendations made by the IFRS Task Force, the council of the Institute decided to converge with IFRS from the accounting period commencing on or after 1 April 2011.

PRESENT STATUS OF INDIAN ACCOUNTING STANDARDS

- Presently, the Accounting Standards Board (ASB) of the Institute of Chartered accountants of India (ICAI) formulates Accounting Standards (ASs) based on the IFRSs keeping in view the local conditions including legal and economic environment, which have recently been notified by the Central Government under the Companies Act, 1956.
- Accordingly, the Ass depart from the corresponding IFRSs to maintain consistency with legal, regulatory and economic environment, and keeping in view the level of preparedness of the industry and the accounting professionals.
- In some cases, departures are made on account of conceptual differences with the treatments prescribed in the IFRSs.

WHAT IS IFRS?

- IFRS is a set of international accounting standards stating how particular types of transactions and other events should be reported in financial statements.
- IFRS are generally principles-based standards and seek to avoid a rule-book mentality. Application of IFRS requires exercise of judgment by the preparer and the auditor in applying principles of accounting on the basis of the economic substance of transactions.
- IFRS are issued by the International Accounting Standards Board.
- The term IFRS comprises IFRS issued by IASB; IAS issued by IASC; and Interpretations issued by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee

DIFFERENCE BETWEEN IFRS & IAS

Majority of the standards which form part of IFRS were issued between 1973 and 2001 by the board of the International Accounting Standards Committee (IASC). The standards issued by IASC were known as IAS. In 2000, IASC Member Bodies approved the restructuring of the IASC's foundation and in March 2001, the new IASB took over the responsibility of setting the International Accounting Standards from the IASC. IASB adopted the standards set by IASC and continued to develop new standards and called the new standards - IFRS. Thus, practically there is no difference between IFRS and IAS and both are equally enforceable. The list of IFRS and IAS are given in the annexure for reference.

WHY IFRS?

Conversion to IFRS offers companies a number of important benefits. Companies that operate in a global environment and comply with foreign reporting requirements can streamline their financial reporting. This will reduce related reporting costs by developing common reporting systems and will ensure consistency in statutory reporting.

Furthermore, comparison and benchmarking of financial data with international competitors would be possible.

Adoption of IFRS will make cross border acquisitions and joint venture possible, and also provide access to foreign capital. This is because majority of stock exchanges require financial information presented according to the IFRS.

Early adoption of IFRS may offer an edge to the companies over their competitors as they can claim early adoption. This, in turn, will enhance the brand value of the company. The companies can trade their shares and securities on stock exchanges world-wide. For this, most of the stock exchanges require financial statements prepared under IFRS.

Another major benefit of convergence is that the management of a company can view all the companies in a group on a common platform. This will reduce the time and efforts involved to adjust the accounts in order to comply with the requirements of the national GAAP. Business acquisition would be reflected at fair value in IFRS rather than the carrying values. This would ensure greater transparency in the financial statements.

The implementation of IFRS in the corporate would require trained accountants, auditors, valuers and actuaries. This will boost the growth of the service sector also as India can emerge as an accounting services hub. Moreover, a single set of accounting standards worldwide would ensure that auditing firms standardize their training and quality of work is maintained globally.

Implementation of IFRS would thus ensure the following benefits:

i) Same language

ii) Cross border investments leading to economic growth

iii) Comparability of financial statements of any two companies anywhere in the world

iv) Globalization of economy and world trade

v) For multinational companies:

_ Consolidation of group financial statements made easier

_ Accounting and audit functions made easier and cheaper

_ Compliance with regulatory requirements of bodies such as stock exchanges

_ Mergers and acquisitions made easier

_ Access to multinational funds

vi) The job of governments and standard setters in the developing countries made easier

vii) The job of tax authorities made easier

viii) Time and money saved by international professional accounting firms in planning and execution of accounting and audits

ix) Administrative costs of accessing the capital markets around the world reduced.

IFRS IMPLIMENTATION CHALLENGES IN INDIA

In spite of the various benefits of adopting IFRS, implementation of IFRS is a Herculean task in India. Following are a few challenges faced during adoption and implementation of IFRS:

- **Awareness about international practices**

Adoption of IFRS means that the entire set of financial statements will be required to undergo a drastic change. There are a number of differences between the two GAAP's (discussed below). This may cause the users of financial statements to look at them from a new perspective. It would be a challenge to bring about awareness of IFRS and its impact among the users of financial statements.

- **Training**

Professional accountants are looked upon to ensure successful implementation of IFRS. The biggest hurdle for the professionals in implementing IFRS is the lack of training facilities and academic courses on IFRS in India. As the implementation date draws closer (2011), it is observed that there is acute shortage of trained IFRS staff. The solution to this problem is that all stakeholders in the organisation should be trained and IFRS should be introduced as a full time subject in the universities.

- **Amendments to the existing law**

It is observed that implementation of IFRS may result in a number of inconsistencies with the existing laws which include the Companies Act 1956, SEBI regulations, banking laws and regulations and the insurance laws and regulations. Currently, the reporting requirements are governed by various regulators in India and their provisions override other laws. IFRS does not recognise such overriding laws. Although steps to amend these laws have been initiated, the authorities need to ensure that the laws are amended well in time.

- **Taxation**

IFRS convergence would affect most of the items in the financial statements and consequently the tax liabilities would also undergo a change. Thus the taxation laws should address the treatment of tax liabilities arising on convergence from Indian GAAP to IFRS. It is extremely important that the taxation laws recognize IFRS compliant financial statements otherwise it would duplicate administrative work for the organizations.

- **Fair value**

IFRS uses fair value as a measurement base for valuing most of the items of financial statements. The use affair value accounting can bring a lot of volatility and subjectivity to the financial statements. It also involves a lot of hard work in arriving at the fair value and valuation experts have to be used. Moreover, adjustments to fair value result in gains or losses which are reflected in the income statements. Whether this can be included in computing distributable profit is also debated.

- **Management compensation plan**

The terms and conditions relating to management compensation plans would also have to be changed. This is because the financial results under IFRS are likely to be very different from those under the Indian GAAP. The contracts would have to be re-negotiated which is also a big challenge.

- **Reporting systems**

The disclosure and reporting requirements under IFRS are completely different from the Indian reporting requirements. Companies would have to ensure that the existing business reporting model is amended to suit the reporting requirements of IFRS. The information systems should be designed to capture new requirements related to fixed assets, segment disclosures, related party transactions, etc. Existence of proper internal control and minimizing the risk of business disruption should be taken care of while modifying or changing the information systems.

TRANSACTION TO IFRS

The Institute of Chartered Accountants of India has proposed two options for convergence:

- All at once
- Stage-wise approach

It has been observed that there are certain implementation dangers and compliance problems with either AS or IFRS in adopting the all at once approach. Therefore, stage-wise approach would be preferable.

FIRST TIME ADOPTION

For first time adoption, two key terms need to be understood:

_ **Reporting date**-It is the end of the latest period covered by the financial statements.

_ **Transition date**- It is the beginning of the earliest period for which an entity presents its first full IFRS compliant financial statements.

ICAI has proposed that in the case of Indian corporate, the first reporting date will be 31-03-2012 and transition date will be 01-04-2010. Therefore, the first set of financials will be for the period 01-04-2011 to 31-03-2012 with IFRS comparables which are to be provided for the period 01-04-2010 to 31-03-2011. It is mandatory for entities to include at least one comparative period in IFRS compliant financial statements.

After considering the current economic environment, ICAI has decided that IFRS should be adopted for public interest entities such as listed companies, banking companies, insurance companies and other large sized entities from the accounting periods commencing on or after 1st April, 2011.

MAJOR DIFFERENCE IN INDIAN GAAP & IFRS

The major focus of IFRS is on getting the balance sheet right. This can bring significant volatility in the income statement. There are quite a lot of differences between the Indian GAAP and IFRS with respect to the presentation of financial statements, disclosure requirements, and accounting policies: it is difficult to summaries all the differences here. However a few of the major differences are given below for your reference.

Subject	**IFRS**	**Indian GAAP**
Components of Financial Statements	Comprises of _ Statement of Financial Position, -*Statement of Comprehensive Income - Statement of Cash flow - Notes to Accounts	Comprises of - Balance sheet - Profit and Loss A/c - Cash flow statement and

	-Statement of Changes in Equity (Note * - Also includes items of other comprehensive income such as revaluation gains, foreign exchange fluctuations, etc)	- Notes to Accounts
Format of SOFP	No particular format prescribed. However IAS prescribes disclosure on the basis of current and non-current assets and liabilities.	According to the format prescribed in Schedule VI to the Companies Act 1956, Banking Regulation Act for Banks etc.
Format of Income Statement	IAS 1 prescribes the format of income statement.	According to the format prescribed in Schedule VI to the Companies Act 1956, Banking Regulation Act for Banks etc.
Statement of Cash Flows	Mandatory for all entities	Exempted for Level 3 entities as prescribed by ICAI.
Presentation of Extraordinary Items	IFRS prohibits the presentation of extraordinary items in the statement of comprehensive income or in the notes.	Indian GAAP requires extraordinary items to be presented in the profit and loss statement of the entity distinct from the ordinary income and expenses for the period. As a result, extraordinary items are considered to determine the profit / loss for the period.
Dividends Proposed After the end of the Reporting Period	Dividends declared after the end of the reporting period but before the financial statements are authorized for issue are not recorded as liability in the financial statements.	Dividends declared after the end of the reporting period but before the financial statements are approved are recorded as liability in the financial statements.
Depreciation Rates	Allocated on a systematic basis to each accounting period during the useful life of the asset.	Depreciation is based on the higher estimate of useful life of the asset, or the rates prescribed by Schedule VI

		of The Companies Act 1956.
Change in the Depreciation Method	Treated as a change in the accounting estimate and hence is accounted for Prospectively.	Treated as a change in the accounting policy and is accounted for retrospectively (i.e. for all the relevant previous years). Any excess / deficit in the case of this kind of recalculation must be adjusted in the period in which the change is effected.
Entire Class to be Revalued	If an item of property, plant and equipment is revalued, the entire class of assets to which that asset belongs should be revalued.	An entire class of assets can be revalued, or selection of assets for revaluation can be made on a systematic basis.
Component Accounting	Mandates component accounting.	Recommends component accounting.
Functional and Foreign Currency	Functional currency is the currency of the primary economic environment in which the entity operates. Functional and presentation currencies may be different. The standard contains detailed guidance on this.	No concept of functional currency
Goodwill	Goodwill is not amortized under IAS 38 but is subject to annual impairment test under IAS 36.	AS 14 provides that goodwill arising on amalgamation in the nature of purchase is amortized over a period of 5 years.
Measurement of Intangible Assets	Can be measured at cost or revalued amount.	Are measured at cost only.

Actuarial Gain or Loss	IAS 19 gives three choices for the treatment of actuarial gains or losses arising on measurement of employee benefits.	Actuarial gains and losses should be recognized immediately in the statement of profit and loss as an income or expense.
Contingent Asset Disclosure	Contingent assets are disclosed in the financial statements only if the inflow of economic benefit is probable. (Para 37)	Contingent assets are disclosed as part of the director's report (approving authority)and are not disclosed in the financial statement.
Entities Operating in Hyper Inflationary Economies	IAS 29 – Financial Reporting in Hyper Inflationary Economies prescribes reporting requirement for entities operating in hyperinflationary economies.	There is no equivalent standard.

FIVE CONSIDERATIONS UNDER IFRS

- IFRS is an accounting-driven but it can drive major changes to IT systems as well as business processes and personnel.
- Experience indicates that IT costs generally constitute more than 50 percent of IFRS conversion costs.
- Organizations benefit when they identify and integrate the efforts of the IT team early in the IFRS conversion process.
- IT efforts will comprise a mix of short- and long-term projects within the organization's overall IFRS initiative.
- The IFRS conversion effort provides opportunities for achieving synergies with other IT projects and strategic initiatives.

CONVERGENCE TO IFRS

- The IFRS issued by the International Accounting Standards Board (IASB) are increasingly being recognized as Global Reporting Standards.
- More than 100 countries such as countries of European Union, Australia, New Zealand and Russia currently require or permit the use of IFRSs in their countries.
- In line with the global trend, the Institute of Chartered Accountants of India (ICAI) has proposed a plan for convergence with IFRS with effect from April 1, 2011.
- Convergence to IFRS would mean India would join a league of more than 100 countries, which have converged with IFRS.

WHY CONVERGENCE TO IFRS?

- A single set of accounting standards would enable internationally to standardize training and assure better quality on a global screen.
- It would also permit international capital to flow more freely, enabling companies to develop consistent global practices on accounting problems.
- It would be beneficial to regulators too, as a complexity associated with needing to understand various reporting regimes would be reduced.

MEENING OF CONVERGENCE WITH IFRS

- Convergence means to achieve harmony with IFRSs; in precise terms convergence can be considered "to design and maintain national accounting standards in a way that financial statements prepared in accordance with national accounting standards draw unreserved statement of compliance with IFRSs", i.e., when the national accounting standards will comply with all the requirements of IFRS.
- But convergence doesn't mean that IFRS should be adopted word by word, e.g., replacing the term 'true & fair' for 'present fairly', in IAS 1, *'Presentation of Financial Statements'*. Such changes do not lead to non-convergence with IFRS.
- The IASB accepts in its 'Statement of Best Practice: Working Relationships between the IASB and other Accounting Standards-Setters' that "adding disclosure requirements or removing optional treatments do not create noncompliance with IFRSs. But additional disclosures or removing of optional treatment should be made clear so that users of the IFRS are aware of the changes.

IFRS REPORTING IN INDIA : PROPOSED TIMELINES

- Reporting under IFRS, as proposed by ICAI, would be applicable for accounting periods beginning on or after April 1,2011.
- The first set of IFRS financial statements for the year ending March 31, 2012 would require preparation of :
    - Opening balance sheet as on April 1, 2010
    - Comparative financial statements – year ending March 31, 2011
- Reporting enterprises would need to ensure preparedness for IFRS reporting as early as April 2010.

WHICH ENTITIES WILL BE COVERED UNDER CONVERGENCE STRATEGY

Keeping in view the complex nature of IFRSs and the extent of differences between the existing ASs and the corresponding IFRSs and the reasons therefore, the ICAI is of the view that IFRSs should be adopted for the public interest entities from the accounting periods beginning on or after 1st April, 2011.

BENEFITES OF CONVERGENCE

Single Reporting

Convergence with IFRS eliminates multiple reporting such as Indian GAAP, IFRS, US GAAP

Increase Comparability

- IFRS will give more comparability among sectors, countries and companies.
- This will result in more transparent financial reporting of a company's activities which will benefit investors, customers and other key stakeholders in India and overseas

Access to Global Capital Markets

- Convergence with IFRS will enable Indian entities to have easier access to global capital markets and eliminates barriers to cross-border listings.
- It encourages international investing and thereby leads to more foreign capital flows to the country

Benefits for Investors

Financial statements prepared using a common set of accounting standards help investors better understand investment opportunities as opposed to financial statements prepared using a different set of national accounting standards

IFRS balance sheet will be closer to economic value

Historical cost will be substituted by fair values for several balance sheet items, which will enable a corporate to know its true worth

Benefits to the accounting professional

Convergence to IFRS will increase the opportunities for Indian professionals in abroad as they will be able to sell their services as experts in different parts of the world

Benefits for the Industry

- Currently companies need to prepare additional financial statements based on multiple reporting formats to arise capital in global market.
- Convergence with IFRS will eliminate the requirement for dual set of financials statements and thereby reduces the cost of raising funds by the companies

Improvement in financial reporting

- Better quality of financial reporting due to consistent application of accounting principles and improvement in reliability of financial statements.
- This, in turn, will lead to increased trust and reliance placed by investors, analysts and other stakeholders in a company's financial statements

Change to regulatory environment

- For the success of convergence in India, certain regulatory amendment is required.
- For example, The Companies Act (Schedule VI) prescribes the format for presentation of financial statements for Indian companies, whereas the presentation requirements are significantly different under IFRS. So, the companies act needs to be amended in line with IFRS.

Lack of Preparedness

Adoption of IFRS by approximately 5000 listed companies by 2011 would result in a significant demand for IFRS resources. Corporate India and accounting professionals need to be trained for effective migration to IFRS. Additionally auditors would need to train their staff to audit under IFRS environment

Educating Stakeholders

Educating Stakeholders comprising of investors, lenders, employees, auditors, audit committee and etc would be a big challenge as this would require a considerable time and effort

Significant cost

Significant one-time costs of converting to IFRS (including costs of internal personnel time, adapting IT systems, implementing revised reporting policies and processes, training personnel and educating investors, analysts and members of the board)

Complexity in the financial reporting process

Under IFRS, companies would need to increasingly use fair value measures in the preparation of financial statements. Companies, auditors, users and regulators would need to get familiar with fair value measurement techniques

Impact on financial performance

Due to the significant differences between Indian GAAP and IFRS, adoption of IFRS is likely to have a significant impact on the financial position and financial performance of most Indian companies

Communication of Impact of IFRS to investors

Companies also need to communicate the impact of IFRS convergence to their investors to ensure they understand the shift from Indian GAAP to IFRS.

Conceptual differences

For example, the Indian standard on intangibles is based on the concept that all intangible assets have a definite life, which cannot generally exceed 10 years; while IFRS acknowledge that certain intangible assets may have indefinite lives and useful lives in excess of 10 years are not unusual

Categorization of IFRS by ICAI

ICAI has categorize the IFRS in five categories based on the extent of changes or the extent of support required from the regulatory authorities:

CATEGARIES OF IFRS

Category I A	**Category I B**
IFRSs which do not have any differences with the corresponding IAS • IAS 11, Construction Contracts • IAS 23, Borrowing Costs	IFRS which has certain minor differences with the corresponding Indian Accounting Standards • IAS 2 Inventories • IAS 7,Cash Flow Statements • IAS 20, Accounting for Government Grants and Disclosure of Government Assistance • IAS 33, Earnings Per Share • IAS 36, Impairment of Assets • IAS 38, Intangible Assets

Category II IFRS

IFRSs which may require some time to reach a level of technical preparedness by the industry and professionals keeping in view the existing economic environment and other factors

- **IAS 18**, Revenue
- **IAS 21**,The Effects of Changes in Foreign Exchange Rates
- **IAS 26**, Accounting and Reporting by Retirement Benefit Plans
- **IAS40**,Investment Property(Corresponding Indian Accounting Standard is under preparation)
- **IFRS 2**, Share-based Payment (Corresponding Indian Accounting Standard is under preparation)
- **IFRS 5**, Non-current Assets Held for Sale and Discontinued Operations (Corresponding Indian Accounting Standard is under preparation)

Category III IFRS

Category III A	Category III B
IFRSs having conceptual differences with the corresponding Indian Accounting Standards that should be taken up with the IASB • IAS 17,Leases • IAS 19, Employee Benefits • IAS 27,Consolidated and Separate Financial Statements • IAS 28, Investments in Associates • IAS 31, Interests in Joint Ventures • IAS 37, Provisions, Contingent Liabilities and Contingent Assets	IFRSs having conceptual differences with the corresponding IAS that need to be examined to determine whether these should be taken up with the IASB or should be removed by the ICAI itself • IAS 12, Income Taxes • IAS 24, Related Party Disclosures • IAS 41, Agriculture (Corresponding Indian Accounting Standard is under preparation) • IFRS 3, Business Combinations • IFRS 6, Exploration for and Evaluation of Mineral Resources IFRS 8,Operating Segments

Category IV and V IFRS

Category IV	Category V
IFRSs, the adoption of which would require changes in laws/regulations because compliance with such IFRSs is not possible until the regulations/laws are amended. • IAS 1, Presentation of Financial Statements • IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors • IAS 10, Events After the Balance Sheet Date • IAS 16, Property, Plant and Equipment • IAS 32, Financial Instruments: Presentation (Exposure Draft of the Corresponding Indian Accounting Standard has been issued) • IAS 34, Interim Financial Reporting • IAS 39, Financial Instruments: Recognition and Measurement (Exposure Draft of the Corresponding Indian Accounting Standard has been issued) • IFRS 1, First-time Adoption of International Financial Reporting Standards • IFRS 4, Insurance Contracts • IFRS 7, Financial Instruments: Disclosures	IFRSs corresponding to which no Indian Accounting Standard is required for the time being. • IAS 29, Financial Reporting in Hyper-inflationary Economies

CONCLUSION

Looking at the present scenario of the world economy and the position of India convergence with IFRS can be strongly recommended. But at the same time it can also be said that this transition to IFRS will not be a swift and painless process. Implementing IFRS would rather require change in formats of accounts, change in different accounting policies and more extensive disclosure requirements. Therefore all parties concerned with financial reporting also need to share the responsibility of international harmonization and convergence. Keeping in mind the fact that IFRS is more a principle based approach with limited implementation and application guidance and moves away from

prescribing specific accounting treatment all accountants whether practicing or non-practicing have to participate and contribute effectively to the convergence process. This would lead to subsequent revisions from time to time arising from its global implementation and would help in formulation of future international accounting standards. A continuous research is in fact needed to harmonize and converge with the international standards and this in fact can be achieved only through mutual international understanding both of corporate objectives and rankings attached to it.

- Benefits derived from convergence are lot but also the challenges. The success of the convergence to IFRS in India will depend on cooperation from government, regulators and tax departments.
- Ultimately, it is imperative for Indian entities to improve their preparedness for IFRS adoption and get the conversion process right. Given the current market conditions, any restatement of results due to errors in the conversion process would be detrimental to the company involved and would severely damage investor confidence in the financial system.
- The transition to IFRS is likely to be challenging for corporate India. However, if the transitioned is planned and managed successfully, it will generally be positive for financial reporting in India. This will improve the quality and transparency of the financial reporting process and further align corporate India to the global economy and the global capital markets.
- There is an urgent need to address these challenges and work towards full adoption of IFRS in India. The most significant need is to build adequate IFRS skills and an expansive knowledge base amongst Indian accounting professionals to manage the conversion projects for Indian entities . This can be done by leveraging the knowledge and experience gained from IFRS conversion in other countries and incorporating IFRS into the curriculum for professional accounting courses.

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