

# **A STUDY ON THE EFFECTIVENESS OF INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS) IMPLEMENTATION AS A SUBJECT IN UNIVERSITY OF CALICUT**

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## **ABSTRACT**

*In the present scenario of globalization, there is always flow of goods, services, capital, and technology from one country to another. So the role of multinational corporations is increasing day by day. More than 3600 multinational companies are started their businesses in different sector in India. These Indian business establishments are presenting their financial statements as per IFRS, Indian GAAP, USGAAP, and Japan GAAP etc. To avoid this type of inconvenience, the accounting bodies are thinking of a global accounting language, that is called IFRS. India is also decided to converge with IFRS by developing a standard which is called Ind AS. To give awareness about IFRS, Calicut University implemented IFRS as a subject of study to commerce students, especially B.com finance students. This paper aims to know, whether the implementation is effective among students. Besides that the researcher tries to test, whether the teacher's motivation is effective or not.*

**Keywords:** IFRS, IFRS Implementation, Effectiveness and Teachers Motivation

## **INTRODUCTION:**

Because of financial globalization, diversity in international accounting practices adversely effects capital flows. So, there is a need for a globally accepted international accounting practices, such standard will promote confidence in the capital market. Besides that, the uniformity of accounting standard always leads to comparability of financial statements. There are so many reasons to convergence with IFRS like, professional advancement, increasing of multinational companies etc.

## **OBJECTIVES:**

1. To know the effectiveness of implementation of IFRS in Calicut university.
2. To test, whether the teacher's motivation is effective in implementation of IFRS.

## **LITERATURE REVIEW:**

Preethi Shrivastava (et al. 2015) conducted a study on challenges and prospects of IFRS in Indian accounting system. The focus of the paper is to study the implication of importance of IFRS in the present situation and to know the process in adopting IFRS. The study also aims to know the prospects of international financial reporting standards will effect Indian corporate entities.

Santanu Kumar Das (2014) conducted a study entitled of "Indian Accounting Standards and IFRS". The main objective of this study is to thus; global accounting standards would remove a frictional element to capital flows and lead to wider and deeper investment in markets. The adoption of IFRS would be able to make greater confidence in the minds of investors. At the same time it will reduce the cost of raising foreign capital.

Dr. Mahender k. Sharma(2013), conducted a work in the field of "IFRS and India –Its problems and challenges in. The main aim of this study is to analyze the information available on IFRS adoption process in India. It also gives due consideration on the IFRS adoption procedure in India and the utility for India in adopting IFRS. Ome

Srivastava, Anubha; Bhutani, prerna, (2012) conducted a study entitled of IFRS in India: challenges and opportunities. The important objective of the study is to know what extend IFRS has been adopted by the firms, what about the challenges and opportunities are faced by the companies regarding IFRS. At the same time this study should give focus on the measures that can be taken to make the process easy and flawless. The study also aims to give on the awareness and adoption of IFRS in India.

Kaushik data (2009), conducted a study entitled of "similarities and differences a comparison of IFRS, US GAAP and India GAAP". The main objective of this study recognizes that there are indeed many advantages arising from convergences to various stakeholders.

Chunhui Liu(2009), conducted a work with entitle of "Are IFRS and US-GAAP already comparable?". The main purpose of this study is to know about the changes in the difference between IFRS and US-GAAP. This study also aim to know the value relevance of IFRS system.

Rong-Ruey Duh(2009), conducted a study entitled of "Adopting IFRS: Implications for Accounting Educators",. The main result of this study is to know about a Single Set of Financial Reporting Standards in the World. In determining the cost of the acquisition, marketable securities issued by the acquirer are measured at their fair value which is their market price as at the date of the exchange transaction, provided that undue

fluctuations or the narrowness of the market do not make the market price an unreliable indicator.

Bhattacharjee, (2009) conducted a study entitled of “Problems of adoption and application of international financial reporting system in Bangladesh. The main focus of this study is to know the prospects of IFRS adoption in Bangladesh. At the same time to analyze the impact on their financial reporting environment of Bangladesh considering the underlying institutional and economic factors.

**RESEARCH METHODOLOGY:**

Analytical research design is used for this study.

**Sample Technique:**

Simple random sampling technique is used for data collection. Random samples are collected from 50 b.com finance students of Assabah arts and Science College, valayankulam.

**Source of Data:**

Primary sources of data are collected for this study. Data is also collected from secondary sources like magazines, books, other research papers etc.

**Data Collection Tool:**

Questionnaire containing 12 questions are used for data collection.

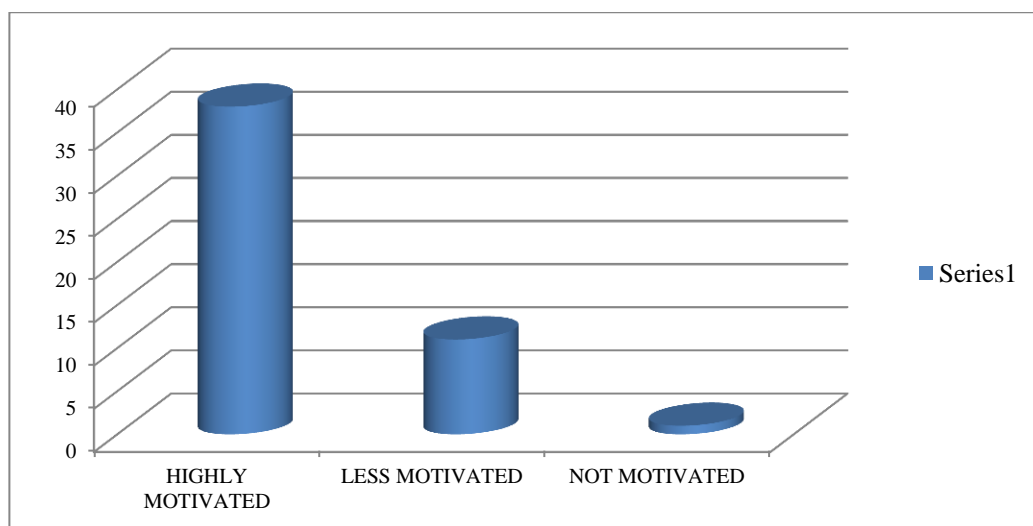
**Data Analysis Tool:**

The collected data are analyzed by using diagrammatical representation like bar diagram. Besides that statistical technique like chi square test is used for testing hypothesis.

**Graphical Representation:**

Table showing teacher motivation:

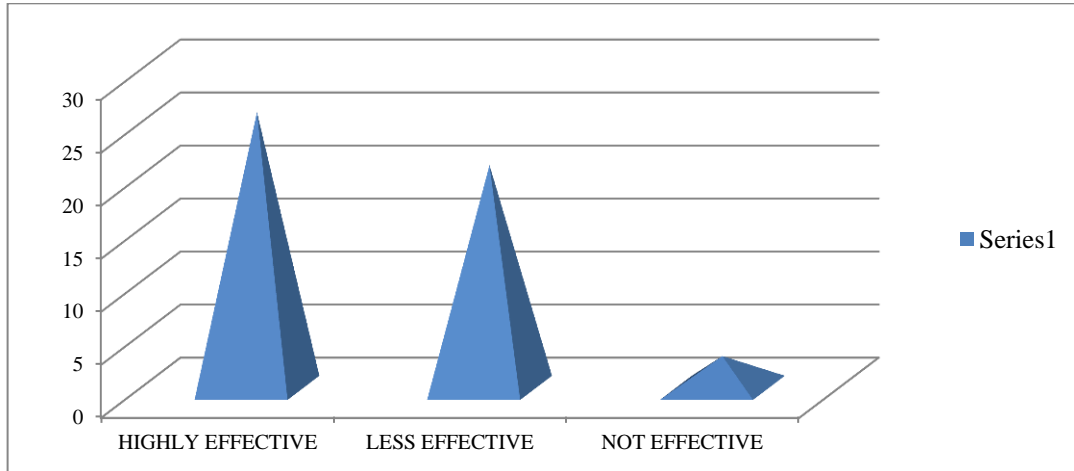
Highly motivated	Less motivated	Not motivated
38	11	1



In the above graph shows only 2% of the respondents are not motivated, 22% of them are less motivated and 76% are highly motivated.

Table showing effectiveness of teacher motivation

Highly effective	Less effective	Not effective
26	21	3



The above graph shows, 52% of the students are responded as highly effective. Only 6% of them are responded as not effective.

**Testing of Hypothesis:**

Chi square test is used for testing.

Ho- Teachers motivation and its effectiveness in implementation are independent.

Level of significance 5%

$$\begin{aligned}
 DF &= (r-1) (c-1) \\
 &= (3-1) (3-1) \\
 &= 4
 \end{aligned}$$

**Teacher's motivation**

	Highly motivated	Less motivated	Not motivated	Total
Highly effective	20	4	0	24
Less effective	18	7	0	25
Not effective	0	0	1	1
<b>Total</b>	<b>38</b>	<b>11</b>	<b>1</b>	<b>50</b>

O	E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
20	18.24	3.1698	0.1698
18	19	1	0.0526
0	0.76	0.5776	0.76
4	5.28	1.6384	0.310
7	5.5	2.25	0.4090
0	0.22	0.0484	0.22
0	0.48	0.2304	0.48
0	0.5	0.25	0.5
1	0.02	0.9604	48.02
			50.9214

Chi square =  $\sum \frac{(O-E)^2}{E}$

Table value = 9.488

Table value is less than calculated value so reject the NULL HYPOTHESES. That is teacher motivation and its effectiveness in implementation is depended.

#### **FINDINGS AND SUGGESTION:**

1. Colleges should arrange guidance classes or seminars or workshop to create interest in students about IFRS. They are not aware about the basic objectives exactly.
  2. 74% of students are less aware about harmonization with IFRS. So steps should be taken to increase awareness about IFRS
  3. 52% of students are not satisfied with the syllabus. The quantity of contents should be reduced. It should be included in all semester syllabus.
  4. Simplified text books should be prepared. To avoid difficulties in studying, more practical level problems should be included in text books.
5. 76% of respondents replied that, their teachers are highly motivated. But 42% of respondents say, teacher's motivation is less effective. Practical training should be provided to the teachers, who are handling the subject. A good training program will be conducted to make the implementation is effective.

#### **CONCLUSION:**

To give awareness about IFRS, Calicut University implemented IFRS as a subject of study to commerce students, especially B.com finance students. This paper aims to know, whether the implementation is effective among students. Besides that the researcher tries to test, whether the teacher's motivation is effective or not. Colleges should arrange guidance classes or seminars or workshop to create interest in students about IFRS. They are not aware about the basic objectives exactly. Simplified text books should be prepared. To avoid difficulties in studying, more practical level problems should be included in text books.

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