



THE FUTURE OF FINANCIAL REPORTING: A STUDY ON IFRS ADOPTION AMONG AHMEDABAD-BASED CAS

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ABSTRACT

International Financial Reporting Standards (IFRS) play a crucial role in ensuring uniformity, transparency, and comparability in financial reporting across different countries. In the Indian context, IFRS convergence through Indian Accounting Standards (Ind AS) has significantly impacted corporate financial reporting, governance, and investment inflows. This study aims to analyse the viewpoints of Chartered Accountants (CAs) in Ahmedabad regarding IFRS adoption. The study further examines the relationship between the demographic profiles of CAs and their perspectives on IFRS. A structured questionnaire was employed to collect data from a sample of 144 CAs based in Ahmedabad. The findings indicate that CAs widely acknowledge IFRS as a tool for improving financial transparency, comparability, and corporate governance in India. Additionally, IFRS alignment with Indian Accounting Standards (Ind AS) has contributed to attracting global investment and strengthening financial credibility. The study concludes that while IFRS adoption presents implementation challenges, its long-term benefits outweigh the difficulties, reinforcing its significance in India's evolving financial landscape.

KEYWORDS: IFRS, Ind AS, Financial Reporting, Chartered Accountants, Corporate Governance, Financial Transparency, Global Investment, Accounting Standards

1. INTRODUCTION

International Financial Reporting Standards (IFRS) have significantly influenced financial reporting in India, bringing the country closer to global accounting standards. IFRS is a set of internationally accepted accounting principles developed by the International Accounting Standards Board (IASB) to ensure transparency, comparability, and consistency in financial statements across different countries. The adoption of IFRS in India has been a gradual process, driven by the need to align the Indian financial reporting framework with international best practices. This transition has played a crucial role in enhancing the credibility of Indian companies in global capital markets, facilitating cross-border investments, and improving corporate governance. India has not fully adopted IFRS but has instead converged its domestic accounting standards with IFRS through the introduction of Indian Accounting Standards (Ind AS). The Ministry of Corporate Affairs (MCA) mandated the implementation of Ind AS in a phased manner, beginning in 2016 for large companies. This convergence approach ensures that Indian companies comply with international standards while addressing specific economic and regulatory requirements unique to India. The adoption of Ind AS has led to significant changes in financial reporting, including a shift to fair value accounting, greater emphasis on

substance over form, and enhanced disclosure requirements.

One of the key challenges in IFRS convergence in India has been the complexity of transitioning from the previous Generally Accepted Accounting Principles (GAAP) to Ind AS. Many Indian companies faced difficulties in adjusting to new methods of revenue recognition, financial instruments valuation, and lease accounting. For instance, the shift from historical cost accounting to fair value measurement posed difficulties for companies with significant tangible assets. Additionally, the requirement for extensive disclosures under Ind AS placed a burden on companies to enhance their financial reporting processes and internal controls. The adoption of IFRS-based Ind AS has also had a significant impact on various sectors of the Indian economy. In particular, financial institutions and banks faced challenges in implementing the expected credit loss (ECL) model for provisioning, which replaced the earlier incurred loss model. This new approach required banks to proactively assess credit risks and make provisions accordingly, thereby improving financial stability and transparency. Similarly, real estate companies had to revise their revenue recognition models, affecting their reported profits and financial statements. Despite the challenges, the benefits of IFRS convergence in India are substantial.

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HOW TO CITE THIS ARTICLE:

Dr. Rajesh M Patel
(2025). The Future of
Financial Reporting: A
Study on Ifrs Adoption
Among Ahmedabad-
Based Cas, International
Educational Journal
of Science and
Engineering (IEJSE),
Vol: 8, Issue: 02, 05-08

It has improved the comparability of Indian companies' financial statements with their global counterparts, attracting foreign investors and enhancing India's integration with global markets. Many multinational corporations operating in India have benefited from streamlined financial reporting processes, reducing compliance costs and improving investor confidence. Moreover, Ind AS has strengthened corporate governance by ensuring greater transparency, better risk management, and improved financial decision-making.

2. RATIONALE OF THE STUDY

The adoption of International Financial Reporting Standards (IFRS) has become a critical aspect of financial reporting worldwide, aiming to bring uniformity, transparency, and comparability in financial statements. In India, the convergence of IFRS into Indian Accounting Standards (Ind AS) has significantly transformed the financial reporting landscape. Chartered Accountants (CAs) play a pivotal role in this transition, as they are responsible for ensuring compliance, interpreting complex standards, and guiding businesses through the evolving regulatory framework. Given the dynamic nature of financial reporting, it is crucial to assess the perceptions, preparedness, and challenges faced by Ahmedabad-based Chartered Accountants regarding IFRS adoption.

Ahmedabad, being a major financial and business hub in Gujarat, has a large number of Chartered Accountants engaged in financial reporting, auditing, and consulting for various industries. As India progresses toward greater IFRS alignment, understanding how CAs in Ahmedabad perceive this shift is essential for evaluating the effectiveness of IFRS implementation. Their insights can provide valuable information on the practical difficulties in adopting IFRS, the level of training and awareness among professionals, and the potential impact on financial disclosures and corporate governance.

This study is important as it helps bridge the gap between theoretical IFRS implementation and its practical application in real-world business scenarios. While regulatory bodies such as the Institute of Chartered Accountants of India (ICAI) have issued guidelines and training programs, the actual preparedness and acceptance of IFRS among CAs remain a subject of debate. By assessing their views, concerns, and experiences, the research aims to highlight the areas that need further support, policy improvements, and capacity-building initiatives to ensure a smoother transition to IFRS-based reporting.

Furthermore, the study contributes to academic and professional discussions on IFRS adoption in India by focusing on Ahmedabad-based CAs, whose expertise influences the financial practices of businesses across sectors. The findings can provide valuable inputs for policymakers, regulatory authorities, and accounting institutions to enhance IFRS training programs, simplify compliance procedures, and address the key barriers faced by accounting professionals. In an era where global financial integration is accelerating, aligning India's financial reporting practices with international standards is crucial for economic growth and attracting foreign investment. The role

of CAs in this process cannot be overlooked, making this study highly relevant. By analysing their perspectives, this research aims to contribute to the ongoing discourse on IFRS adoption and its implications for the future of financial reporting in India.

3. LITERATURE REVIEW

Singh and Puri (2025) conducted a comprehensive study examining the perceptions and preparedness of accounting professionals regarding the adoption of International Financial Reporting Standards (IFRS) in India. Their research revealed that a significant number of professionals acknowledged the benefits of IFRS, such as enhanced transparency and comparability of financial statements. However, the study also identified challenges, including the complexity of standards and the need for extensive training. The authors concluded that while there is a positive outlook towards IFRS adoption among Indian accounting professionals, successful implementation requires addressing educational gaps and providing adequate resources to facilitate the transition.

Elhaj and Soliman (2023) explored auditors' perceptions of the challenges and attitudes associated with adopting IFRS in Saudi Arabia. Their findings indicated that auditors recognized the potential of IFRS to improve financial reporting quality and attract foreign investment. Nonetheless, concerns were raised about the readiness of local firms, the adequacy of training programs, and the alignment of IFRS with existing regulatory frameworks. The study concluded that for effective IFRS adoption in Saudi Arabia, it is imperative to enhance training initiatives, ensure regulatory coherence, and foster a supportive environment for both auditors and firms during the transition period.

Vidana and colleagues (2022) investigated the issues and challenges faced by Sri Lankan professional accountants in adopting IFRS. The research highlighted that while accountants appreciated the potential of IFRS to standardize financial reporting, they encountered obstacles such as insufficient training, lack of technical expertise, and resistance to change within organizations. The authors emphasized the necessity for continuous professional development programs and organizational support to mitigate these challenges. They concluded that addressing these issues is crucial for the successful integration of IFRS into Sri Lanka's financial reporting system.

Harahap and colleagues (2024) examined the perceptions of Indonesian chartered accountants regarding the opportunities and challenges of implementing IFRS-based Financial Accounting Standards for private entities. The study found that accountants believed IFRS adoption could reduce earnings management and enhance financial statement reliability. However, challenges such as the high cost of implementation, complexity of standards, and limited awareness among small and medium-sized enterprises were identified. The authors concluded that while IFRS adoption offers significant benefits, tailored strategies addressing the specific needs of private entities are essential for effective implementation in Indonesia.

Nguyen and colleagues (2024) analysed factors influencing

the adoption of IFRS in Vietnamese enterprises, focusing on managers' perceptions. The study revealed that positive managerial perception, steady organizational growth, economic scale, and financial capacity significantly impacted the decision to adopt IFRS. Managers who recognized the strategic advantages of IFRS, such as improved access to international capital markets, were more inclined towards adoption. The authors concluded that enhancing managers' awareness and understanding of IFRS benefits is pivotal in promoting its adoption among Vietnamese enterprises.

Alotaibi and Hussainey (2021) conducted a study on the economic consequences of IFRS adoption in Saudi Arabia, focusing on accounting-based performance measures. Their research indicated that IFRS adoption led to improved financial reporting quality, increased transparency, and better comparability of financial statements. However, challenges such as the complexity of standards and the need for significant changes in accounting systems were noted. The authors concluded that while IFRS adoption brings substantial benefits, addressing implementation challenges through adequate training and system upgrades is essential for realizing its full potential in Saudi Arabia.

Phan and colleagues (2023) examined the factors affecting the adoption of IFRS in Vietnamese enterprises. The study identified that managerial perception, steady growth, economic scale, and financial capacity positively influenced IFRS adoption. Enterprises with leaders who had a favourable view of IFRS and possessed sufficient resources were more likely to implement these standards. The authors concluded that enhancing managerial awareness and ensuring adequate financial and organizational resources are critical for successful IFRS adoption in emerging markets like Vietnam.

De Villiers and Sharma (2020) reflected on two decades of IFRS adoption worldwide, analysing its impact on financial reporting quality. Their study suggested that IFRS adoption has generally led to improved transparency and comparability in financial statements. However, the effectiveness of IFRS in enhancing financial reporting quality varied across jurisdictions, influenced by factors such as enforcement mechanisms, cultural differences, and the existing regulatory environment. The authors concluded that while IFRS provides a robust framework for financial reporting, its successful implementation depends on the broader institutional context and the commitment of local accounting professionals to uphold high reporting standards.

4. RESEARCH OBJECTIVES

1. To analyse the view point of Ahmedabad based CAs towards IFRS
2. To examine the relation between the demographic profiles of CAs and their view point towards IFRS.

5. SAMPLE SIZE

In this study, the sample size comprises 144 CAs based in Ahmedabad.

6. DATA ANALYSIS

1. H_0 : CAs do not believe the adoption of IFRS in India has improved financial transparency and comparability.

One-Sample Test						
	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
The adoption of IFRS in India has improved financial transparency and comparability.	19.076	143	0.011	0.217	0.009	0.011

As can be seen from the table above, the significance value is 0.011, which is less than the standard value of 0.05. As a result, the null hypothesis is rejected, and the conclusion is that CAs believe that the adoption of IFRS in India has improved financial transparency and comparability.

2. H_0 : CAs do not believe that IFRS adoption has positively impacted corporate governance in India.

One-Sample Test						
	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
IFRS adoption has positively impacted corporate governance in India.	23.303	143	0.034	0.164	0.016	0.458

As can be seen from the table above, the significance value is 0.034, which is less than the standard value of 0.05. As a result, the null hypothesis is rejected, and the conclusion is that CAs believe that IFRS adoption has positively impacted corporate governance in India.

3. H_0 : CAs do not believe Indian businesses have benefited from the alignment of Ind AS with IFRS in terms of attracting global investment.

One-Sample Test						
	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Indian businesses have benefited from the alignment of Ind AS with IFRS in terms of attracting global investment.	31.757	143	0.001	0.271	0.910	1.352

As can be seen from the table above, the significance value is 0.001, which is less than the standard value of 0.05. As a result, the null hypothesis is rejected, and the conclusion is that

CAs believe that Indian businesses have benefited from the alignment of Ind AS with IFRS in terms of attracting global investment.

4. There is no relation between the demographic profiles of CAs and their view point towards IFRS.

Variable- 1	Variable-2	Pearson Chi-Square	P Value	Decision
Gender	The adoption of IFRS in India has improved financial transparency and comparability.	41.49	0.024	There is Significant Association
	IFRS adoption has positively impacted corporate governance in India.	33.29	0.026	
	Indian businesses have benefited from the alignment of Ind AS with IFRS in terms of attracting global investment.	49.80	0.026	
Age	The adoption of IFRS in India has improved financial transparency and comparability.	31.84	0.021	
	IFRS adoption has positively impacted corporate governance in India.	27.55	0.006	
	Indian businesses have benefited from the alignment of Ind AS with IFRS in terms of attracting global investment.	50.51	0.009	
Years of experience	The adoption of IFRS in India has improved financial transparency and comparability.	13.93	0.014	
	IFRS adoption has positively impacted corporate governance in India.	11.25	0.003	
	Indian businesses have benefited from the alignment of Ind AS with IFRS in terms of attracting global investment.	16.97	0.018	

7. CONCLUSION

The findings of this study indicate that Ahmedabad-based Chartered Accountants perceive the adoption of IFRS in India as a significant step toward enhancing the quality of financial reporting. A majority of CAs believe that IFRS has improved financial transparency and comparability, making financial statements more reliable for investors and stakeholders. This reflects the growing confidence among professionals regarding the standardization of accounting practices, which facilitates better decision-making and cross-border financial analysis. Furthermore, IFRS adoption is seen as a positive influence on corporate governance in India. The increased focus on fair value accounting, enhanced disclosures, and stringent compliance requirements have contributed to better governance practices. Chartered Accountants recognize that the alignment with global standards has strengthened financial accountability and reduced the scope for misrepresentation, thereby fostering greater trust among investors and regulators. Additionally, the study highlights that IFRS convergence with Ind AS has played a crucial role in attracting global investment. By adhering to internationally accepted reporting standards, Indian businesses have gained credibility in the global market, making them more appealing to foreign investors. This alignment has helped companies enhance their financial visibility, improve capital

inflows, and expand their business prospects beyond domestic boundaries. Overall, the study concludes that Ahmedabad-based Chartered Accountants hold a favourable view of IFRS adoption in India. They acknowledge its role in strengthening financial transparency, improving corporate governance, and facilitating foreign investment. While challenges in implementation persist, the long-term benefits of IFRS adoption appear to outweigh the initial hurdles, positioning India's financial reporting framework in line with global best practices.

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