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A Study on Impact of International Financial Reporting Standards on MNC's in India with Special Reference to Karnataka

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ABSTRACT: As we all know the business are grow globally and in order to achieve that, they are expanding their market towards different countries and fulfill that objectives it seeks many requirements and one of the major requirement is global language of accounting for comparison, growth and to maintain transparency related to disclosing statements. And here is the solution for that is IFRS should be implemented by the companies to prepare accounts which business are intended to grow globally, IFRS stands fair value approach, reliability and most transparent disclosure.

KEY WORDS: IFRS, Globally, Transparency, Disclosure, Fair value.

I. INTRODUCTION

This study seeks more knowledge of accounting and how it has been applied with the standard established by ICAI. As we knew the Accounting standards belongs to INDIA will be issued by ICAI in the name of IGAAP.

Now the trend has been changed due to globalization we can say that vast of changes are required in accounting as well as reporting. So that IFRS is issued by ICAI from 01/04/2015 in INDIA and instructed to below category companies to follow it mandatorily,

- a) Government owned enterprises.
- b) Newly privatized companies.
- c) Banks and insurance companies.

It is designed as a common language for business affairs so that company accounts are easily understandable and comparable across international boundaries.

IFRS authorizes 3 basic accounting models:

1. Current cost accounting.
2. Financial capital maintenance in nominal monetary assets.
3. Financial capital maintenance in units constant purchasing power (daily price index of consumer).

The 3 assumptions of IFRS:

1. Going concern.
2. Stable measuring and assumptions.
3. Unit of constant purchasing power.

IFRS are a set of accounting standards developed by IASB (International Accounting Standard Board) for the purpose of using as global standard for a preparation of accounts.



II. LITERATURE SURVEY

1. **Gujjar.urvi,C (2022)** studied on pre and post impact of IFRS adoption on shareholders’ value creation on selected Indian listed companies they found lacking creation of shareholders value.
2. **Abu Shaqra (2022)** studied towards if first time adaptation and earning quality in joradaman Ind corporations the studied particular companies listed in ASE on earning capacity.
3. **Shruthi (2021)** Impact of IFRS on quality of financial information and study of perception of users of financial statements in India. They studied quality information in finance. To analyze the impact of IFRS and quality of financial reports and they have completely focus towards and quality of IFRS implementation.
4. **Ashjarei (2021)** Studied impact of IFRS on the earning volatility and income smoothening, their study extended on earning volatility after and before IFR option and analyze volatility between adapters and non-adapters. They found no significant relationship between IFRS adoption and income smoothening activity and earning volatility during pre and post IFRS is not the same company hence with the help of hypothesis they accepted.
5. **Maina, Enock mochama (2020)** examined Behavioral aspect of IFRS implemented and the comparative study between India and Kenya, the study is related to two countries companies India and Kenya and have selected 457 respondents.
6. **Kanishka Gupta (2019)** An empirical study on adoption of IFRS is by Indian companies this study is focused on investigation the implementation and adoption of IFRS in India they have stated importance of IFRS also adoption of IFRS is how much successful an Indian companies the study offers insight opinions of Chartered Accountants and adoption of IFRS they have concluded that IFRS implementation is not satisfied to Indian companies but will facilitate entering the foreign capital market and the limitation they found is IFRS was in the initial stage in India and geographical limitation is Delhi.

III. PROPOSED METHODOLOGY AND DISCUSSION

A combination of descriptive and analytical methods are used for the study

- a. **Descriptive study-** It is one of the study, that is designed to describe the distribution of one or more variables without regard to any casual or other hypothesis.
- b. **Analytical study-** It is a specific type of research that involves critical thinking skill and the evaluation of facts information relating to the research being conducted.

IV. EXPERIMENTAL RESULTS

Table-1

Reasons	Transparency	Comparability	Statutory requirement	Better corporate governance	Uniform accounting system
Ranks	Frequency and percent	Frequency and percent	Frequency and percent	Frequency and percent	Frequency and percent
1	52(13.68)	76(20)	106(27.90)	78(20.52)	94(24.73)
2	77(20.26)	119(31.32)	84(22.10)	16(4.21)	52(13.68)
3	88(23.15)	73(19.21)	85(22.37)	71(18.69)	54(14.22)
4	95(25)	69(18.15)	71(18.68)	123(32.36)	94(24.74)
5	68(17.91)	43(11.32)	34(8.95)	92(24.22)	86(22.63)
Total	380	380	380	380	380



Table-2

Reasons	Incurring huge cost	Lack of skills and Expertise	Insufficient knowledge	No proper training	Refuse to accept changes
Ranks	Frequency and percent	Frequency and percent	Frequency and percent	Frequency and percent	Frequency and percent
1	48(12.63)	142(37.36)	129(33.94)	53(13.94)	48(12.63)
2	54(14.22)	74(19.47)	87(22.89)	65(17.10)	50(13.16)
3	76(20)	71(18.68)	59(15.52)	118(31.05)	74(19.48)
4	93(24.47)	62(16.31)	48(12.63)	79(20.79)	66(17.37)
5	109(28.68)	31(8.15)	57(15)	65(17.10)	142(37.3)
Total	380	380	380	380	380

V. CONCLUSIONS

1. As viewed by sampled respondents, the statutory requirement, comparability and uniformity in accounting system are the major reasons for applying IFRS by corporate world and transparency and better corporate governance are the least preferred major reasons for being positive in applying IFRS in Indian MNC's.

Conclusion no-1:

It is required for comparability and to maintain uniformity in accounting system hence IFRS to be implemented as soon in all the companies.

2. As viewed by sampled respondents there is a lack of skills and expertise and insufficiency knowledge in applying IFRS by the companies and incurred huge cost is least preferred for being resisting in applying IFRS in Indian MNC's.

Conclusion no-2:

There is a lack of skills and expertise and insufficient knowledge in applying accounting system in companies, Hence it is to be improved and skill enhanced program to be conducted from experts to give proper training to the staff who deal with accounting and IFRS.

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