Chapter 2:

REVIEW OF LITERATURE

2.1 Introduction

A literature review is an evaluative report of information found in the literature related to your selected area of study. The review should describe summaries evaluate and clarify this literature. It should give a theoretical base for the research and help determine the nature of your research.

Use or purpose of the review of literature:

- To identify gaps in the literature
- To avoid reinvesting the wheel (at the very least this will save time and it can stop you from making the same mistakes as others)
- To carry on from where others have already reached (review the field allow you to build on the platform of existing knowledge and ideas)
- To identified other people working in the same field (a researcher network is a valuable resource)
- To increase your breath of knowledge of your subject area
- To identify seminal works in your area
- To provide the intellectual context for your own works, enabling you to position your project relative to other work
- To identify opposing view
- To put your work in to perspective
- To indentify information and ideas that may relevant to your project
- To identify methods that could be relevant to your project

Extensive review of literature has been gone through the for the research purpose to ensure better understanding of the concept and avoiding application as previous work in concerned area the of conversion or adoption of the IFRS.
IFRS have been recently developed due to expansion of boundaries of business and few researcher conducted study on this issue. There is so many studies have been conducted in outside India because of non-adoption of IFRS by the Indian organizations and also due to continuous extension of convergence in India. However, ICAI recently announced to compliance with IFRS by Indian organization since 2013.

The following is a summary of research studies at international context under different part of section viz.

1. IFRS becoming a global reporting language,
2. Impact of the IFRS convergence on the different areas relating to profitability,
3. Difference between IFRS and different local GAAPs,
4. Risk and challenges faced or to be in convergence process,
5. How ready the countries are to adopt IFRS

2.2 IFRS becoming a global reporting language

IFRS is the one of the global reporting standards. Under this section different studies have been considered which are concerned on the IFRS adoption in the different countries. These studies are the following:

1. Katerina Struharova, Karel steker, Milana Otrusinova (2011), “Shift to IFRS – what (Kateřina Struhařová, Shift to IFRS – what would this mean for Czech, Issue 2, Volume 5, 2011)would this mean for Czech companies” Usage of IFRS financial statements in the Czech Republic is very rare. This is due to the fact that only listed entities are required to prepare its consolidated financial statements in line with IFRS. If other entities want to prepare their financial statements under IFRS they have to prepare them in addition to financial statements under CZ GAAP which are mandatory for statutory purposes. Also the opportunities that IFRS can bring to Czech companies are not seen by them. In this paper we discuss
what the shift to IFRS mean for Czech companies and what is the impact of possible adoption or convergence plans on Czech companies.

2. Dr. Naseem Ahmad and Professor Nawab Ali Khan (2010), “Global convergence of financial reporting” this article define that all major economies have established time lines to converge with or adopt IFRSs in the near future. The international convergence efforts of the organisation are also supported by the Group of 20 Leaders (G20) who, at their September 2009 meeting in Pittsburgh, US, called on international accounting bodies to redouble their efforts to achieve this objective within the context of their independent standard-setting process. In particular, they asked the IASB and the US FASB to complete their convergence project by June 2011. Adopting a single global accounting language will ensure relevance, completeness, understandability, reliability, timeliness, neutrality, verifiability, consistency, comparability and transparency of financial statements and these bring about a qualitative change in the accounting information reports which will strengthen the confidence and empower investors and other users of accounting information around the world. It will also help acquirers to assess the actual worth of the target companies in cross border deals and thereby furthering the economic growth and search and help researcher in deter business expansion globally. For a decade the companies in India have been using both – US GAAPs and more recently International Financial Reporting Standards (IFRS) to raise funds from US and European Markets. The Institute of Chartered Accountants of India has announced that it will align existing accounting standards with IFRS w.e.f. April 1, 2011 to join the group of 100 countries reporting under IFRS.

3. Amanda Paul and Eddy Burks (2009), “Preparing for international financial reporting standards” The accounting profession is on the precipice of one of the biggest changes to face it since the 1930s. In the very near future, there is a strong possibility that United States generally accepted accounting principles (GAAP), as it is known today, will cease to exist. In its place will be a global standard
encompassed by the International Financial Reporting Standards (IFRS). This paper will provide a history of IFRS and discuss the timeline of convergence, along with advantages and disadvantages. This paper will also address the future impact on accounting education.

4. Scott Hartman (2009), “Ready for IFRS?” This article based on the Adoption of IFRS (International Financial Reporting Standards) in the US undoubtedly would mark a significant change for many US companies. It would require a shift to a more principles-based approach, place far greater reliance on management (and auditor) judgment, and spur major changes in company processes and systems. But this change should not be feared. A move to IFRS also presents a tremendous opportunity. Moving to an entirely new accounting structure ultimately might enable companies to streamline reporting processes and reduce compliance costs. While there are differences between US GAAP and IFRS, the general principles, conceptual framework and accounting results between them are often the same, or similar, for most commonly-encountered transactions. With IFRS likely to arrive in the near -- rather than distant -- future, affected utilities should consider the implications of IFRS and start planning now. The resources needed and the impact on the organization will be far-reaching. But with proper strategic planning, benefits can be substantial.

5. Glenn A Cheney (2008), “If IFRS Offer the Answer, They Sure Raise a Lot of Questions” the finding of this research is that that For America's financial executives who have not kept up with the latest accounting news, a call this summer for comments from the US Securities & Exchange Commission (SEC) should garner your attention. The issue is a big one: Should the SEC change its rule of having foreign issuers reconcile their financial reporting to US generally accepted accounting principles (GAAP), or should you accept financial reports that comply with International Financial Reporting Standards (IFRS)? The deceptively simple question has spawned a host of related questions and scenarios. FASB Chairman Robert Herz says the consequences of allowing
foreign companies to file financial statements under IFRS in the US could be
good and bad. On the good side, more foreign companies will register on US
exchanges, giving investors more options. It will also increase interest in IFRS
among Americans. On the bad side, despite considerable convergence between
the two accounting systems, they do not yet add up to the same bottom lines.

here?” This study investigate that not so long ago, a single-set of global
accounting standards was considered to be a long-term goal, with many obstacles
in its path. Now over 100 jurisdictions use international financial reporting
standards (IFRS) developed by the International Accounting Standards Board. As
the number of jurisdictions adopting IFRS increases, the feasibility and
appropriateness of a single set of global accounting standards is now widely
accepted in the world's capital markets. The debate for many jurisdictions has
now changed to which entities should apply IFRS instead of whether a
jurisdiction should adopt them. While a single set of global accounting standards
is fast becoming a reality in the world's capital markets, there are outstanding
questions about applying IFRS to other types of entities, including small and
medium-sized entities, public sector entities and not-for-profit entities.

7. Frederick D S Choi.(2008), “Marching Toward Convergence” This article
provide a summary of The prospect of US adoption of International Financial
Reporting Standards (IFRS) did not occur overnight. Rather, it is the result of an
initiative that began in earnest in the mid-1970s. The prospect of US compliance
with IFRS raises pedagogical, research and implementation issues of no small
proportion. On the curriculum front, how should schools integrate international
reporting standards into the accounting curriculum? Should schools consider a
stand-alone course labeled IFRS Reporting? The advantage of this approach is
that international standards can be examined in some detail. On the other hand, a
working knowledge of IFRS will be limited to a subset of the accounting and
general student body. Yet all will have to read financials based on international
standards during their working careers. To conclude, the challenge of international reporting standards for US reporting entities involves teaching, research and service dimensions at a minimum.

8. Karlene Mulraine (2008), “Going global”. This investigate that the move to international financial reporting standards (IFRS) means a move to new content in the Canadian Institute of Chartered Accountants Accounting Handbook. When accounting for insurance contracts, entities will continue to use their existing accounting policies, to the extent they do not conflict with IFRS, pending completion of the current international project on that topic. Unlike most other IFRS, IFRS 4, Insurance Contracts, is an interim standard published in 2004 primarily as a result of the large scale adoption of IFRS by the European Union and Australia. IFRS 4 requires entities adopting IFRS to implement some aspects of other IFRS while avoiding unnecessary disruption pending completion of Phase 2 of its insurance project. The standard provides certain limitations on the accounting policies that may be applied to insurance contracts and the disclosures that should be made by an insurer.

9. Michel Blanchette (2007), “IFRS in Canada: Evolution or Revolution?” this article provide the information that Accounting standards are not static. From time to time, they change, as the world changes. Comparing financial statements internationally has become extremely difficult as accounting rules have evolved differently from country to country. This is why the International Financial Reporting Standards (IFRS) have been created. Canada has decided that it, too, can no longer stand alone with standards developed primarily for internal purposes. This is not new. In the last decade, Canadian standards were converging on US Generally Accepted Accounting Principles (GAAP), and many accounting practices have already changed after strong international pressures. The big difference now is that Canadian GAAP should be fully replaced by IFRS no later than in 2011 for public companies. IFRS are run by the International Accounting Standards Board, a not-for-profit, privately-funded accounting standard setter. For
some companies, IFRS are going to provoke a revolution in their specific accounting practices. In the short-term, Canadian companies are challenged to adapt their practices.

10. Lawrence M Gill, Cheryl Rosen (2007), “IFRS: Coming to America”. This study provides the information that American CPAs have been less lucky in the international acceptance of US GAAP; International Financial Reporting Standards (IFRS) are destined to be the lingua franca of the international accounting world. Fortunately, the standard setters for US GAAP and IFRS are engaged in a convergence process designed to make the two sets of standards compatible. To some extent, the EU gave global convergence a kick-start when the EU mandated that EU companies with securities listed on an EU exchange prepare their consolidated accounts for all fiscal years beginning on or after Jan 1, 2005, under IFRS as adopted by the EU. Because of ongoing convergence projects, the extent of the differences is constantly shrinking. Most recognize that globalization is proceeding at a faster pace than ever. As a result, IFRS is unquestionably and inexorably in the future of American CPAs, and the future is now.

11. Holger Daske, Luzi Hail, Christian Leuz, Rodrigo S. Verdi (2007), “Economic consequences of the introduction of mandatory IFRS reporting across the world” they find that the capital-market benefits exist only in countries with strict enforcement regimes and institutional environments that provide strong reporting incentives. Furthermore, the effects are weaker when local GAAP are closer to IFRS, in countries with an IFRS convergence strategy, and in industries with higher voluntary adoption rates. In terms of magnitude, the capital market effects are most pronounced for firms that voluntarily switch to IFRS, both in the year when they switch and again when IFRS becomes mandatory. While the first result likely reflects selection effects, the latter result, together with there evidence for the sample partitions, cautions to attribute the capital-market effects for first-time adopters solely to the adoption of IFRS Many countries have made concurrent
efforts to improve enforcement and governance regimes, which likely play into our findings. Overall, the results are consistent with the view that reporting quality is shaped by many factors in countries' institutional environments, pointing in particular to the importance of firms' reporting incentives and countries' enforcement regimes.

12. David Tyrrall, David Woodward and Almagoul Rakhimbekova (2007), “The relevance of International Financial Reporting Standards to a developing country: Evidence from Kazakhstan” This case study examines the relevance and implementation of IFRS to the emerging economy of Kazakhstan from independence in 1991 to 2006. It concludes that although a strong case for IFRS relevance cannot be made, even by 2006, Kazakhstan had little choice but to proceed with IFRS and that IFRS relevance is likely to increase as Kazakh economic development continues. Implementation of IFRS is proving problematic, but is taking place slowly. This, in turn, has implications for the theoretical status of the IFRS relevance argument and the pathways that nations might follow in implementing a national accounting system. If the only choice of accounting system is IFRS, then the IFRS relevance debate is effectively closed and the real issue is the pathway of change that nations might follow as they implement IFRS.

13. Jiri Strouhal (2007), “International Financial Reporting Standard on SMEs: Opportunity to Change National Accounting Legislature”. - The paper deals with the new requirements which will be given on the reporting for SMEs and also compares these requirements with the national accounting legislature. The main aim of the presented research is to identify whether it is possible to use IFRS for SMEs as accounting frameworks and also as a national legislature in the European Union countries.

democracy to demonstrate the fundamentally antidemocratic nature of privatized lawmaking that the legislating of IFRSs exemplifies. First, an outline is given of the organizations and processes involved in the legislation of IFRSs in New Zealand to demonstrate how privatized lawmaking works. Second, the importance of IFRSs is considered in the light of basic principles of discursive democracy. Finally, alternatives to standardization are considered.

15. Ole-Kristian Hope, Yiqiang Justin Jin, Tony Kang (2006), “Empirical Evidence on Jurisdictions that Adopt IFRS”. They find that countries with weaker investor protection mechanisms are more likely to adopt IFRS. Their evidence also shows that jurisdictions that are perceived to provide better access to their domestic capital markets are more likely to adopt IFRS. Taken together, these results are consistent with the view that IFRS represent a vehicle through which countries can improve investor protection and make their capital markets more accessible to foreign investors.

2.3 Impact of the IFRS adoption or conversion on Profitability and Performance:

IFRS is one of the good quality reporting practice. IFRS plays a significant role in changing the reporting practices of the different countries. This leads to different changes in different areas of the accounting, reporting and performance etc. under this section impact of the IFRS adoption on the different areas have been reviewed. The studies and research that have been reviewed on this aspect are the following:

1. Shiheng Wang and Michael Welker (2011), “Timing Equity Issuance in Response to Information Asymmetry Arising from IFRS Adoption in Australia and Europe” This study examines the association between changes in reported financial performance resulting from mandatory adoption of International Financial Reporting Standards (IFRS) and equity issuance during the transition period leading up to IFRS adoption for listed firms in Australia and Europe. We hypothesize that firms affected by the accounting standards change
strategically time equity issuance around the time the firm discloses the effects of IFRS adoption on reported financial performance. We document circumstances where market returns are associated with the reconciliation of net income between local GAAP and IFRS. We find that a firm’s likelihood of equity issuance and equity issue size during the three years prior to the IFRS reconciliation disclosure are negatively associated with the unexpected change in net income resulting from the conversion to IFRS.

2. George Iatridis (2010), “IFRS Adoption and Financial Statement Effects: The UK Case” This study investigates the impact of the implementation of the International Financial Reporting Standards (IFRSs) on key financial measures of UK firms and the volatility effects of IFRS adoption. The findings show that IFRS implementation has favorably affected the financial performance (e.g. profitability and growth potential) of firms. The study also demonstrates that following the fair value orientation of IFRSs the transition to IFRSs appears to introduce volatility in income statement figures.

3. Barry Jay Epstein (2009), “The Economic Effects of IFRS Adoption”. This paper investigate that The SEC has waived reconciliation to US GAAP for foreign private issuers (that is, foreign companies that register in the US) that prepare financial statements, filed on Form 20-F, in full compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). It has proposed a road map that could mandate adoption of IFRS beginning in 2014. The advantages of a single set of financial reporting standards are manifest, particularly as internationalization of business activity becomes the norm. It has long been an article of faith that uniform financial reporting standards will result in a lowered cost of capital, which all agree is a desirable objective. There is certainly empirical research evidence to support the notion that uniform financial reporting standards will increase market liquidity, decrease transaction costs for investors, lower cost of
capital, and facilitate international capital formation and flows. Only one candidate is suited for the role of universal financial reporting standards – IFRS.

4. **Holger Daske, Luzi Hail, Christian Leuz and Rodrigo Verdi (2009)** examined 3,100 firms in 26 countries mandated to adopt IFRS in “Mandatory IFRS Reporting around the World: Early Evidence on the Economic Consequences.” The study examines the economic effects of IFRS, for both early and mandated adoption. The authors concluded that a company’s adoption of IFRS creates strong economic benefits in countries with rigid regulation over financial reporting. These benefits include an increase in the stock’s market value, an increase in market liquidity, and a lower cost of capital. Companies with major differences between GAAP and IFRS standards show the greatest benefit when supported by a strong regulatory environment. Additionally, the researchers found that in firms that adopt early, benefits are not only strong in the year of the change to IFRS, but also in the year that reporting is officially mandated. Results reinforce the view that strong enforcement of reporting standards not only enhances transparency for investors but also increases the market position of adopters. The paper also investigates possible contributing factors unrelated to IFRS adoption that may have caused these economic benefits to occur. Self-selection appears to be a primary reason; firms voluntarily changing to IFRS had factors unrelated to the accounting standard change that gave them an economic advantage.

5. **Elaine Henry, Stephen Lin and Ya-Wen Yang** evaluated the difference between financial results under U.S. GAAP compared to IFRS. Their results show that convergence between U.S. GAAP and IFRS is occurring. Using 2004 to 2006 reconciliation disclosures, the authors found that the calculated difference between shareholders’ equity under U.S. GAAP and under IFRS declined from 2004 to 2006. In addition, the difference between U.S. GAAP and IFRS reported net income during this period also declined but remained significantly different.
Pensions and goodwill appeared to be the dominant reconciliation items. - See more at:

6. Thomas Jeanjean and Hervé Stolowy (2008) in “Do Accounting Standards Matter? An Exploratory Analysis of Earnings Management Before and After IFRS Adoption” examined the effect of IFRS conversion on earnings quality—specifically on management manipulation of earnings to avoid recognition of losses. They examined more than 1,100 firms in three countries to determine whether the earnings management appeared to increase or decrease after implementation of IFRS. The authors measured financial reporting quality as a reduction in earnings management. Earnings management was assessed as the frequency of small profits compared to small losses—an established statistical research design used in similar past studies. Australia, France and the U.K. were selected for examination, as these three countries were unable to adopt IFRS before the mandatory transition date, thus eliminating any early adoption benefits. Based on the author’s research, earnings management remained consistent in Australia and the U.K. after IFRS adoption. However, in France, earnings management appeared to increase, suggesting that, overall, earnings quality was not improved by adopting IFRS. The research further discusses the subjectivity of IFRS accounting standards and the necessary use of management discretion for quality reporting. The authors suggest that the efforts of the standard-setting bodies should be focused on enhancing IFRS adoption reporting incentives and strict enforcement as opposed to “harmonizing accounting standards.” They state that “sharing rules is not sufficient in itself to create a common business language.”

7. Kevin McLaughlin (2009),” IFRS-GAAP Convergence Likely to Mean Major Changes in U.S. Accounting” this article based on the Major accounting changes are coming to the US as generally accepted accounting principles (GAAP) and international financial reporting standards (IFRS) converge in the next several years. Participants in an RMA Web seminar learned about the impending changes
in a session presented by Dev Strischek, SVP, Corporate Risk Management, SunTrust Banks, Atlanta; Mary Ann Lawrence, SVP, Commercial Credit Risk Review, KeyBank, Cleveland; and Michael Cain, senior executive vice president, Risk Management, Frost Bank, San Antonio. Under GAAP, fixed assets are recorded at historical cost. One timeline has US public companies converting to the new accounting system by 2013. The US Securities and Exchange Commission has approved IFRS accounting for foreign companies listing on US stock exchanges without having to reconcile to GAAP standards. EU countries, Canada, India, and Japan are ahead of the US in adopting the IFRS standard. This has fueled the drive for convergence as the world's investors, businesses, and governments complain that different accounting systems are an economic cost.

8. Messod Beneish and Teri Lombardi Yohn (2008) in “Information Frictions and Investor Home Bias: A Perspective on the Effect of Global IFRS Adoption on the Extent of Equity Home Bias.”, suggests that the geographic proximity of domestic companies causes investors to perceive a “home court” advantage compared to foreign companies—one that will not be reduced even when IFRS adoption standardizes financial reporting.

9. Ilse Maria Beuren, Nelson Hein, Roberto Carlos Klann(2008), “Impact of the IFRS and US-GAAP on economic-financial indicators”. The paper seeks to analyze the impact of differences between the International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles in the United States (US GAAP) in the economic-financial indicators of English companies. The research is characterized as descriptive-quantitative, using regression and correlation analysis. The study was developed on 37 English companies that negotiate American Depositary Receipts (ADRs) on the New York Stock Exchange (NYSE). Documental research consisted of accounting statements (AS) from 2005 sent to the London Stock Exchange (LSE) and to the NYSE. The research shows percentage differences in the economic-financial indicators of English companies, calculated based on AS sent to the LSE and the NYSE that
suggest divergences between the IFRS and the US GAAP. However, analysis of regression and correlation indicate significant correlation between the differences of these indicators. Thus, it was concluded that the economic-financial indicators are not affected in a significant way by the divergences in the accounting standards considered. As limitations, the economic-financial indicators chosen can be pointed out. Therefore, in the individual analysis of each indicator and of each company there are greater or lesser differences that are dependent on the existence of the elements that possess difference in the applicable norms and their sums. The focus of this study is the information asymmetry that results from the differences between accounting standards that are applied. It is intended to advance research with a study of the impact provoked in the economic-financial indicators from a sample of companies that release AS in IFRS and US GAAP.

10. Oystein Gjerde, Kjell Knivsfla, Frode Saettem(2008), “The value-relevance of adopting IFRS: Evidence from 145 NGAAP restatements” The study seeks to analyze Firms listed on stock exchanges within the European Economic Area are required to report consolidated financial statements according to International Financial Reporting Standards (IFRS) since 2005. The firms that adopted IFRS in 2005 were also required to restate their 2004 financial statements from national GAAP to provide comparable accounting figures. These two sets of financial statements for 2004 are thus based on identical underlying economic activities and are fully specified according to two different reporting regimes. Our sample consists of 145 restatements from Norwegian Generally Accepted Accounting Principles (NGAAP) to IFRS for firms listed on the Oslo Stock Exchange in Norway. We test whether the IFRS accounting figures correlate more strongly with stock market values than the corresponding NGAAP figures. We find little evidence of increased value-relevance after adopting IFRS when comparing and evaluating the two regimes unconditionally. On the other hand, when evaluating the change in the accounting figures from NGAAP to IFRS, we find evidence that the reconcilement adjustments to IFRS are marginally value-relevant due to increased relevance of the balance sheet and the normalized net operating income.
By weighting our sample by firm size, intangible asset intensity and profitability, we learn that the increased value-relevance of the net operating income stems from different reporting of intangible assets. Since more intangible assets are capitalized according to IFRS than NGAAP, our finding is consistent with the view that capitalizing intangible assets is more value-relevant than expensing them as incurred or through goodwill amortization.

11. Patricia Graybeal Lobingier, Brian Patrick Green (2008), “Migrating From U.S. GAAP to IFRS: Lessons From the EU and Canadian Experience” this study’s finding is that Both the European Union (EU) and Canada have gained significant experience and insight in the migration from local generally accepted accounting principles (GAAP) to International Financial Reporting Standards (IFRS). The purpose of this article is to describe the EU and Canadian experience in IFRS convergence. Internal auditors will likely play a critical role by monitoring controls that help ensure that a company's reporting information maintains financial transparency during and after the migration. The current differences in standards between US GAAP and IFRS mean that companies will require significant time and analysis to ensure proper IFRS implementation. A broad lesson to take away from the EU adoption is the importance of communicating details about the impending convergence to investors. For US companies, the most difficult part of IFRS implementation may be accommodating the principles-based nature of the standards. To facilitate changes, companies must decide on an implementation scheme.

12. Alistair M Nevius (2008), “How Will IFRS Affect Tax Practitioners?” this study’s finding is that Many companies are in the early stages of considering what impact the transition to International Financial Reporting Standards (IFRS) from US GAAP will have on financial reporting. While practitioners may have focused on the effect that IFRS's elimination of LIFO would have, other tax accounting implications must be considered. It will be important for tax return preparers to
understand any differences between the old book reporting method and the IFRS reporting method to ensure the proper treatment for tax reporting purposes. It is likely that any global accounting standards that the US may transition to in the future will be different from the IFRS that exists today. Ongoing convergence efforts could continue to lessen the differences and may ease some of the anticipated burden.

13. Denis Posten. (2008), “A big deal?” This study investigates that IFRS, like Canadian GAAP of the past, is principles-based and in many areas existing Canadian standards and IFRS are largely converged. Companies in countries that have already converted to IFRS report that the IT impact of conversion was consistently underestimated. Conversion to IFRS may be simple. Financial executives have expressed that their underlying business and financial systems will not be affected by IFRS and the requirement to be IFRS-compliant can be accomplished by a few journal entries each period to properly present financial data. However, it is recommended that if you have not begun a detailed analysis of the impacts of IFRS on your IT systems, start now. Take a comprehensive approach to your analysis. You may have new data requirements, your key performance metrics and your incentive compensation systems may change, and your business partners may need to provide you with different information. Don’t assume the effect of IFRS on your organization is limited to financial presentation.

14. Philip D Palmer (2008),“Disclosure of the impacts of adopting Australian equivalents of International Financial Reporting Standards”. This study investigates two disclosure variables (Extent and Quality) in relation to compliance with paragraph 4.1 (b) of AASB 1047 Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards. Using a sample of 150 Australian listed firms, I find that the extent and quality of disclosure is influenced by firm size, leverage and auditor firm size, with the latter variable being the most significant. In general, the results suggest that many
companies might have relied on sample disclosures provided by their auditors, perhaps limiting both quality and intent. Additionally, the ultimate usefulness of broad and imprecise standards might be questionable. Smaller companies might also require more guidance and assistance with their preparation for the adoption.

15. Mary E. Barth, Chris Armstrong, Alan D. Jagolinzer, Edward J. Riedl (2008), “Market Reaction to the Adoption of IFRS in Europe”. This study examines the European stock market reaction to sixteen events associated with the adoption of International Financial Reporting Standards (IFRS) in Europe. European IFRS adoption represented a major milestone towards financial reporting convergence yet spurred controversy reaching the highest levels of government. We find a more positive reaction for firms with lower quality pre-adoption information, which is more pronounced in banks, and with higher pre-adoption information asymmetry, consistent with investors expecting net information quality benefits from IFRS adoption. We also find that the reaction is less positive for firms domiciled in code law countries, consistent with investors' concerns over enforcement of IFRS in those countries. Finally, we find a positive reaction to IFRS adoption events for firms with high quality pre-adoption information, consistent with investors expecting net convergence benefits from IFRS adoption. Overall, the findings suggest that investors in European firms perceived net benefits associated with IFRS adoption.

16. Shuang, Wuivy Zhang (2008), “Standards and Firm Internal Performance Evaluation” - A large body of research is devoted to understanding the causes and effects of adopting international accounting standards. So far, researchers' attention has focused almost exclusively on the share market effects of the adoption. They hypothesize that the voluntary adoption of international accounting standards is associated with changes in firm internal performance evaluation process; in particular, it is associated with increases in the sensitivities of CEO turnover and employee layoffs to accounting earnings. The results of the study are consistent with these predictions.
17. Hans B Christensen, Edward Lee, Martin Walker (2007), “Cross-sectional variation in the economic consequences of international accounting harmonization: The case of mandatory IFRS adoption in the UK” This study examines the economic consequences for UK firms of the European Union's decision to impose mandatory IFRS. We hypothesize that the impact varies across firms and is conditional on the perceived benefit. We estimate a counter-factual proxy for a UK firm's willingness to adopt IFRS from the prior GAAP choices of German firms. We show that this proxy predicts cross-sectional variations in both the short-run market reactions and the long-run changes in cost of equity that are associated with the decision. This implies that mandatory IFRS adoption does not benefit all firms in a uniform way but results in relative winners and losers.

18. Shauna Shi , Jeong-Bon Kim (2007), “Enhanced Disclosures Via IFRS and Stock Price Synchronicity Around the World: Do Analyst Following and Institutional Infrastructure Matter”. In this paper, they investigate whether enhanced disclosures via voluntary adoption of International Financial Reporting Standards (IFRS) influence stock price synchronicity or the extent to which firm-specific information is impounded into stock prices. They also study the role of analyst following and institutional infrastructure in determining the relation between IFRS adoption and stock price synchronicity. There results reveal the following: Enhanced disclosures via IFRS adoption encourage informed traders to collect and trade on private information, which in turn leads to a decrease in stock price synchronicity or an increase in firm-specific return variation. This synchronicity-reducing effect of IFRS adoption is attenuated for firms with high analyst following. Moreover, enhanced disclosures via IFRS adoption encourage private information-based trading to a greater (lesser) extent in countries with poor (good) institutional infrastructures where publicly available, firm-specific information such as accounting disclosures is of low (high) quality.
19. Chris Armstrong, Mary E. Barth, Alan D. Jagolinzer, Edward J. Riedl (2007), “Market Reaction to the Adoption of IFRS in Europe”. -This study examines the European stock market reaction to sixteen events associated with the adoption of International Financial Reporting Standards (IFRS) in Europe. European IFRS adoption represented a major milestone towards financial reporting convergence yet spurred controversy reaching the highest levels of government. They find that investors reacted positively to events that increased the likelihood of IFRS adoption and negatively to events that decreased it. They also find that investor reaction was more positive for firms with lower quality pre-adoption information environments, with higher pre-adoption information asymmetry, and domiciled in common law countries. Tests comparing investor reaction for banks and non-banks suggest that the market reaction they document reflects implications of IFRS adoption generally, not just those associated with the controversial International Accounting Standard 39. The findings also suggest that European equity investors expect net benefits from IFRS adoption associated with convergence and increased information quality.

20. Shauna Shi, Jeong-Bon Kim (2007), “International Financial Reporting Standards, Institutional Infrastructures and Costs of Equity Capital around the World”. -They find that the cost of equity capital is significantly lower for the full IFRS adopters than for the non-adopters, suggesting that the IFRS adopters benefit from greater and better disclosures via IFRS by having a lower cost of raising capital from equity markets. Moreover this result holds, irrespective of a country's institutional infrastructure. Second, they find that the cost of capital decreases with the efficacy of institutional infrastructure. Finally and more importantly, the study finds that the cost of capital-reducing effect of IFRS adoption is greater when the IFRS adopters are from countries with weak institutional infrastructures as compared to countries with strong infrastructures.

this process has been proceeding. The IVSC reviewed the annual reports of a number of leading European property investment companies to identify the impact of the introduction of International Financial Reporting Standards (IFRS), in particularly the impact of IAS 40, Investment Property. In the majority of cases the 2005 financial statements were the first audited IFRS statements. However in the case of three UK companies, the first audited IFRS financial statements were included in the 2006 annual reports. The companies included in the survey are all members of the European Public Real Estate Association (EPRA), whose financial statements could easily be accessed, in English, via the EPRA website. The purpose of the research was to examine the level of consistency in the valuation standards applied and the value definitions used for the valuation of real estate assets. The valuation methodology that may have been used was not examined. The objective of the research is to present facts and not to make judgments.

22. Francisco J.F. Silva, Gualter Couto (2007), “Measuring the Impact of International Financial Reporting Standards(IFRS) in Firm Reporting: The Case of Portugal”.- The findings of the study were to increase efficiency of the European finance market; the European Union (EU) recently forced all public companies to publish their financial disclosures with the support of the International Financial Reporting Standards (IFRS), emanated by the International Accounting Standards Board (IASB), beginning January 1, 2005. In this paper, they measure the impact of the application of IFRS to financial information of Portuguese public companies belonging to the Euro list by Euro next Lisbon. The results show that the Balance Sheet and Income Statement structures of the firms studied suffered relevant accounting conversions in the process of compliance. Nevertheless, they did not find a clear pattern for the accounting variations. IFRS implementation conditioned the measure made to the performance and the financial position of the business companies in Portugal.
23. Marie Lambert, Georges Hübner, Pierre-Armand Michel, Henri Olivier (2006), “The Impact of International Financial Reporting Standards on Market Microstructure in Europe”. - They first consider the problem of confidence in investments and convergence in opinions. They deepen their analysis through a close examination of the conjoint evolution of three microstructure indicators: market volatility, liquidity, and bid-ask spread. Then, Cusum of squares tests examine whether IFRS disclosure triggered any shifts in beta and alpha on the German and Euronext markets. This study provides some informative insights regarding the ability of the IFRS to convey information supporting a fair intrinsic risk-return profile of investments.

24. Christopher Armstrong, Mary E. Barth, Alan Jagolinzer, Edward J. Riedl (2006), Market Reaction to Events Surrounding the Adoption of IFRS in Europe. - They find significant positive (negative) market reactions to events that increased (decreased) the likelihood of IFRS adoption. They also provide evidence that investors perceive greater net benefits for firms not presently cross-listed in the US. Overall, their findings are consistent with European equity investors perceiving net benefits to the adoption of IFRS in Europe.

25. Holger Daske (2006), “Economic Benefits of Adopting IFRS or USGAAP”. - Has the Expected Cost of Equity Capital Really Decreased? - the researchers investigate the common conjecture that internationally recognized financial reporting standards (IAS/IFRS or USGAAP) reduce the cost of capital for adopting firms. Building on Leuz and Verrecchia (2000), he used a set of German firms that have adopted such standards and investigate the potential economic benefits of this reporting strategy by analyzing their cost of equity capital through the use and customization of available implied estimation methods. Evidence from the 1993-2002 periods fails to document lower expected cost of equity capital for firms applying IAS/IFRS or USGAAP. During the transition period he analyzed, the expected cost of equity capital in fact appears to have rather increased under no local accounting standards.
26. Peter G. Gerardy (2006), “A Review of the Costs and Benefits of Australian Adoption of IFRS”. This paper reviews this commentary by focusing on the cited costs and benefits of the decision in the lead up to and immediately following the adoption date of 1 January 2005. Based on this review it is possible to consider, albeit in a fairly subjective manner, whether in fact the benefits of adoption to both business and the profession are likely to outweigh what appear to be not insignificant costs.

27. Eva K. Jermakowicz (2004), “Effects of Adoption of International Financial Reporting Standards in Belgium: The Evidence from BEL-20 Companies”. The survey focused on the impact that IFRS conversion has on companies, their internal organization and accounting and finance strategy. The benefits and challenges of the adoption of IFRS are analyzed, as well as the level of understanding and experience with IFRS, perception of the quality of IFRS, and the impact of adoption of IFRS on consolidated equity and net income. Principal differences between IFRS and Belgian generally accepted accounting principles (GAAP), having a major impact on the conversion to IFRS, are identified. This study would be important not only to the European Union (EU) countries but to countries which will join the EU in the future, and to other countries worldwide that are adopting IFRS.

2.4 Difference between IFRS and different countries local GAAP
Mostly countries have their accounting standards setting bodies. These bodies cope-up with the IASB for setting the standards. These bodies consider the IFRS for benchmark for issuing the standards for their respective countries. These bodies modified the IFRS according to their country need. Apart from it these bodies also issued the other accounting standards which are needed in the country without considering the IFRS. In this section the difference between the IFRS and local GAAP related research and articles have reviewed and these are the following;
1. By Joshua Cohen (2010), “Canadian GAAP Conversion to IFRS Navigating the New Waters” This paper examined the adoption of IFRS for Canadian companies is in full swing. As of January 1, 2010, Canadian companies are required to file financial statements under IFRS. Although Canadian GAAP and IFRS are similar, there are three main differences that have posed a challenge for companies: effectiveness testing, hedge accounting eligibility, and fair value measurement. While not an exhaustive list, these issues have posed the greatest challenge for Canadian corporations during the first quarter of 2010. The following paper clarifies some of the differences in hedge accounting between Canadian GAAP and IFRS and shares best practices for hedge accounting to help Canadian corporations navigate through the transition.

2. Chunhui Liu (2009), “Are IFRS and US-GAAP already comparable?” this study show that net income reported per IFRS as endorsed by EU (European Union) has significantly increased in comparability to that per US-GAAP from 2004 to 2006. However, reconciliation from IFRS to US-GAAP for reported net income is still found to be value relevant. In addition, the comparability between net asset per IFRS and that per US-GAAP is yet to be enhanced. Significant difference is found between IASB-IFRS (IFRS as issued by International Accounting Standards Board) and EUIFRS (IFRS as endorsed by European Union) reported net income in their comparability to US-GAAP reported net income.

research literature does not support the SEC's decision to eliminate the US generally accepted accounting principles (GAAP)-IFRS reconciliation requirement for foreign-private issuers. Research on the impact of institutional factors on financial reporting and compliance suggests that there are differences in the implementation of uniform standards and that compliance to IFRS and US GAAP by foreign firms is a concern. Research on IFRS versus US GAAP for non-US companies in non-US investment markets finds no significant difference in the value relevance or levels of information asymmetries between the two sets of standards. In contrast, research suggests that US investors tend to favor US GAAP, suggesting that the elimination of the reconciliation might discourage US investment in foreign firms.

4. Songlan Peng, Rasoul H Tondkar, Joyce van der Laan Smith, David W Harless (2008), “Does Convergence of Accounting Standards Lead to the Convergence of Accounting Practices?: A Study from China”. In this empirical study we examine whether China's efforts to converge domestic accounting standards with International Financial Reporting Standards (IFRS) over the past 15 years have resulted in the successful convergence of Chinese listed firms. This study is unique in that we evaluate convergence of firms' accounting practices from three perspectives: (1) the level of compliance with Chinese GAAP and IFRS, (2) the consistency of accounting choices under Chinese GAAP and IFRS, and (3) identification of significant differences in the net incomes produced under Chinese GAAP and IFRS (earnings gap). Using the 1999 and 2002 annual reports of 79 Chinese listed firms we find improvement in both compliance with IFRS and in the consistency of the accounting methods used in annual reports prepared under Chinese GAAP and IFRS. We also find a reduction in the earnings gap from 1999 to 2002. However, interestingly we observed that Chinese listed firms' compliance with IFRS is significantly lower than their compliance with Chinese GAAP. Overall we believe that our findings suggest that in China the convergence of accounting standards has been a conduit to the convergence of accounting practices.
5. Christof Beuselinck, Philip Joos, Sofie Van Der Meulen (2007), “International Earnings Comparability”. They investigated the comparability of accounting earnings for 14 EU countries in the period 1990-2005. Although prior studies have documented international differences in financial reporting properties, there is hardly any large-scale international evidence on the underlying fundamentals driving these differences. The European Union is a particularly interesting setting to study because of the substantial efforts to create a single economic market across countries. They focus on the accruals - cash flow association and show that accruals measurement is substantially affected by the business cycle stage and firm specific reporting incentives. Incentives arise from the equity capital market, debt financing and labor markets. These incentives are further intensified by the design of a country's institutional framework, such as stock market development, importance of bank financing and labor union membership. In addition, results suggest that the mandatory introduction of IFRS in 2005 did not instantly bring about the expected improvement in earnings comparability across Europe. The results of the study provide important insights for the ongoing debate on standards versus incentives.

6. John Goodwin, Kamran Ahmed and Richard Heaney (2007), “The Effects of International Financial Reporting Standards on the Accounts and Accounting Quality of Australian Firms: A Retrospective Study”. They find that IFRS increases total liabilities, decreases equity and more firms have earnings decreases than increases. The leverage ratio is higher under IFRS. Using two different models, they find no evidence that IFRS earnings and book value are more value relevant than AGAAP earnings and book value. They also find that the changes to accounting for share-based payment, intangibles, provisions and impairment components are value relevant but not consistent with the way the market perceives these components, but that goodwill accounting under IFRS improves associations with market value. The information in the earnings
reconciliations was impounded in prices before the release of the reconciliation note.

7. Sofie Van Der Meulen, Ann Gaeremynck, Marleen Willekens (2006), “The Influence of Specific Accounting Differences on the Choice Between IFRS or US GAAP”. - This paper addresses the question whether specific accounting differences between IFRS and US GAAP determine the individual firm’s accounting standard preference. The results show that firms prefer that accounting regime that offers them the largest flexibility (i.e. less disclosure or more measurement options) on relevant accounting items (e.g. R&D expenditures). Furthermore, the flexibility in measurement seems to result in accounting numbers that are significantly valued by investors.

8. Chile A.G. [Institute of Accountants of Chile (2006), “Chile International Financial Reporting Standards and International Standards on Auditing”]. - The general aim of the project is to bring Chile into line with global standards by adopting standardized criteria in the presentation of financial accounting information, thereby facilitating trade integration. Its purpose is to strengthen existing mechanisms to support the system and process for issuance and adaptation of international standards, and to strengthen effective mechanisms of coordination, integration and dissemination, to converge rapidly towards them.

9. Van Tendeloo, Brenda; Vanstraelen, Ann (2005), “Earnings management under German GAAP versus IFRS”. - They investigate whether German companies that have adopted IFRS engage significantly less in earnings management compared to German companies reporting under German generally accepted accounting principles (GAAP), while controlling for other differences in earnings management incentives. Our sample, consisting of German listed companies, contains 636 firm-year observations relating to the period 1999–2001. There results suggest that IFRS-adopters do not present different earnings management behavior compared to companies reporting under German GAAP. These findings
contribute to the current debate on whether high quality standards are sufficient and effective in countries with weak investor protection rights. They indicate that voluntary adopters of IFRS in Germany cannot be associated with lower earnings management.

2.5 Risks and challenges faced or to be faced by the nations adopting IFRS

IFRS is the one of the prominent issues among the person who has been affected by the IFRS. There are the different users of IFRS for example accountants, investors, executives, regulatory bodies. These users had the different awareness and perception toward the IFRS. In this section the challenges and risks faced or to be faced by different users of different nations adopting IFRS towards the IFRS related survey, research and articles have reviewed and these are the following;

1. Kathryn Winney, Daniel Marshall, Blaise Bender and John Swiger (2010), “Accounting Globalization: Roadblocks to IFRS Adoption in the United States” This paper reports on an researcher Lady of the Lake University McNair Scholar Daniel Marshall’s research exploring the viability of the SEC’s current “roadmap” or time-line for the convergence of U.S. GAAP with IFRS. Survey subjects were members of the American accounting profession, CEOs, industry executives, and members of academia. The survey focused on the existing and proposed IFRS guidelines and its anticipated 2016 IFRS adoption. The data collected supports a contention that the current time-line goals established by the SEC for adoption of IFRS in the United States are not realistic in light of five identified convergence and adoption roadblocks. Building on literature and research, this paper analyzes these five roadblocks to successful IFRS implementation, disputes the viability of the existing SEC time-time and quantifies the time needed to address these challenges by offering a more factor-considerate time-line for IFRS adoption and integration.
2. Heidi Tribunella (2009), “Twenty Questions on International Financial Reporting Standards. Questions on International Financial Reporting Standards (IFRS) are answered”. This paper provide the information that Since November 2007, the SEC has allowed foreign companies to file their financial statements prepared on the basis of IFRS. No reconciliation to US GAAP is required to be filed by these foreign companies. More recently, on Aug 27, 2008, the SEC released a proposal for public comment that could require mandatory adoption of IFRS beginning in 2014. To date, 85 countries have adopted IFRS. Another four require only select companies to use IFRS. The FASB is working with the IASB on the convergence of a conceptual framework for accounting standards. The FASB and IASB agreed in 2002 to conduct a convergence project to more closely align US GAAP with IFRS. Europe has already converted from local GAAP to IFRS. It is hard to estimate the time to convert financial statements from US GAAP to IFRS because each company will encounter different sets of issues.

3. Anonymous Partner's Report (2008), “IFRS Preparation”. This study investigates that Almost half (48 percent) of US companies recently surveyed have not made any preparations to adopt the IFRS. Protiviti, a division of Robert Half International that provides business consulting and internal audit, also found that companies making the conversion from U.S. Generally Accepted Accounting Principles will face a number of challenges, including the expense of upgrading IT systems and finding talent to make the transition smooth and efficient. Getting started on a plan can bring a competitive edge as well as efficiency, noted Christopher Wright, managing director at Protiviti and one of the firm's global leaders of IFRS services.
4. Chartered Accountant of Canada (2008), “Very few ready for changeover to IFRS according to CA survey”.- the survey finding were a total of 550 senior executives in Canadian companies were surveyed in March 2008 and all are Chartered Accountants. Just over half surveyed indicated that their company will need to adhere to IFRS. Among those executives only eight per cent have either started (four per cent) or completed (four per cent) the conversion process. Almost three-in-four have either not started to assess the impact (42 per cent) or are in the process of assessing the impact (30 per cent).

5. Charalambos Spathis, Eleftheria Georgakopoulou (2007), “The adoption of IFRS in South Eastern Europe: the case of Greece”.- This paper presents a study of the adoption of IFRS in South Eastern Europe by examining the case of Greece. It outlines the underlying factors and constraints affecting the compliance of firms with IFRS and most importantly highlights some key differences between IFRS and the Greek accounting system, which have had a major impact on the conversion to IFRS. Furthermore, it deals with specific issues related to local accounting practices and IFRS, the issue of enforcing compliance with IFRS and how this relates to current accounting and audit services.

6. John Sapsford (2006), “IFRS: are you ready?”.- The results were tallied from 10 questions responded to by more than 200 CAs from 13 industries in various organizational roles: 21% controllers, 9% VP finance, and the remaining (70%) had differing roles in finance and “elsewhere.” More than 50% came from five industries: banking (19%), utilities (11%), manufacturing (11%), oil and gas (8%) and government (8%). Of the companies represented, 58% were public and 33% were SEC registered. Although 51% said the new reporting standards will have a “very significant impact” on shareholders’ understanding of financial statements, this concern was topped by five others when respondents were asked to list the biggest challenges in order of difficulty: capacity of staff, e.g. workload (22%);
capability of staff, e.g. upgrading skills (20%); reporting (19%) financial processes (14%); financial systems (13%); shareholder understanding (11%). Forty percent think the challenge of IFRS will require about the same level of effort as SOX; 16% believe it will take “significantly more” effort to implement; and the majority (60%) expect it to take the same (26%) or more (34%) effort than Y2K.

7. Holger Daske and Günther Gebhardt (2006), “International financial reporting standards and experts’ perceptions of disclosure quality”. The study makes use of available disclosure quality scores extracted from detailed analyses of annual reports by reputed accounting scholars (‘experts’). This work complements other contemporary research on the quality of IFRS financial statements where the properties of earnings are used as an evaluation metric. Their evidence shows that disclosure quality has increased significantly under IFRS in the three European countries they analyze. This result holds not only for firms which have voluntarily adopted IFRS or U.S. GAAP, but also for firms which mandatory adopted such standards in response to the requirements of specific stock market segments.

8. PricewaterhouseCoopers, (2006), “IFRS: The European investors’ view Real influence on investment decisions”. This survey finds that investors are already alert to the new IFRS information reported to them during 2005. They see the change to IFRS as significant and, even at this early stage, it has changed some perceptions of companies’ value and had an impact on the investment decisions of over half the fund managers they spoke to. This underlines the significance of the first IFRS year-end accounts that are about to be published.
9. PricewaterhouseCoopers senior manager Arjan Brouwer (2006), “Survey of 2,800 European financial statements Presentation of income under IFRS: flexibility and consistency explored”. This research looks at the additional income measures companies include in their financial statements beyond the minimum required by International Financial Reporting Standards (IFRS). It also examines the way companies present these non-GAAP measures in their income statements.

10. Ciliate Dewe Rogerson (2006), “The Adoption of International Financial Reporting Standards: Who should lead the way (Survey reveals equity market unprepared for IFRS changes)”. Findings of the survey that most analysts are being left to decide for themselves how IFRS should affect their approach to company valuation. As a result, many are waiting for companies to offer guidance which, to date, has appeared on a piecemeal basis. The risk is that market valuations and share prices may be affected by a prolonged period of volatility while analysts lack consensus and a consistent approach to the interpretation of financial data under IFRS. Citigate Dewe Rogerson concludes that companies need to do more to lead the way in communicating the impact of adopting IFRS.

11. Stewart Jones, Alison D. Higgins (2006), “Australia's Switch to International Financial Reporting Standards: A Perspective from Account Preparers”. They find evidence of strong systematic variation in survey responses with factors such as firm size, industry background and expected impacts on financial performance, the general results indicate that many respondents have not been well prepared for the transition and are generally very skeptical about the claimed benefits of IFRS as enunciated in the government's Corporate Law Economic Reform Program. The results have implications to other international reporting
jurisdictions, particularly the European Union, where adoption of IFRS is already underway.

12. KPMG report (2006), “Perceptions and realities”.- The significant message from the survey is that companies face a real risk that their financial performance as reported under IFRS will be misunderstood or misinterpreted by the market. None of the surveyed analysts felt ‘very confident’ about their ability to distinguish between changes in a company's reported results due to changes in underlying business performance and those that directly relate to the adoption of IFRS.

13. Brendan Sheridan, Director (Deloitte) (2006), “IFRS Reporting. - The Time is Nigh”. - finding of the study were that With the financial reporting date of many European first-time adopters of International Financial Reporting Standards less than a month away, final preparations are being put in place. A recent survey carried out by Deloitte of European banks provides further indication of where they may expect the main changes to be in the reported financial position and results of companies. While the standards on financial instruments and insurance contracts have a more significant impact on banks, due to the nature of their business activity, many of the more significant matters identified by the survey will have impact on the majority of IFRS first-time adopters. Private companies not adopting IFRS should bear in mind that many of the transitional changes facing our listed companies will also impact on them in 2005 with to the introduction of new standards by the Accounting Standards Board under the programmer of convergence.

2.5.1 How ready the countries are to adopt IFRS

There are the different countries which are planning for the conversion of the IFRS like Canada, U.S.A. etc. these Countries have been made the planning and roadmap for the conversion to the IFRS. In this section the Countries planning and roadmap for conversion to the IFRS research and articles have reviewed and these are the following:

2. Neil Weinberg (2008), “How Does the U.S. Measure Up?”. This article based on the The first panel discussion at the Lubin Forum on Contemporary Accounting Issues focused on how companies can make the transition from US Generally Accepted Accounting Principles (GAAP) to International Financial Reporting Standards (IFRS). The panel began with a discussion of the differences between GAAP and IFRS. D.J. Gannon, Deloitte & Touche partner and leader of its IAS Centre of Excellence for the Americas, said the US might need to adapt its thinking about accounting standards. Another panelist agreed that IFRS is appealing its flexibility. A recurring theme throughout the panel was the magnitude of the cultural changes that were needed in a move to international standards. The panel discussed the different ways to implement IFRS. Richard Fuchs, partner of global capital markets at PricewaterhouseCoopers, pointed out that there is concern in the global business community about what will happen if the US adopts or converges with IFRS.

3. D J Gannon(2008), “International Financial Reporting Standards for US Companies: Planning for Adoption” this study’s finding is that More US executives -- within finance and beyond -- are beginning to look closely at the movement toward International Financial Reporting Standards (IFRS) as a basis for financial reporting. A shift to IFRS in the US is expected to occur through the full adoption of IFRS rather than through a gradual convergence of IFRS and US GAAP -- perhaps with the exception of certain long-standing convergence projects. Understanding the impact of IFRS on various aspects of a company is important to preparing a successful implementation. The planning process
typically includes assessing technical accounting, tax, internal processes and statutory reporting, technology infrastructure and organizational issues. The conversion to IFRS will require an approach and timeline that can accomplish a measured transition to IFRS and ultimately achieve a sustainable IFRS reporting structure. The timeline for IFRS implementation is likely to take longer than many companies anticipate, as was seen in the EU experience.

4. Joanna Perry, Kimberley Crook, Joanna Yeoh. (2008), “Standard-setting alive, well in NZ after IFRS”. This study investigate that in 2002, the Accounting Standards Review Board announced that New Zealand would adopt international financial reporting standards (IFRS), issued by the International Accounting Standards Board. Even though New Zealand has adopted IFRS, the FRSB continues to develop financial reporting standards for New Zealand. That includes developing the New Zealand equivalents to IFRS (NZ IFRS). In addition to NZ IFRS, the FRSB has recently developed two domestic standards for application in the NZ IFRS environment: FRS-42: Prospective Financial Statements and FRS-43: Summary Financial Statements. In addition to developing financial reporting standards in New Zealand, the FRSB continues to contribute to the development of financial reporting standards

5. Charlotte Wright (2008), “Current Developments in International Financial Reporting”. This paper provide The current tentative time line proposed by the SEC is to have U.S. registrants make the transition to International Financial Reporting Standards (IFRS) from US GAAP by 2014. A major concern regarding the mandatory move to IFRS is that the IASB’s lacks a stable funding source that insulates it from outside influences. In March 2008, the SEC adopted rule amendments formally establishing the XBRL Voluntary Filing Program (VFP). The VFP allows public companies to voluntarily submit XBRL documents as exhibits to periodic reports. Sufficient progress would have to be made in the education and training of investors, preparers, and auditors. In order to accomplish this, among other things, IFRS would need to become more broadly
incorporated into college and university curricula and into the CPA and other relevant professional exams. The SEC also put forward a proposal which would allow U.S. public companies that meet two criteria to begin filing IFRS financial statements as soon as for years ending on or after December 15, 2009.

6. Ramona Dzinkowski (2007), “A roadmap to US IFRS convergence” this study provide the information that On March 6, the US Securities and Exchange Commission (SEC) held a round table on the roadmap to IFRS convergence. According to the panel of about 20 experts, not only was the general consensus a resounding "yes", but reconciliation to US GAAP is looked upon as a mostly futile and expensive exercise. Most investors both in and out of the US are not relying on the reconciliation to US GAAP to make investment decisions; they use the IFRS or local country GAAP. If the SEC takes the recommendations resulting from this forum, in the very near future people can expect the reconciliation requirement to be dropped, potentially before 2009. In the interim it will be thinking very carefully about whether it should give US firms the opportunity to file under the IFRS should they wish to, or mandate that as of a certain date, US firms must be filing under the IFRS.

7. Dr. Aydın Karapinar Dr. Figen Zaif Ayikoğlu Dr. Rıdvan Bayirli (2007), “Convergence and Harmonization with International Financial Reporting Standards: A Perspective of Turkey”. - They conclude that Turkey is in a first stage of harmonization; there are a number of steps that should be taken. The most significant step is for the government agencies such as Finance Ministry, Capital Market Board, Banking Regulation and Supervision Agency to give support to the Turkish Accounting/financed Reporting Standards.

8. Ole-Kristian Hope, Justin Jin, Tony Kan (2006), “Empirical Evidence on Jurisdictions that Adopt IFRS” this study examine the International Financial Reporting Standards (IFRS) have recently been adopted in a number of jurisdictions, including the European Union. Despite the importance of IFRS in
the context of global accounting standards harmonization, little is known regarding what institutional factors influence countries' decisions to voluntarily adopt IFRS. This issue is relevant to standard-setters because a better understanding of the motivations for adoption will enable them to promote IFRS more effectively to countries that currently do not employ IFRS. Consistent with bonding theory, we find that countries with weaker investor protection mechanisms are more likely to adopt IFRS. Our evidence also shows that jurisdictions that are perceived to provide better access to their domestic capital markets are more likely to adopt IFRS. Taken together, our results are consistent with the view that IFRS represent a vehicle through which countries can improve investor protection and make their capital markets more accessible to foreign investors.

**Summary:**

This chapter summarises the extensive review of literature as to IFRS in the five major sections as described earlier. There has been an extensive effort to review the available literature to have a proper insight as to the various aspects of IFRS in a wider prospective in the review. It was observed that there is not a single study that has been done on the Indian perspective. All the studies were the foreign perspective. The IFRS becoming a global reporting practice therefore India is the keen to adopt the IFRS. IFRS has the some positive and some negative impact on their earning power, performance quality of report etc.
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Chapter 2: Review of Literature


