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# THE CHALLENGES AND BARRIERS FACED BY REPORTING ACCOUNTANTS IN COMPLYING WITH PRINCIPLES-BASED ACCOUNTING STANDARDS IN DEVELOPING COUNTRIES

**Prem Lal Joshi[*1] and Tariq H. Ismail[2]**

[1]*Former Professor of Accounting at MMU Malaysia and UOB Bahrain*
(**Corresponding author; Email:* prem@acadjoshi.com)
[2]*Professor of Accounting, Faculty of Commerce, Cairo University Egypt. E-mail: thassaneen@cu.edu.eg*

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***Abstract:*** The purpose of this study is to: i) investigate the challenges and barriers (C&B) that reporting accountants continue to encounter when attempting to comply with IFRS following their adoption or convergence in developing countries; ii) determine whether respondents' assessments of the challenges and barriers (C&B) are statistically differ; and iii) describe which IFRS remain the most difficult to comply with and why? Based on the supposition that the population is infinite, 235 professional accountants and accounting educators were selected at random from LinkedIn contacts. A self-created survey was carried out between November and December of 2023 to elicit opinions on 15 C&B using a Likert scale, where viewpoints of 68 respondents were gathered (a response rate of 28.8%). The survey instrument's internal consistency is demonstrated by its Cronbach alpha of 0.871. The results indicated that reporting accountants must deal with a variety of C&B in order to comply with IFRS. IFRS 9, 15, 16, and 17 are examples of recent IFRS that are complex, difficult to understand, and difficult to interpret. The respondents elicited that the most challenges facing practitioners are: (i) complex financial instruments and transactions and their measurement; (ii) IFRS are costly and time-consuming to comply with. It's interesting to note that respondents rated comparability, transparency, and accuracy of financial reports prepared under IFRS as the least challenging and least barrier-causing issues. A considerable variation was found in the respondents' opinions on how they perceive different factors such as continent, IFRS training, accounting educators versus accounting professionals, and experience. Upon analyzing the open-ended responses provided by the respondents, it is evident that there are still certain

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issues and challenges facing accountants in relation to IFRS 9, 17, 16, 15, 8, and 3, respectively, following the adoption or conversion of IFRS. It is posited that academic institutions, audit firms, and the IASB should offer comprehensive training programs. This will equip professionals with the necessary knowledge to adhere to principle-based accounting standards, which are becoming more expensive, time-consuming, and information-overloaded. The IASB should review its policy on comprehensive disclosure requirements and reexamine IFRS 9, 15, and 16, as they are considered the most complex standards. Additionally, methods for valuing assets and liabilities should be reconsidered, as no single valuation technique can capture economic value within the fair value range.

***Keywords:*** International Financial Reporting Standards (IFRS), Challenges, Barriers, Costly, Disclosure, Training, IFRS 9, IFRS 15, IFRS 16, IFRS 17, IFRS 3.

## 1. INTRODUCTION AND HISTORICAL DEVELOPMENT

The European Union first proposed International Financial Reporting Standards (IFRS) in order to standardize accounting practices among its member states. But as a common language, this idea spread swiftly throughout the world, eventually facilitating cross-border business data interpretation and global communication (Giri, 2020). However, prior to IFRS, International Accounting Standards (IAS), which were published by the International Accounting Standards Committee (IASC) board, were in use from 1973 to 2001. In 2001, the International Accounting Standard Board (IASB) was established to replace the IASC.

Creating a common accounting language was one of the main driving forces behind the introduction of IFRS, allowing businesses and their financial statements to be dependable and consistent across national borders. More than 167 countries have widely adopted IFRS as of 2022 (Palmer, 2022). This included numerous nations from Asia, Africa, and South America, in addition to the European Union. IFRS are developed through a dynamic and intricate process that aids in the provision of accurate and impartial information about legal entities. But it's crucial that information consumers and financial statement preparers assess changes to accounting standards. This shows that corporations are beginning to recognize the importance of the stakeholder perspective in corporate governance. The contention put forth by the stakeholder perspective on corporate governance is that it is the responsibility of a company's management to address the interests of all shareholders. Preparing and revealing pertinent and trustworthy information in the current financial statements is therefore expected to achieve the financial reporting quality that allows investors to make informed investment decisions (Tonye & Michael, 2023). The adoption of IFRS has brought about a number of benefits, such as enhanced transparency, comparability, reporting quality, and decision-making (e.g., Ebaid, 2022; Ajibade *et al.*, 2022; Opare & Houqe, 2021; Gupta & Gaur, 2019; Hail, Leuz & Wysocki, 2010).

### 1.1. Principle-based Accounting Standards

IFRS is said to be principle-based rather than rule-based. A principle-based approach means relying on high-level, broadly stated principles rather than detailed, prescriptive rules. While the rule-based approach strictly requires people to follow descriptive processes and practices, hence, the principle-based approach is more outcome-oriented. Burgemeestre, Hulstijn, and Tan (2009) state that in principle-based regulation, norms are formulated as guidelines; the exact implementation is left to the subject of the norm: "Drive responsibly when it is snowing."

In other words, agreement with the rules is not necessary; compliance with them is. The adoption of IFRS has presented reporting accountants with a number of new challenges. According to Nash (2023), IFRS compliance has become an essential goal for companies seeking to enhance their financial credibility and acquire a competitive advantage. Because of their unique economic structures, regulatory frameworks, and market conditions, developing countries may only partially adhere to IFRS. As a result, the full implementation of IFRS usually results in additional challenges and complexities that have the power to completely alter the financial reporting landscape. For instance, Wyk (2023, May 12) contends that the adoption of IFRS is made more difficult by the experience of India. For big Indian companies like Tata Steel, the gap between the country's commercial regulations and the pace of globalization of accounting standards presented a significant obstacle. These companies were left with the costly option of either asking the IASB to amend IFRS or requesting IFRS exemptions in Indian standards as a result of the disagreement.

The fact that IFRS reporting accountants must contend with principles-based rather than rules-based standards is one of their biggest barriers. This implies that rather than establishing precise regulations, the standards offer guidelines, which may cause variations in how they are interpreted and put into practice. Dealing with intricate transactions or financial instruments that call for a great deal of calculation and judgment might make this especially difficult. To adhere to accounting standards, professional accountants must, nevertheless, overcome several challenges and barriers. These include adhering to the most recent standards, understanding the demands of complex situations, using their judgment, interpreting the requirements, and taking the implications for taxes and the law into account. In addition, they must manage the financial and business risks involved in adhering to new or modified standards, design information systems, and tamper with internal control mechanisms.

Principle-based accounting standards still face several challenges in their successful implementation in developing nations, despite all the efforts and broad support. Ahmad *et al.* (2019) found 30 such limitations after examining previous research, which they then divided into four categories: technology infrastructure, individual, supportive environment, and financial restrictions. Similarly, Almansour (2019) points out that the lack of IFRS implementation guidelines and the lack of trained professionals in Saudi Arabia were considered the main barriers to the country's adoption of IFRS.

### 1.2. Adoption of IFRS by Developing Countries

Due to globalization and its impacts on developing countries, the IFRS have been adopted by many developing countries on all sides of the world (Barth *et al.*, 2012; Cascino & Gassen, 2014). However, according to Guerreiro, Rodrigues, and Craig (2020), developing countries may find the IFRS implementation process too complex and daunting. IFRS are being adopted by developing countries despite claims to the contrary since they are a product with "network effects". Compared to most local accounting standards, IFRS is regarded as a high-quality accounting standards, which can encourage investors to view financial statements more comparably (Odia & Ogiedu, 2013). It should be noted that various countries have implemented IFRS in various ways (Zeff & Nobes, 2010), and so are the differences in factors for IFRS adoption.

The implementation of IFRS reflects the differences in values, customs, and cultures between developing and developed countries. For example, the implementation of IFRS in Nepal was challenging because the country's accounting industry was still underdeveloped and there was a lack of qualified accountants to meet the country's needs. Consequently, Nepal was forced to adopt IFRS under pressure from the Asian Development Bank, the World Bank, and the IMF (Poudel *et al.*, 2014). Additionally, it is thought that factors pertaining to company-level comprehension of IFRS adoption and adoption of institutional and legal frameworks influence accounting regulation and practices (Nobes, 2008). The timely interpretation of standards, ongoing IFRS amendments, and the accounting knowledge and expertise held by financial statement users, preparers, auditors, and regulators are among the implementation challenges, according to Rong-Ruey Duh (2006). In Romania, auditors eventually took on the role of the main source of enforcement because IFRS enforcement was not adequately protected by the law (Albu & Albu, 2012).

According to Irvine (2008), the Big 4 accounting firms, capital markets, standards organizations, and international donors all contributed to the adoption of IFRS in developing countries. Ferati, Ahmeti, and Alui (2021) identified the main barriers to the adoption of IFRS, such as the lack of training, the lack of ongoing professional development, and the ignorance of accountants, using data unique to Kosovo. Similarly, Eskezia's (2022) study results showed that the complexity of financial reporting, the lack of availability of competent specialists, and the high level of training costs are the major challenges to IFRS adoption in developing countries. Alkali and Lode (2012), in a Nigerian context, reported that the implementation of IFRS faced several challenges, among which were: weak institutional capacity; a lack of national accounting standards; the formation of legal and accounting frameworks; the time cost of accounting preparation; a lack of updates; non-compliance with standards; a lack of monitoring; and weak educational capacity.

For reporting accountants, IFRS implementation has brought forth a number of additional difficulties. There is much academic research to evidence the important role of enforcement mechanisms for achieving compliance and the related positive user effects of adopting IFRS and other standards (e.g., Hail & Leuz, 2013; Leuz & Wysocki, 2016). Lack of harmonized enforcement leads to national differences in the application and enforcement of IFRS (e.g., Brown & Tarca, 2005). Ocheni (2015) and Weaver and Woods (2015) suggested that infrequent attempts to identify the difficulties in communicating, translating, and interpreting IASB standards, as well as the difficulties faced by practitioners and users in terms of IT infrastructure, staffing, cost, and training, were difficults or barriers for the adoption and implementation of IFRS. Nonetheless, issues related to C&B persist even after IFRS have been adopted or converted in a number of jurisdictions, particularly in relation to recently released IFRS. For a variety of reasons, accounting professionals continue to struggle with compliance in developing countries. With the support of survey data, this study attempts to discuss some of the main challenges that accountants in developing countries are facing when reporting under IFRS. Accordingly, the following is a statement of the survey study's objectives and research question:

### 1.3. Research Question

Do reporting accountants in developing countries still encounter challenges and barriers (C&B) when complying with IFRS?

### 1.4. Objectives

The purpose of this survey is to:

(i) Investigate the C&B that reporting accountants continue to encounter when attempting to comply with IFRS following their adoption or convergence in developing countries.

(ii) To determine whether respondents' assessments of the C&B differ statistically.

(iii) To describe which specific IFRS remain the most difficult to comply with and why.

In general, the survey's results may contribute to the ongoing discussion about whether accountants still face C&B to complying with new and updated standards, even after IFRS was adopted and converged upon in developing countries. Since the findings give examples of how companies required to apply IFRS have approached the process in a particular country, they may also be pertinent to International regulators and institutions involved in the process. The conclusions and findings could have implications for standard setters, regulators, and the global discourse regarding the challenges and barriers encountered by reporting accountants in developing countries and whether any standards revisions are necessary to offer a workable solution.

## 2. LITERATURE REVIEW: CHALLENGES AND BARRIERS OF IFRS IMPLEMENTATION

IFRS compliance has become a critical aspect of financial reporting, especially in developing countries, in order to foster transparency, comparability, and international credibility. While the journey towards achieving compliance may pose challenges, the benefits of IFRS adoption are undeniable. The accounting guidelines for financial instruments, lease accounting, and revenue recognition have all undergone modifications in recent years. The global baseline of sustainability disclosures is on the way, and new reporting requirements for digital assets are also in the works. Standard-setters are continuing to adjust financial reporting requirements to our more complex world. The implementation challenges, according to Rong-Ruey Duh (2006), are as follows: prompt standard interpretation; ongoing IFRS amendments; accounting knowledge and expertise held by financial statement users, preparers, auditors, and regulators; and 7 managerial incentives. Ahmed *et al.* (2013), Barth *et al.* (2012), Brüggemann *et al.* (2013), Rezaee, Yip, and Young (2012), and Joshi *et al.* (2016) stated the research emphasis has shifted from the IFRS issuance processes to understanding IFRS' implementation advantages and pitfalls.

### 2.1. Staying up-to-date on Changes and Updates on Standards

To take into account modifications to the financial reporting requirements and business environment, IFRS standards are updated and altered on a regular basis. Because of this, it may be difficult for accountants who report using IFRS to stay current on changes and guarantee that the most recent rules are being followed. It can take a lot of time and money to stay on top of the changes, particularly for smaller businesses with fewer resources. A few surveys found that lack of knowledge and experience of IFRS and difficulties in developing accounting policies were the main challenges because these two challenges are linked, as presumably the lack of knowledge and experience of IFRS makes it difficult to develop IFRS-compliant accounting policies.

For example, reporting accountants have to be compliant with the latest IFRS standards. A number of new IFRS have been introduced over the past few years, namely IFRS 9, 15, and 16. For those who are reporting under the standards, each new one comes with its own set of nuances and challenges for entities to comply with. According to Seagull (2023), there are several ways to stay up-to-date on changes in accounting standards. These include engaging in professional organizations and events, collaborating, networking with peers and experts in the field of accounting and finance, and using online resources for real-time updates.

Making the switch to IFRS is not an easy task. To ensure compliance with the new standards, businesses must reassess their accounting procedures, frameworks, and guidelines. For organizations that have been using a different accounting framework, such as Generally Accepted Accounting Principles (GAAP), this can be especially difficult. The intricacies of IFRS may require in-depth training for employees to fully understand, and the learning curve may cause business operations to lag during the transition. Accounting-related rules, standards, and compliance requirements are constantly evolving. It's critical for accounting professionals to stay up-to-date on regulations. The results of Weaver and Wood's (2015) indicated that inadequate training and education are among the issues encountered during IFRS implementation.

### 2.2. Complex Financial Instruments and Transactions and their Measurement

In order to offer guidance on intricate financial instruments and transactions like derivatives, hedge accounting, and fair value measurements, IFRS were created. The implementation of these guidelines, meanwhile, can be difficult, particularly for businesses that handle a lot of these instruments and transactions. For example hedge accounting calls for a high level of technical complexity and professional skills. In the past, concerns were voiced about the requirement for significant disclosure of credit risk, market risk, liquidity risk, and hedge accounting under IFRS 7. Due to the intricacy of these instruments and transactions, a high level of knowledge and experience are needed to guarantee standard compliance.

IFRS use fair value as a measurement base for valuing most of the items of financial statements. The use of fair value accounting can bring a lot of instability and prejudice to the financial statements. The US economic crisis of the past ten years has rocked global financial markets and institutions, wreaking havoc with fair value financial reporting under IFRS. Mark-to-market valuation of financial assets and investment property is mandated for banks and other organizations in compliance with fair value accounting. It requires experts who can arrive at a decision related to fair value measurement. Despite the fact that fair value represents the state of the market, estimating fair value is a more difficult and time-consuming task that might not be cost-effective because the information gathering process costs more than the information that is gathered usefully (e.g., Rajath & Devarajappa, 2023). This is a challenge to comply with IFRS for accountants (Heidhues & Patel, 2008). According to the majority of respondents in a survey study conducted in India by Srivastava and Kulshrestha (2019), determining an asset's price is challenging because the Indian market is not as active as other developed economies, making fair value measurement extremely complicated. Accurate asset pricing requires specialized knowledge in fair value measurement.

On the other hand, Kvaal *et al.* (2023) assert that, under IFRS 9, a single classification and measurement model based on fair values would give financial statement users the most pertinent information, at least for financial institutions, based on the empirical evidence. A model like this would make sense conceptually and reduce the complexity and application-related problems that come with the current standard. Since full fair value measurement is not widely accepted, we identify a number of areas where the standard needs to provide more information and clarifications.

### 2.3. International Business Operations and Transnational Transactions

Cross-border transactions and International business operations have increased as a result of globalization. This creates a problem for IFRS reporting accountants because they have to make sure that the standards are followed in various jurisdictions with various regulatory frameworks. Due to the intricacy of these operations and transactions, a high level of knowledge and skill is needed to guarantee standard compliance.

The results of the Eskezia (2022) study in the Ethiopian context demonstrate that the main obstacles to the adoption of IFRS in various nations are the intricacy of financial reporting, the scarcity of qualified specialists, and the high cost of training. The researcher advises stakeholders to take into account the availability of sufficient resources to support the sustainable implementation of IFRS in Ethiopia prior to implementing IFRS, based on the study's findings.

### 2.4. Compliance with Various Laws and Tax Regulations

According to Hien, Hoan, and Cong (2023), previous research shows that the application of IFRS is positively impacted by a number of factors, including manager capabilities and perceptions, qualifications and experience, government circulars and accounting regimes, and the benefits of adopting IFRS. However, a lot of people are unaware of the IFRS, which makes implementation and compliance challenging. Professionals in accounting and finance should receive sufficient training before the standards can be applied correctly, consistently, and uniformly. Accountants who report using IFRS must abide by a number of laws and regulations, including those pertaining to taxes, securities, and industry-specific matters. It can be difficult to comply with these regulations, particularly when handling international business operations and cross-border transactions. The intricacy of these regulations may also lead to heightened expenses for establishments to guarantee adherence. Abedana and Gayomey (2016) noted that when IFRS/IAS were implemented, there were more difficulties in Ghana in adjusting from financial accounting to tax accounting.

UNCTAD (2008) states that IFRS are incorporated into current laws and regulations when they are adopted in a particular jurisdiction. The provisions of pertinent national laws and regulations, however, might not be changed in a timely manner to acknowledge the adoption of IFRS. There are instances where the requirements of IFRS conflict with relevant provisions found in national laws and regulations. It's possible that there are insufficient or nonexistent relevant institutions to guarantee a seamless shift to a global set of financial reporting standards. The implementation of stringent national enforcement of global standards presents practical compliance barriers as there are insufficiently resourced enforcement institutions and inadequate mechanisms for coordination among pertinent institutions. Furthermore, the study conducted by Rajath and Devarajappa (2023) demonstrated that 71% of respondents strongly agreed or agreed that this challenge existed in the Indian context and that changes to various regulations or laws needed to be implemented.

## 2.5. Presenting Clear and Understandable Information to Stakeholders

IFRS reporting accountants are responsible for communicating complex financial information to stakeholders such as investors, regulators, and analysts. The challenge lies in presenting this information in a clear and concise manner that is easily understood by the stakeholders. Communication can be challenging, especially when dealing with technical accounting concepts and terminology (IFRS Training, 2023). Generally, the argument goes that shareholders in developing countries have less knowledge of the information found in annual reports. In this regard, the majority of shareholders lack training and have very little knowledge of capital markets, accounting, or finance, according to a survey done by Naima *et al.* (2016). Furthermore, this study indicates that general shareholders peruse an annual report to a certain degree. In a similar vein, Joshi and Al-Basteki's (1999) found that while Bahraini organizations should stick to IASs, there is a need for regulation in how these standards are applied. Additionally, adhering to IASs will improve users' comprehension of financial statements and accounting concept.

The annual financial statements of a company are an essential means of communication for its stakeholders, including investors. The entity should clearly and according to the needs of the stakeholders tell its story. Disclosures are included because investors need to understand them and because business models and transactions are becoming more complex. Regretfully, a lot of investors lament the cluttered financial statements that are the outcome, making it difficult to locate the really crucial information (Grant Thorton, 2016). While adhering to rules and regulations, accountants also need to make sure that financial reports play a significant role in broader stakeholder communication. It is crucial to apply materiality in a way that improves information clarity and conciseness. To increase the notes' usefulness as a communication tool, reassess how they are arranged in financial statements (Grant Thorton, 2016).

According to research by Paananen and Lin (2009), the implementation of IFRS had a detrimental effect on the caliber of information given to stakeholders, which resulted in a decline in accounting quality. Suadiye (2017) found that there was a negative correlation between the quality of reporting and the adoption of IFRS in the Turkish market, even in spite of indications that the amount of information provided to stakeholders had increased. Similarly, a research by Outa (2011) also confirmed that applying IFRS does not increase or decrease the quality of financial statements.

### 2.6. Inaccurate Financial Picture and Transparency Issues

It is asserted that applying IFRS can improve a company's financial information's comparability, quality, and transparency. Every company's financial reporting would always be 100% error-free in a perfect world. Internal and external stakeholders must be able to rely on financial statements' accuracy in order to make important management and investment decisions. Financial statements provide essential information about a company's health. The flexibility of principles-based standards has drawn criticism for transparency, as it may allow companies to present an inaccurate financial picture, which could have an impact on creditors and investors who rely on financial statements to make decisions (Russo, 2022, 21 March). Often further complicating matters, the way that IFRS regulations are applied varies widely from one country to the next. Each has its own system of regulation and compliance, and in many countries (especially in the fastest-growing emerging regions), compliance and enforcement are weak. The quality and independence of the accounting profession are also often patchy.

In contrast to earlier research that indicated an improvement in accounting quality following the implementation of IFRS, Ahmed, Neel, and Wang (2013) discovered that accounting accuracy decreased following the mandatory adoption of IFRS. Sherman and Young (2016) assert that, even in cases where they are made in good faith, estimates and judgment calls that are inevitably based on can result in corporate financial statements that are significantly off-target. Plus, there are strong incentives for managers and executives to purposefully add errors to financial statements. According to the findings of a study conducted by Ebaid (2022), financial statements based on IFRS provide greater transparency when it comes to the prediction of financial conditions than financial statements based on Saudi local standards. This rise in transparency did not, however, reach statistical significance.

Conversely, the research conducted by Kainth and Wahlstrom (2021) indicates that the implementation of IFRS may contribute to the improvement of financial report informativeness by fostering transparency and discouraging managers of insolvent firms from utilizing creative accounting techniques.

## 2.7. Comparison Issue of Financial Reports due to Various Interpretations based on Judgement

It is the goal of the IASB to make its IFRS comparable for use in worldwide financial reporting (Prather-Kinsey, DeLuca, & Phan, 2022; Hameedi, *et al.*, 2021). Compliance with IFRS brings transparency by enhancing the international comparability and quality of financial information, enabling investors and other market participants to make informed economic decisions. It is pointed out that their applications for accountants include intrinsic room for judgment, which could have an impact on the comparability of financial reporting (Lundh, 2020). The principle-based approach is like telling drivers to consume alcohol responsibly before driving on public roads. The outcome is clear, namely responsible driving on the roads, but the manner in which to achieve this is left open for interpretation.

Regrettably, disparate financial reporting by companies listed in various legal jurisdictions still impedes the widespread adoption of IFRS (Quagli *et al.*, 2020; Phan *et al.*, 2020; Mita *et al.*, 2018). In 2019, IASB saw very little work done to enhance the comparability of financial reporting, particularly with regard to income statement presentations. One of the main concerns is that comparing financial reports is difficult since there are many guidelines and opportunities for interpretation, which makes meaningful comparisons difficult. Below-level questions start where principle-based guidance ends. At times, the solution will become evident through the use of the conceptual framework, and in other situations, standard procedures will surface. If sufficient disclosures are not made in these circumstances, comparability may suffer. However, Mitta *et al.*'s (2017) study findings revealed that the level of IFRS adoption has a positive effect on the comparability of financial statements. The level of IFRS adoption indirectly increases foreign investors' ownership through the comparability of financial statements. Comparably, the results of a study conducted in the United Arab Emirates by Almehairi *et al.* (2021) showed that the adoption of IFRS significantly raised the level of relevance, understandability, and comparability.

Similarly, opponents argue that because IFRS are based on judgment reporting, they frequently require the making of significant judgment calls and estimates in areas where specific guidelines are lacking. Due to this subjectivity, various businesses may have differing interpretations and applications of the standards. As a result, financial statements might not always be as comparable as intended, which could affect the credibility of the reporting process.

## 2.8. Lack of Clarity in Standards

Financial statements must be prepared in accordance with IFRS using the following four fundamental principles: comparability, clarity, relevance, and reliability. However, several IFRS are criticized for lack of clarity. Financial statements must be simple to read and comprehend in order to adhere to the principle of clarity. Substantial latitude is granted by IFRS guidelines for selecting what data to include and how to present it in the financial statements. The accountant has the last say in matters of this nature. Accountants should choose simplicity over complexity in order to achieve clarity. The true problem with IFRS is this (Morley, 2016). The IASB was forced to update its 2010 Conceptual Framework in 2018 due to criticism that it was unclear, left out some key concepts, and out of date with regard to the organization's current state of mind. According to the results of Khamis' (2016) study, Egyptian preparers and auditors surveyed did not possess a comprehensive and consistent knowledge of the new revenue standard. They thought that the concept is unclear and challenging to implement in a variety of business sectors. IFRS 9 is criticized by experts in accounting and other users for being unclear and complicated. As a result, ESBG (2023, September 29) advocates for additional clarification in IFRS 9 regarding impairment requirements through the position paper.

Because many IFRS are regarded as complex and may be unclear in some areas, this can make it difficult to interpret and apply consistently. Howieson, Loftus, and Schühre (2023) noted that readability statistics show that Australian accounting standards are difficult or very difficult to read, which addresses the worry that those who use them find them difficult to understand. Similarly, the results of Glenn and Chris's (2015) study implies that the adoption of IFRS has increased complexity and decreased the readability of disclosures in annual reports. Therefore, reporting accountants require a set of guidelines for standards that are simple to understand and interpret in order to comply with IFRS. There are various ways to provide guidance, including more detailed regulations, official guidance from the regulator, and both formal and informal forms. The regulator's informal guidelines, such as speeches, letters, workout examples and cases, FAQs, etc., as suggested by Julia (2007).

There's also a chance of inconsistency because new guidelines and standards' interpretations might provide an extra thought or solution, but there's never a chance to fully assess the data because it comes from so many diverse sources. Using this weakness, companies can choose which methods to incorporate into their financial reports and allow their financial statements to show the results they desire (Manoharan, 2019). Moreover, such a structure makes it easier to manipulate revenue or profit and hide possible financial problems from the findings (Manoharan, 2019).

## 2.9. Significant Skill, Judgement, and Mind-set Changes

A paradigm shift in the way businesses and regulators interact is necessary for a more principle-based regulatory framework. While there may be a good chance of improvement, this will only be effective if attitudes and abilities also shift in tandem. Supervisors' abilities, judgment, and mindset need to be drastically altered. When using their enforcement resources in a regime based on principles, they will need to show tact. Because reporting accountants, enforcement agencies, regulated firms, and the mistrustful relationship between them all have the wrong set of skills, principles-based accounting standards face a serious risk of failing (Julia, 2007).

According to Maradona, Chand, and Lodhia (2022), the most important skill for applying IFRS is accounting judgment. While cultural sensitivity skills are seen as the least important, ethical skills and some general skills are also thought to be required for an adequate application of IFRS. Their findings further indicate that professional training programs should prioritize the cultivation of judgment and other pertinent skills, as these are crucial skill sets for the application of IFRS. It may be noted that to help accounting professionals adopt an IFRS mindset, the IASB has created resources that enhance their capacity to make IFRS decisions during their accounting education.

Because of IFRS's high degrees of flexibility and principles-based design, accountants must use a great deal of discretion when creating and presenting financial statements (Ajekwe, 2022). As noted by Prather-Kinsey *et al.* (2018), IFRS are principle-based standards, which means that when applying them, an interpretation and/or a judgment are required and may be influenced by the accountants' national and personal circumstances. IFRS requires valuations and future forecasts, which will involve use of estimates, assumptions and management's judgments (Kumar, 2014).

Considering whether significant accounting judgments and estimates arising from the new standards are being developed and captured sufficiently during the implementation phase, as these may be required disclosures in the financial statements once the standards are adopted, For instance, there's no denying that implementing IFRS 16 forces companies to exercise judgment in a number of areas, most notably in determining whether to allow, desire, or warrant an exemption, how much to value the lease portion of any service or product agreement, and how best to optimize the resulting financial reporting

(Hendrie, 2018). In a similar vein, Joshi, Al-Mudhahki, and AlBastaki's (2004) study of 32 Bahraini listed companies found that accountants use a lot of judgment in financial accounting, even when faced with unstructured data, limited options, and limited room for error. Contingency estimates, footnote disclosures, intangible amortization, financial instruments, and revenue recognition were a few examples.

### 2.10. Uniform Accounting for Numerous Subsidiaries in Various Jurisdictions

An essential accounting concern for businesses having overseas subsidiaries is the conversion of foreign exchange balances. The functional currency values of foreign currency assets and liabilities arising from foreign currency transactions and overseas subsidiaries are subject to swings in foreign exchange rates over an extended period. Foreign exchange discrepancies resulting from these value shifts must be shown in the financial statements of the companies. The key questions in accounting for multinational companies are how to quantify these foreign exchange disparities and whether to factor them in when calculating net income (CFA Institute., 2024). Nas (2023) states that it may be difficult for businesses with numerous subsidiaries operating in various jurisdictions to guarantee uniform IFRS compliance throughout the whole group. Arnold (2009) stated that coordination and efficient communication are essential if the financial statements of each subsidiary are to comply with the reporting standards of the parent company.

### 2.11. Systems and Data Management Alterations for Accuracy

For IFRS compliance, financial reporting systems and data management practices frequently need to be significantly altered. Ensuring data accuracy and integrating disparate systems can pose significant challenges for organizations (Nas, 2023). According to KPMG's 2009 report on the impact of IFRS on technology, adhering to IFRS may necessitate the use of unique or recent data or insights in order to comply with the updated accounting laws, as well as changes to reporting guidelines and measurement techniques. Furthermore, Weaver and Wood's (2015) study found that barriers in capturing data was raised as a challenge six times by five respondents, with three respondents prioritizing it as a significant issue.

When circumstances change, information systems may need to be implemented, modified, rearranged, or remapped in order to do so. According to Sharma, Joshi, and Bansal's (2017) study, participant perceptions of their level of education, training, and information regarding FRS implementation preparedness.

## 2.12. Complying with IFRSs are Costly and Time-consuming

The implementation costs of IFRS compliance could be one of the biggest challenges in a situation where financial resources are scarce. The costs associated with adopting IFRS may include those related to staff training, consulting services, information system adjustments, and computer software modifications. For example, IFRS compliance is costly, complex, and difficult for a telecom services provider. The most significant system challenge, according to most, is collecting and managing contract-level data for millions of customer contracts, as well as transactional data required to determine what revenue should be recognized under IFRS 15.

In 2005, a survey of 112 publicly traded companies that prepared for the transition to IFRS in the EU found it to be a costly, complex, and burdensome process (Jermakowicz & Gornik-Tomaszewski, 2006). Additionally, according to Oanh (2022), there are significant IFRS associated with implementation costs. Each nation that adopted the new standards for accounting would be responsible for paying for the retraining and education of its accounting professionals. Companies should devote time and resources to the process of rehabilitation as well. Costs for companies that only conduct business nationally present another issue. For these businesses, the advantages of switching to IFRS outweigh the costs. The adoption and ensuing compliance with IFRS entail significant costs, according to a number of earlier studies conducted in developing nations (e.g., Vidanage, Rajakaruna, & Kumari ;2023; Dagnew, 2020; Sharma, Joshi, Kansal, 2017; Wekman, 2023).

In this regard, the findings of Pawsey's (2017) survey made clear how expensive IFRS are for businesses, both before and after they are adopted. In particular, many businesses experienced large increases in AIS, staff training and development, financial statement user education, and financial statement adjustment costs as a result of the switch to IFRS. Additionally, a lot of businesses believed that the 15 implementation of IFRS had caused annual accounting and compliance costs to rise by at least 20%. Furthermore, a survey conducted by Yang, Kakabadse, and Lozovskyi (2013) revealed that financial managers are extremely concerned about the implementation costs associated with the adoption of IFRS. These expenses cover double-purpose accounting, software system modifications, training, deadlines for IFRS adoption, instruction on adopting current IFRS, and consulting services. Although implementing IFRS in the developing countries is not easy or straightforward, companies need to spend money on the training of their staff members, which can result in more expenditure than the generation of the income while implementing IFRS (Kanakraju, 2015).

### 2.13. Higher Degree of Disclosure Requirements

Due to the IASB initiative, the new IFRS require now more principles of disclosure in financial statements. However, companies often find the costs of preparing financial statements as being too high. This has been a major argument made by entities since before the launch of the Disclosure Initiative. Wehrfritz and Haller (2014) reported that large companies have a higher degree of compliance with IFRS disclosure requirements than others , while Yamani and Almasarwah (2019) assert that the International comparability of financial statements under IFRS can only be achieved if the standards are interpreted and applied consistently across countries. Hellman, Carenys, and Gutierrez's (2018) study findings showed no clear pattern of higher compliance for IFRS with more reliance on disclosure principles as compared to specific requirements (i.e. IFRS 7, IFRS 8), but note the methodological problem of measuring compliance with disclosure principles.

Weaver and Wood (2015) state that there is a sizable body of literature that addresses the relative complexity of IFRS financial reporting and disclosure requirements, even though some interviewees mentioned the challenges in implementing specific IFRS requirements. In this regard, Retain items are disclosed the most, followed by those categorized as Disclose if Material, and Delete items, according to Saha, Morris, and Kang's (2018) research. These disclosure categories were relevant in terms of value, but the outcome is limited to businesses that are losing money.

It appears that IFRS's mandatory disclosure requirements have grown too onerous. There are several barriers in the way of collecting data and getting the information required for thorough disclosures under the implementation of IFRSs. For example, the bank of the company may be required to furnish the fair value of financial instruments. The company is inexperienced in handling it, and looking back, it might be difficult to get the information to be shared. Furthermore, as mentioned by Kothari *et al.* (2009), companies may have a variety of reasons to withhold certain information from the public, such as cost savings on reporting, the need to protect price-sensitive information, or the need to control good and bad news. But IFRS's onerous disclosure requirements might also be to blame for the noncompliance.

## 2.14. Frequent Modifications in Internal Controls and Transitional Adjustments

The adoption of IFRS will have an effect on information technology as well as many, if not all, other areas of an entity's operations. It could result in changes to the entire company that presents new risks. According to Arnold (2009), these include adjustments to systems, adjustments to procedures that affect workers' daily responsibilities, and new accounting guidelines. a company's internal control over financial reporting refers to the policies and procedures put in place to guarantee the integrity, accuracy, and dependability of its financial statements. Following the adoption of new accounting standards like IFRSs, it could be necessary to identify the system, process, and any related internal control changes required to generate the information required by the new standards, including the corresponding disclosure. A comprehensive analysis is provided by Burns, Steele, and Groves (2017) on this challenge. Certain financial reporting controls, like account reconciliation, transaction receipts, and approvals, are comparatively widespread across industries. Similarly, Weaver (2014) states that there is a strong need for system changes and internal control enhancements to ensure rigor in applying the new financial reporting requirements and in dealing with transitional adjustments.

Furthermore, according to Arnold (2009), in order for the company's staff to take appropriate action based on operational risks as well as the risk of material weakness in internal controls over financial reporting (ICFR), they must comprehend how the company plans to apply IFRS. It might also be necessary to develop plans for the system's implementation that include the necessary accountability mechanisms. Weaver (2014) states that before IFRS can be adopted, system modifications and improvements to internal controls will be needed to guarantee rigor in applying the new financial reporting requirements and handling transitional adjustments, as well as any necessary changes to internal information systems and reporting.

When new accounting standards are adopted, management has to ensure that processes are in place to identify and evaluate material changes in internal control. Further, protocols should exist for developing appropriate disclosures and reporting such information to appropriate levels of management.

## 2.15. Most Recent IFRS are Very Complex and Challenging

The IASB has released more complex and difficult standards with the most recent IFRS, which include IFRS-9, 15, 16, and 17. For instance, following conversations with multiple insurers, Deloitte (2021) claims that IFRS 17 is a challenging test due to its intricate, multifaceted, and interdependent requirements. It is also known as a data-intensive standard, requiring a significant amount of work to obtain data at the necessary level of granularity. In a similar vein, Morais's (2019) study's sample of IFRS modifications from 2005 to 2016 showed that the changes are making IFRS more complex and that adopting IFRS increases the use of complex words in disclosures (Efretuei, 2022).

Based on responses from 117 of its members, ACCA (2009) claims that public trust in the financial reporting system is negatively impacted by the growing complexity of financial reporting standards themselves. "Those who are responsible for setting the standards that underpin financial reporting across the globe have acknowledged this," according to the study, "and increasing efforts are being made to understand how financial reporting can be made more effective." Furthermore, share-based payments, hedge accounting, financial instrument disclosure, and pension accounting all have a great deal of complexity that could be avoided. In addition to being difficult to understand, standards and their requirements are costly to implement.

The accounting requirements for leases under IFRS 16 are more complicated when a lessor applies them in a sublease arrangement. Many claimed that the complexity of IFRS-16 is significantly underestimated, both in terms of its scope and its actors. Many companies still find it challenging to implement the standard for various reasons (TelenTia, 2019). According to 34% of respondents in a global survey conducted by Deloitte in 2018, determining lease terms is a highly complex process. According to Green (2018), the main difficulty with the application is IFRS 16 data completeness on leases, and gathering all the data required to implement the standard requires time and effort.

An additional complex standard is IFRS-15. In 2020, Boujelben and Kobbi-Fakhfakh carried out a research on the construction and telecommunications industries in European publicly traded firms. The findings demonstrated that the sampled groups' degree of compliance varies between the two sectors under investigation and that they do not entirely comply with the mandatory disclosures required by IFRS 15. In a similar vein, Usurelu and Dutescu (2021) provided the following analysis of IFRS 15's complexity: "We believe that the model-business and contracts' complex nature generates exceedingly difficult applications for the construction industry." It can drastically alter income recognition and profit patterns for the construction industry and is far more complicated than the legacy accounting standard

Similarly, accountants still find it difficult to comply with IFRS 9. Banks face significant challenges when it comes to modeling (Cañamero, McDonald, & Uenal, 2016). Additionally, the requirements for impairment are complex, requiring extensive analysis for entities that possess debt instruments, loans, or trade receivables

Base on the above discussion, there are still research gaps in the post-adoption and post-convergent IFRS regimes of developing countries, according to the analysis of previous studies on IFRS compliance and related issues. Many compliance and barrier issues particularly in light of the recently published IFRS-have either not received much research attention or have had scant research survey results published. These subjects are the focus of this survey study in an effort to investigate and highlight potential problems for which standard-setters may need to find solutions.

## 3. SURVEY METHODOLOGY

### 3.1. Sample Selection

Assume that the universe was infinite, a simple method of random sampling was used to collect the quantitative data for this study from the LinkedIn connections of professional accountants. The formula for an infinite population (Cochran and Lord Jr., 1963) was used in the study to determine sample size.

We calculated the sample size for this study using the Cochran formula, which is as follows:

$$n_0 = \frac{Z^2pq}{e^2}$$

Where:

- $n_o$ is the sample size
- e is the desired level of precision (i.e. the margin of error),
- p is the (estimated) proportion of the population that has the attribute in question
- q is 1 – p
- z-value is found in a Z table.

Using the above formula, 220 was determined to be the study's sample size. To boost the number of responses, we distributed links to the questionnaire to 235 professional accountants and accounting educators.

### 3.2. Research Instrument: Design and Data Collection

An online Google Form was used to post the self-created questionnaire that was used to collect the primary data. LinkedIn users with a background in accounting and a range of accounting roles received a link to a survey. Reminders were sent out three weeks after the link to the online questionnaire was sent, giving respondents a month to finish it. In 2023, the information was collected in November and December. There were three sections on the questionnaire. Part A contained demographic information about the respondents. Participants were asked to rate the 15 statements in Part B that discussed challenges and barriers to complying with IFRS. They were 19 assessed using a Likert scale that ranged from 1 (to a very small extent) to 5 (to a very large extent). In addition, respondents to Part C were asked to share 2-3 IFRSs that still present compliance challenges and why they are a challenge.

### 3.3. Preliminary Examination of the Survey

Feedback was gathered for a pre-test from two qualified accountants and an IFRS-trained accounting professor. After that, the survey was polished and completed.

### 3.4. Responses

Replies from 68 respondents were obtained. The analysis did not include four questionnaires because it was determined that they were incomplete, hence usable questionnaires are 64. A 28.9% response rate is obtained as a result. In addition, we looked for non-response bias by comparing the first 20% of early responses with the final 20% of late responses. Insignificance is the t-test's conclusion.

## 4. RESULTS AND DISCUSSION

### 4.1. Reliability

The reliability of the survey instrument was measured by Cronbach Alfa value which is as follow:

**Table 1: Reliability: Cronbach Alfa value**

| *Cronbach's Alfa* | *No. of items* |
|---|---|
| 0.871 | 15 |

The Cronbach alpha (coefficient of alpha) was calculated using the SPSS software in order to assess the measurement reliability of the research instrument. A measurement is deemed reliable if its alpha (α) value is greater than or equal to 0.70. The internal consistency of the responses was deemed reliable, as evidenced by the alpha values of 0.871 for 15 statements. The results are shown in Table 1.

## 4.2. Descriptive Statistics

**Table 2: Characteristics of Respondents (n=64)**

| *Characteristics* | *Frequency* |
|---|---|
| **Gender** | Male= 43 (67.2%)<br>Female= 21 (32.8%) |
| **Age** | Less than 30 yrs. = 9 (14.1%)<br>30 to 45 yrs. = 42 (65.6%)<br>45 and more yrs. = 13 (20.3%) |
| **Experience** | Less than 5 yrs. = 6 (9.4%)<br>5 to 10 yrs. = 35 (54.7%)<br>10 and more yrs. = 23 (35.9%) |
| **Position** | Accountants= 31 (48.4%)<br>Auditors= 6 (9.4%)<br>Finance managers= 10 (15.6%)<br>Accounting educators = 17 (26.6%) |
| **Academic qualification** | Undergraduates = 31 (48.4%)<br>Post-graduates = 33 (51.6%) |
| **Professional qualification** | CA= 16 (25.0%)<br>CPA/ACCA= 22 (34.4%)<br>CMA/CIMA= 12(18.8%)<br>Others= 12(18.8%) |
| **Industry** | Manufacturing = 20 (31.3%)<br>Non-manufacturing = 29 (45.3%)<br>University/college = 15 (23.4%) |
| **Training in IFRS** | Yes= 53 (82.8%)<br>No= 11 (17.2%) |
| **Continent-wise responses** | Asia= 48 (75.0%)<br>Rest of the world= 16 (25.0%) |

The demographic characteristics of survey participants are shown in Table 2. It is clear that 62.2% of the respondents are male, with the remainder being female. A total of 85.9% of those who completed the questionnaire were 30 or older.

Of the questionnaires, 48.4% were filled out by accountants, 15.6% by finance managers, 9.4% by auditors, and the remaining 26.6% by accounting educators. In addition, 35.9%% of respondents have ten or more years of experience, compared to 54.7% who have less than ten. Furthermore, 25.0% of participants hold a chartered accounting degree, 34.4% possess professional qualifications as an ACCA or CPA, and 18.8% possess CMA or CIMA qualifications. 51.6% of respondents have postgraduate degrees in terms of their academic credentials. According to the respondents' work distribution, 31.3% of them are employed by manufacturing companies, 45.3% by nonmanufacturing organizations, and the remaining percentage by universities and colleges. Remarkably, 75.0% of respondents are from Asia, and the remaining 25% are from other parts of the world, indicating that the survey has a global component. Finally, it's noteworthy to note that 82.8% of respondents said they had received formal IFRS training in order to advance in their careers.

## 4.3. Frequency Distribution and Basic Statistics

**Table 3: Challenges and Barriers (C&B) Faced in IFRS Compliance**

| *Possible challenges and barriers (C&B)* | *To a very large extent (5)* | *To a large extent (4)* | *To some extent (3)* | *To a least extent (2)* | *To a very least extent (1)* | *N* | *Mean* | *SD* | *Rank based on mean* |
|---|---|---|---|---|---|---|---|---|---|
| Complex financial instruments and transactions and their measurement | 12 (18.8%) | 34 (53.1%) | 15 (23.4%) | 2 (3.1%) | 1 (1.4%) | 64 | 3.84 | 0.82 | 1 |
| Most recent IFRSs are very complex and challenging | 16 (25.0%) | 23 (35.9%) | 15 (23.4%) | 6 (9.4%) | 4 (6.3%) | 64 | 3.64 | 1.15 | 2 |
| Uniform accounting for numerous subsidiaries in various jurisdictions | 13 (20.3%) | 26 (40.6%) | 17 (26.6%) | 2 (3.1%) | 6 (9.4%) | 64 | 3.59 | 1.14 | 3 |
| Staying up-to-date on changes and updates on standards | 8 (12.5%) | 25 (39.1%) | 28 (43.8%) | 2 (3.1%) | 1 (1.6%) | 64 | 3.58 | 0.81 | 4 |
| IFRSs are costly and time consuming to comply with | 12 (18.8%) | 25 (39.1%) | 15 (23.4%) | 8 (12.5%) | 4 (6.3%) | 64 | 3.52 | 1.13 | 5 |
| Requires high degree of disclosures which are challenging to comply with | 10 (15.6%) | 25 (39.1%) | 21 (32.8%) | 3 (4.7%) | 5 (7.8%) | 64 | 3.50 | 1.07 | 6 |
| Systems and data management alterations for accuracy | 9 (14.1%) | 22 (34.4%) | 22 (34.4%) | 6 (9.4%) | 5 (7.8%) | 64 | 3.38 | 1.09 | 7 |

| *Possible challenges and barriers (C&B)* | *To a very large extent (5)* | *To a large extent (4)* | *To some extent (3)* | *To a least extent (2)* | *To a very least extent (1)* | *N* | *Mean* | *SD* | *Rank based on mean* |
|---|---|---|---|---|---|---|---|---|---|
| Compliance with various laws and regulations | 8 (12.5%) | 16 (25.0%) | 30 (46.9%) | 6 (9.4%) | 4 (6.3%) | 64 | 3.28 | 1.02 | 8 |
| Frequent modifications in internal controls and transitional adjustments | 1 (1.6%) | 27 (42.2%) | 28 (43.8%) | 3 (4.7%) | 5 (7.8%) | 64 | 3.25 | 0.89 | 9 |
| International business operations transnational transactions pose barriers in compliance | 3 (4.7%) | 16 (25.0%) | 32 (50.0%) | 12 (18.8%) | 1 (1.6%) | 64 | 3.13 | 0.83 | 10 |
| Significant skill, judgment, and mind-set changes | 6 (9.4%) | 21 (32.8%) | 18 (28.1%) | 10 (15.6%) | 9 (14.1%) | 64 | 3.08 | 1.20 | 11 |
| Presenting clear and understandable information to stakeholders | 4 (6.3%) | 20 (31.3%) | 17 (26.6%) | 14 (21.9%) | 9 (14.1%) | 64 | 2.94 | 1.17 | 12 |
| Difficulties in comparison of financial reports due to various interpretations based on judgement | 1 (1.6%) | 22 (34.4%) | 20 (31.3%) | 11 (17.2%) | 10 (15.6%) | 64 | 2.89 | 1.10 | 13 |
| Inaccurate financial picture and transparency issues | 4 (6.3%) | 20 (31.3%) | 15 (23.4%) | 11 (17.2%) | 14 (21.9%) | 64 | 2.83 | 1.27 | 14 |
| Lack of clarity in standards | 3 (4.7%) | 14 (21.9%) | 24 (37.5%) | 9 (14.1%) | 14 (21.9%) | 64 | 2.73 | 1.17 | 15 |
| Grand mean and SD | | | | | | | 3.27 | 1.06 | |

The survey study included 15 statements for the respondents to rate the extent to which they perceive them as C&B in complying with IFRSs in their organizations. These statements were derived from previous research studies and from some articles written by professional accountants in accounting magazines. The frequency distribution, as well as the mean and standard deviation, are shown in Table 3.

The mean values of C &B are used to rank them. It is evident that the respondents ranked "complex financial instruments and transactions and their measurement" (mean = 3.84; SD = 0.82) as the item that most closely resembles C&B, with "most recent IFRSs are very complex and challenging" (mean = 3.64; SD = 1.15) ranking second. In this context, Ortiz-Martínez, Marín-Hernández, and Antón Renart (2022) suggested that regulators must consider the practical point of view and recognize that practitioners need extensive training and education to implement new standards.

Perceived third among respondents (mean = 3.59; SD = 1.14) is "uniform accounting for numerous subsidiaries in various jurisdictions". Similarly, "staying up-to-date on changes and updates on standards" (mean = 3.58; SD = 0.81) ranks as the fourth most C&B according to respondents. This result is significant because Madurapperuma (2019) notes that individuals who utilize Sri Lankan financial reporting 23 standards encounter numerous barriers when attempting to interpret IFRSs, primarily as a result of a deficiency in sophisticated technical knowledge.

The costs, resources, and time associated with adhering to principles-based accounting standards have been among the most frequently discussed topics among practitioners and academicians. In our survey, respondents ranked "costly and time-consuming" as the fifth most common challenge (mean = 3.52; SD = 1.13). This is in line with previous studies findings (e.g., Vidanage, Rajakaruna, & Kumari, 2023; Eskezia, 2022; Pawsey, 2017; Abedana & Gayomey, 2016).

Most recent studies have pointed out that IASB's standards ask for comprehensive disclosures in the annual reports from the preparers. This has also increased costs further in the preparation of financial statements. IAS 16, IAS 36, IFRS 3, IFRS 7, IFRS 9, IFRS 15, IFRS 16, and IFRS 17 now require comprehensive disclosures. In our study, 'higher degree of disclosure requirements' (mean = 3.50; SD: 1.07) turned out to be the sixth most perceived C&B by the respondents. The comprehensive disclosure requirements lead to inadequate disclosure practices in developing countries (e.g., Karim & Riya, 2022; Emmanson & Emmanson, 2022; Abedana & Gayomey, 2016).

"Systems and data management alterations for accuracy" (mean =3.38; SD = 1.09) is the seventh C&B that respondents felt was important. "compliance with various laws and regulations" (mean = 3.28; SD = 1.08) is another C&B that reporting accountants felt was important. Similar to this, many countries are discovering that their adopted international standards must include national legal and regulatory requirements as well as national practice since doing so makes maintaining both the additional national requirements and the adopted international standards easier (Wong, 2004).

Remarkably, the mean values for the first eight C&B statements are ranked higher when compared to the grand mean for all 15 statements.

Comparatively speaking, however, respondents found that the C&B related to "frequent modifications in internal controls and transitional adjustments," "international business operations transnational transactions," "significant skill, judgment, and mind-set changes," "presenting clear and understandable information to stakeholders," "difficulties in comparison of financial reports due to various interpretations based on judgment," "inaccurate financial picture and transparency issues," and "lack of clarity in standards" to be less challenging because their mean values came out lower than the overall mean value of 3.27.

## 4.4. T test for Differences in Responses for Challenges and Barriers (C&B)

Based on their experience, occupation, IFRS training, and the continent on which they work, Table 4 analyzes whether the respondent groups' perceptions differ significantly from one another. The T test is used to look for variations in their perceptions. Table 4 displays the results.

Additionally, responses are analyzed to see if the respondent groups perceive any statistical differences in the responses on the C&B. Based on the experiences of the respondents, Table 4 demonstrates that significant differences are observed in the responses regarding the following topics: "most recent IFRSs are very complex and challenging" ($t = 1.68$; $p < 0.10$), "higher degree of disclosure requirements" ($t = 2.68$; $p < 0.01$), frequent modifications in internal controls and transitional adjustments" ($t = 2.18$; $p < 0.05$), and "significant skill, judgment, and mind-set changes" ($t = 1.82$; $p < 0.10$). With the exception of "compliance with IFRSs is costly and time consuming," where the mean value is higher for respondents with experience of 10 or less years, the mean values for all three C&B are higher for respondents with ten or more years of experience. In this context, Pawan (2011) found that more experienced accountants have fewer challenges and barriers in the compliance with the IFRSs, whereas less experienced accountants have more problems. Qualified professional accountants face fewer problems then non-qualified accountants. Moreover, Hallman, Carenys, and Gutierrez (2018) did not discover any discernible pattern of increased IFRS compliance with a greater dependence on disclosure principles in contrast to particular requirements (e.g., IFRS 7, IFRS 8). Related to internal control changes when complying with existing or new standards, the challenges could to ensure by management that appropriate controls are in place to support e.g., IT changes and controls, testing of the design, the accuracy of information to be used by entity and ensuring that there are proper controls for compliance, review and monitoring (see, Burns,

**Table 4 : Differences in the Perceptions of the Respondents**

| *Possible challenges and obstacles* | *By Experience G=1 ; G=2* | | | *Academicians vs. Professionals* | | | *By IFRS training* | | | *By continent* | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *T test* | *Mean G1* | *Mean G2* | *T test* | *Mean G1* | *Mean G2* | *T test* | *Mean G1* | *Mean G2* | *T test* | *Mean G1* | *Mean G2* |
| Staying up-to-date on changes and updates on standards | 1.19 (df=62) | 3.74 | 3.49 | 2.08** (df=62) | 3.70 | 3.24 | 0.96 (df=62) | 3.62 | 3.36 | 2.29* (df=62) | 3.71 | 3.19 |
| Complex financial instruments and transactions and their measurement | 0.19 (df=62) | 3.87 | 3.83 | 0.46 (df=62) | 3.87 | 3.76 | 1.76 *** (df=62) | 3.92 | 3.45 | 0.88 (df=62) | 3.90 | 3.69 |
| International business operations and transnational transactions | 1.64 (df=62) | 3.35 | 3.00 | 1.07 (df=62) | 3.19 | 2.94 | 0.95 (df=62) | 3.17 | 2.91 | 0.70 (df=62) | 3.17 | 3.00 |
| Compliance with various laws and regulations | 1.43 (df=62) | 3.52 | 3.15 | 1.93*** (df=62) | 3.43 | 2.88 | 2.04 ** (df=62) | 3.40 | 2.73 | 0.14 (df=62) | 3.29 | 3.25 |
| Presenting clear and understandable information to stakeholders | 1.22 (df=62) | 3.17 | 2.80 | -0.02 (df=62) | 2.94 | 2.94 | 1.23 (df=62) | 3.02 | 2.55 | -0.74 (df=62) | 2.88 | 3.13 |
| Inaccurate financial picture and transparency issues | 0.19 (df=62) | 2.87 | 2.80 | -0.88 (df=62) | 2.74 | 3.06 | 1.35 (df=62) | 2.92 | 2.36 | 1.44 (df=62) | 2.96 | 2.44 |
| Comparison of financial reports due to various interpretations based on judgment | -0.11 (df=62) | 2.87 | 2.90 | 0.55 (df=62) | 2.94 | 2.76 | 0.84 (df=62) | 2.94 | 2.64 | -0.46 (df=62) | 2.85 | 3.00 |
| Lack of clarity in standards | 0.47 (df=20) | 2.83 | 2.68 | -0.12 (df=62) | 2.72 | 2.76 | 2.05** (df=62) | 2.87 | 2.09 | 0.43 (df=62) | 2.77 | 2.63 |
| Significant skill, judgment, and mind-set changes | 1.82*** (df=62) | 3.43 | 2.88 | 1.02 (df=62) | 3.17 | 2.82 | 2.55* (df=62) | 3.25 | 2.27 | 1.78 *** (df=62) | 3.23 | 2.63 |
| Uniform accounting for numerous subsidiaries in various jurisdictions | 1.47 (df=62) | 3.87 | 3.44 | 2.07** (df=62) | 3.77 | 3.12 | 2.94* (df=62) | 3.77 | 2.73 | 1.68 *** (df=62) | 3.73 | 3.19 |

| *Possible challenges and obstacles* | *By Experience G=1 ; G=2* | | | *Academicians vs. Professionals* | | | *By IFRS training* | | | *By continent* | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *T test* | *Mean G1* | *Mean G2* | *T test* | *Mean G1* | *Mean G2* | *T test* | *Mean G1* | *Mean G2* | *T test* | *Mean G1* | *Mean G2* |
| Systems and data management alterations for accuracy | 1.54 (df=62) | 3.65 | 3.22 | -0.42 (df=62) | 3.34 | 3.47 | 0.95 (df=62) | 3.43 | 3.09 | 1.89 *** (df=62) | 3.52 | 2.94 |
| Complying with IFRSs are costly and time-consuming | -0.20 (df=62) | 3.48 | 3.54 | 1.20 (df=62) | 3.62 | 3.24 | 0.78 (df=62) | 3.57 | 3.27 | 2.18 ** (df=62) | 3.69 | 3.00 |
| Higher degree of disclosure requirements | 2.68* (df=62) | 3.96 | 3.24 | -0.13 (df=62) | 3.49 | 3.53 | 2.01 ** (df=62) | 3.62 | 2.91 | 1.36 (df=62) | 3.60 | 3.19 |
| Frequent modifications in internal controls and transitional adjustments | 2.18** (df=62) | 3.57 | 3.07 | -0.24 (df=62) | 3.23 | 3.29 | 1.02 (df=62) | 3.30 | 3.00 | 0.97 (df=62) | 3.31 | 3.06 |
| Most recent IFRSs are very complex and challenging | 1.68*** (df=62) | 3.96 | 3.46 | -0.52 (df=62) | 3.60 | 3.76 | 1.18 (df=62) | 3.72 | 3.27 | 2.14** (df= 62) | 3.81 | 3.13 |

* Significant at 0.01 level; *Significant at 0,05 level; ***Significant at 0.10 level

Steele & Groves, 2017)Significant disparities are found when analyzing data by continent (Asia and the Rest of the World) in relation to "staying up-to-date on changes and updates on standards" ($t = 2.29$; $p < 0,01$), "significant skill, judgment, and mindset changes" ($t = 1.78$; $p < 0.10$). This finding is in line with study findings of Abedana and Gayomey (2016) who reported the compliance with IFRS demand for a new set of skills and expertise in the context of Ghana.

"Uniform accounting for multiple subsidiaries across different jurisdictions" ($t = 1.68$; $p < 0.10$), "systems and data management alterations for accuracy "($t = 1.89$; 0.10), "most recent IFRSs are very complex and challenging" ($t = 2.14$; $p < 0.05$), "compliance with IFRSs are costly and time-consuming" ($t = 2.18$; $p < 0.05$) respectively. Furthermore, it is interesting to note that respondents operating in Asia have a higher mean value than respondents from the rest of the world. These results corroborate those of Vidanage, Rajakaruna, and Kumari (2023), who found that the costs involved in implementing IFRSs are substantial in the Sri Lankan context. In order to gain good knowledge and understanding from a practical point of view, practitioners need extensive training and education to implement new standards (Ortiz-Martínez, Marín-Hernández, & Antón-Renart, 2022).

The general environment in which a business operates, which includes national and international cultural values, also has an impact on accounting compliance practices. Accounting is greatly impacted by the culture in which it is practiced because accounting standards are derived from accounting practices, which are further developed and influenced by culture through business connections. It is discovered that many of the cultural dimensions on an individual level, particularly those of independence vs. collectivism and long-term vs. short-term orientation, are responsible for the differences between the two countries' or continents' responses (Joshi, 2023) 27 Compared to their western counterparts, Asian accountants are more secretive and less likely to divulge information. Because of this, accountants' perceptions are also influenced by their continental location, as their compliance practices, cultural values, and working experiences may vary.

Additionally, the IFRS training that the respondents underwent revealed a significant difference in their perceptions about the following: "compliance with various laws and regulations" ($t=2.04$; $p<0.05$). The reason may be that in order to ensure consistent applications and compliance, the regulatory framework needs to be revised and brought into line with IFRS (Dhinesh, 2023). In developing countries, often company and tax laws remain unchanged for long time.

"Significant skill, judgment, and mind-set changes" ($t=2.55$; $p<0.05$), "lack of clarity in standards" ($t=2.05$; $p<0.05$), "complex financial instruments and transactions and their measurement" ($t= 1.76$; $p<010$) also revealed significant differences in the respondents' perceptions based on IFRS training they had undergone. It should be mentioned that the mean values of the respondents who had received formal IFRS training were higher than those of the respondents who had not. There are a wide variety of roles and responsibilities in the professional world, and each one calls for a unique set of abilities and mindsets. The same is true for accountants' adherence to IFRS. New accounting techniques appear, financial regulations change, and tax laws are updated. Accountants are required to constantly update their knowledge base and be lifelong learners in this dynamic environment (IFRS Today, 2023).

The other challenges for which significant differences in perceptions include : "higher degree of disclosure requirements" ($t=2.01$; $p<0.05$), The possible reason could be that compliant entities have the ability to manipulate the requirements for higher degree of disclosures. Three factors have been identified by IASB (2018) in its Discussion paper as contributing to the disclosure problems: three things: (a) insufficiently pertinent information; (b) irrelevant information; and (c) poor information dissemination. These could be the causes of the variations in respondents' perceptions according to their experiences receiving IFRS training.

Differences in perceptions is also found with respect to "uniform accounting for numerous subsidiaries in various jurisdictions" ($t=2.94$; $p<0.01$). Deloitte (2013) notes that in many cases, the parent board sees the company as a single entity and does not make decisions differently based on a legal subsidiary structure, which could be one of the reasons for the uniform accounting for different subsidiaries.

Lastly, the analysis by profession i.e. accounting educators versus professional accountants shows that there are also statistically significant variances with respect to 'staying up-to-date on changes and updates on standards" ($t= 2.08$; $p <0.05$), 'uniform accounting for numerous subsidiaries in various jurisdictions' ($t= 2.07$; $p< 0.05$), and 'compliance with various laws and regulations' ($t= 1.93$; $p< 0.10$) respectively. Again the mean values are higher for academic educators compared with accounting professionals.

The above analysis confirms that there are significant statistical differences in the perceptions of the respondents when analysed by experience, educators versus professionals, IFRS training, and continent. Differences are observed with respect to "staying up-to-date on changes and updates on standards", "compliance with various laws and regulations", significant skill, judgment, and mind-set changes', 'uniform accounting for numerous subsidiaries in various jurisdictions', 'lack of clarity in standards', 'to comply with IFRSs are costly and time-consuming', 'higher degree of disclosure requirements', and 'most recent IFRSs are very complex and challenging'.

### 4.5. Specific IFRS have some Challenges and Barriers to Comply with

It was also requested of the respondents to list one or two specific IFRS standards or requirements that they find most difficult to comply with, along with an explanation of why. The following examples are explained by accounting educators and practitioners in response to the overwhelming number of responses to this question: Their perspectives and experiences will help the readers understand why certain IFRS are still difficult to follow.

53.1% of respondents—34 in total—of which 8 accounting educators and 26 accounting practitioners—provided their feedback regarding which specific IAS/IFRS they find difficult to comply with and the reasons behind their difficulties. Table 6 below lists the frequency and comments on the particular standards.

Despite being released in 2014, Table 6 reveals that 15 (44.1%) of the respondents still regarded IFRS-9 (Financial Instruments) as the most difficult principle-based accounting standard. They provide a variety of explanations, all of which highlight how complex and challenging it is to understand and interpret. Asset impairments carry significant risks, and both corporate and bank institutions face significant challenges when it comes to hedge accounting (e.g., KPMG, 2019; Mohsen, 2022; IFRS, Staff Paper, 2023). Furthermore, the fair value principle based on IFRS-9 requires that financial instruments that were reclassified in accordance with IFRS-9 be reclassified once more because it varies depending on business models and their characteristics (Mohsen, 2022).

IFRS -15 (Revenue from Contracts with Customers) is another extremely difficult standard for them to comply with, according to 10 (29.4%) of the respondents. In the case of bundle sales, the explanation covers the following points: it can be difficult to determine the value of each component; contracts with complex performance obligations require careful consideration; there has been a noticeable increase in disclosure requirements; and so on. Usurelu, Dutescu, and Jarvis (2021) stated that the complex nature of standard model-business and contracts generate exceedingly difficulties applying for the construction industry. Haggenmüller (2019) found that IFRS 15 also affects companies with simple business models and its implementation may be unexpectedly time-consuming, work intensive and difficult without leading to material changes. Equally challenging is IFRS 16 (Leases), as 29.4% of them considered it a complex and challenging standard to implement as it requires significant changes for lessees and lessors, requiring them to adopt new processes, systems, and policies to comply with the standard; nature of leases; and modifying estimates based on the type and length of a lease, which may have an impact on how reliable financial projections are. Four primary challenges were identified by Hasan and Rana (2021): inadequate training, inadequate planning, difficulties in gathering data, and insufficient knowledge and experience with IFRS 16 implementation.

The next standard the respondents perceived as challenging is IFRS-17 (Insurance Contracts), as 23.5% of them stated so. Some of the explanations provided are: there are a lot of gray areas that need clear interpretation by IFRIC; this is still in the preliminary stage and outcomes are yet to mature; businesses must calculate the anticipated cash flows from insurance contracts using actuarial models; and the insurance industry may need to make major operational adjustments in order to adopt IFRS 17, which could cause business disruptions. Fegri and De Martin (2023) from Ernst and Young posit that the IFRS-17 implementation landscape is challenging in terms of complexity, system and process changes, model risk and data and information management.

Additionally, according to three respondents (8.8%), complying with IFRS-3 (Business Combinations) presents some challenges. They noted that the requirement for more frequent, thorough, and stringent impairment tests of acquired assets makes the standard less predictable. Because of this, it is necessary to thoroughly examine a transaction well in advance in order to identify intangible assets and the possibility of impairment charges. The company's risk profile, industry risk, and the status of the market must all be considered when determining the appropriate discount rate for "goodwill impairment." However, estimating future cash flows creates another challenge to valuing goodwill in an objective manner.

Others who consider IFRS 7 (Financial Instruments: Disclosure), IAS 37 (Provisions, Contingent Liabilities, and Assets), IAS 21 (Effects of Changes in Foreign Exchange Rates), and IAS 12 (Income Taxes) are moderately challenging standards. One of the respondents argued that '*the taxes do not appear to be appropriately aligned with accounting and taxation to meet the requirements, as they do not correspond with IFRS principles or rules*".

**Table 6: Challenges on Specific IAS/IFRS: Respondents comments on C&B***

| *Specific IAS/IFRS* | *Frequency* | *%* | *Challenges and Barriers* |
|---|---|---|---|
| **IFRS 9** | **15** | **44.1** | *IFRS-9 remains a difficult standard to comprehend and interpret due to its complexity.<br>*Still challenging to comply because of changing models and estimates on variables are complex.<br>* Our professional opinion is that complying with financial asset impairments involves many risks and challenges. In addition to the difficulties in obtaining the estimates and degree of defaults required by IFRS 9, hedge accounting presents significant difficulties for various companies.<br>*Very difficult to understand and fair value measurement is confusing and difficult to measure.<br>*Expected Credit Loss model is a challenge as it requires to input some of future variables which is a very challenging job.<br>* There are two primary issues that arise when companies close their first annual financial statements using IFRS 9. (1) New decisions are needed to determine the proper measurement strategy. These days, some financial assets must be continuously valued at fair value, even though fair value isn't always easily determined. (2) The expected credit loss model has replaced the incurred credit loss model in impairment testing. This implies that a more thorough forecasting process may be necessary for bad debt reserves on receivables and contract assets.<br>*Financial Instrument is what I find very challenging to understand as well as comply with and determination of Fair Value Measurement (FVM). |
| IFRS 15 | 10 | 29.4 | * On bundle sales, it is somehow challenging to find the value of each component in the bundle for some complex product packages.<br>* IFRS 15 requires businesses to identify all the performance obligations in a contract, which can be a complex. Determining the Transaction Price is a challenge.<br>* IFRS 15 significantly increases the disclosure requirements related to revenue and contracts with customers<br>* Revenue contract poses problems in interpretations<br>* Bundle sales is challenging to measure<br>*Interpretations challenges of the standard make it difficult to apply.<br>* One of the main challenges is identifying and defining performance obligations. The standard requires companies to identify distinct performance obligations within a contract and allocate revenue to each obligation based on its relative standalone selling price. This can be particularly challenging for companies that offer bundled products or services, or for those that have long-term contracts with customers.<br>*IFRS 15 requires companies to estimate the transaction price based on the expected consideration in exchange for the goods or services. This can be difficult for companies that offer discounts, rebates, or other forms of variable consideration, as the transaction price may not be known until later in the contract period.<br>*In IFRS 15, numerous revenue-generating industries and supporting documentation need to be validated. Furthermore, there are instances when the application process is complicated by unclear judgment definitions regarding significant part or impact or not, performance obligations to meet, and timing in deferred revenue cases. |

| *Specific IAS/IFRS* | *Frequency* | *%* | *Challenges and Barriers* |
|---|---|---|---|
| **IFRS 16** | **10** | **29.4** | *IFRS 16 results in major changes in data processing and related processes.<br><br>* IFRS 16 introduces significant changes for lessees and lessors, requiring them to adopt new processes, systems, and policies to comply with the standard.<br><br>* Another area is IFRS 16 Leases, in my professional carrier, I have seen many companies try to avoids/divert the principles of lease accounting to use ROU assets and Lease Liability due to lack of professional staff and preparations. Company simply tries to break Lease into short term Lease to avoid such challenges and book all payments as lease expense in SPL.<br><br>* Nature of leases: All contracts are first analysed to determine the type and quantity of data that needs to be processed.<br><br>*Modifying estimates based on the type and length of a lease, which may have an impact on how reliable financial projections are?<br><br>* Recently, NFRS 16 have been applied in my company and during the process of application, it was challenging because it was difficult to clarify the management of the company regarding its impacts and presentation. The resources regarding standards in Nepal are as per International standard but practically due to lack of adequate resources and awareness regarding it, challenges are to be faced in application of accounting standard principle.<br><br>* Determining ROU, Lease period and possibility of extension<br><br>* The lessee faces difficulties when analysing all contracts initially to determine the type and quantity of data that needs to be processed as a result of IFRS 16. Adjusting estimates based on the type and length of a lease, which may have an impact on how reliable financial projections are. By definition, the standard requires businesses to exercise more discipline in the way they handle leases and process data arising from those contracts in their information systems.<br><br>* IFRS 16, e.g., where rent expense needs to be segregated between direct costs and Overheads and when there are multiple properties with multiple service products and rent needs to be allocated based on variable volume, it becomes difficult to work out.<br><br>*Because IFRS and US GAAP present some divergences and it is difficult to maintain control in the entity that uses IFRS because reporting and the parent company are American. |

| *Specific IAS/IFRS* | *Frequency* | *%* | *Challenges and Barriers* |
|---|---|---|---|
| **IFRS 17** | **8** | **23.5** | * IFRS 17 Implementation- a lot of grey areas that needs clear interpretation by IFRIC.<br><br>* As this is still in preliminary stage and outcomes are yet to mature.<br><br>**The intricate requirements of IFRS 17 demand a thorough understanding of insurance contracts and the actuarial and financial principles that guide them. To comply with IFRS 17, it must collect and handle a large amount of data at a very detailed level.<br><br>*According to the standard, businesses must calculate the anticipated cash flows from insurance contracts using actuarial models. Because the accuracy of the financial results depends on the accuracy of the underlying models, this introduces model risk. An additional problem is implementation costs.<br><br>*Insurance companies may need to significantly alter their financial reporting processes and systems in order to comply with IFRS 17. For smaller insurance companies that might not have the resources to implement these changes, this can be a daunting task.<br><br>*Gathering and analysing a sizable amount of data can be expensive and time-consuming.<br><br>*The insurance industry may need to make major operational adjustments in order to adopt IFRS 17, which could cause business disruptions. |
| IFRS 8 | 2 | 5.9 | *Liabilities do not need to be analysed segmentally, according to IFRS 8. Because organizations only have information on the asset side, users are unable to calculate returns on capital for each sector. The lack of comparability among the information is another issue |
| **IFRS 7** | **1** | **2.9** | * Hedge accounting requires lot of professional skills/technical-complexity. Majority of the respondents express their concern that IFRS 7 requires considerable disclosure regarding credit risk, market risk, liquidity risk and hedge accounting. |
| **IFRS 3** | **3** | **8.8** | *Under IFRS 3 are less predictable because it requires impairment tests for acquired assets more frequently, comprehensively and rigorously. As such there is a need for in-depth analysis of a transaction well in advance to identify intangible assets and the risk of impairment charges<br><br>* For all business combinations that took place during the year, IFRS 3 mandates that the revenue and profit or loss of the combined entity be disclosed for the current reporting period as though the acquisition date had been as of the start of the annual reporting period. Because information from before the acquisition isn't always easily accessible, entities find it extremely challenging to disclose this information. Due to the practical constraints and the considerable work involved in identifying the disclosures.<br><br>* IFRS3-Goodwill impairment: The company's risk profile, industry risk, and the state of the market must all be taken into account when figuring out the right discount rate.<br><br>*Projecting future cash flow subjectivity in projecting future cash flows presents another difficulty in objectively valuing goodwill. |

| *Specific IAS/IFRS* | *Frequency* | *%* | *Challenges and Barriers* |
|---|---|---|---|
| **IAS 37** | **1** | **2.9** | * Regarding how future events impact the determination of whether an entity has a "present" obligation, IAS 37 is ambiguous. It is challenging to distinguish between future occurrences that influence a liability's existence and those that influence its result.<br><br>* This standard states that reimbursement should only be recorded when it is almost certain that the party will receive the reimbursement in the event that the entity settles the obligation, regardless of whether the party is expected to reimburse all or part of the costs incurred in settling the provision. However, establishing virtual certainty can be challenging |
| **IAS 21** | **2** | **5.9** | *Even there is few challenges faced by many company in IAS 21, however it is not major.<br>* In IAS 21, the monetary/non-monetary distinction is used for translation, which may lead to conceptual confusion. In IFRS 7, the financial/non-financial distinction determines whether an item is subject to foreign currency risk. |
| **IAS 12 and 20** | **1** | **2.9** | * IAS 12 and IAS 20: The taxes do not appear to be appropriately aligned with accounting and taxation to meet the requirements, as they do not correspond with IFRS principles or rules. |

* (Responses are multiple. It will not add to 100%)

# 5. CONCLUSIONS, IMPLICATIONS, LIMITATIONS, AND FUTURE RESEARCH

## 5.1. Conclusions

This survey study aimed to bridge the knowledge gap on the identification of the C&B related to principle-based accounting standard compliance by investigating reporting accountants' and accounting educators' perceptions of post-adoption scenarios in developing countries. A comprehensive analysis of 64 usable IFRS reveals a number of C&Bs, such as "the most recent IFRS are very complex and challenging," "complex financial instruments and transactions and their measurement," "uniform accounting for numerous subsidiaries in various jurisdictions," "staying up with standards updates and changes," "IFRS are costly and time-consuming to comply with," "requires a high degree of challenging disclosures," "systems and data management alterations for accuracy," "compliance with various laws and regulations," "regular modifications in internal controls and transitional adjustments," and so forth. The respondents do not, however, see these statements as challenges in adhering to fundamental accounting standards. These include "presenting clear and understandable information to stakeholders," "international business operations transnational transactions pose barriers to compliance," "difficulties in comparison of financial reports due to various interpretations based on judgment," "inaccurate financial picture and transparency issues," and "lack of clarity in standards." This suggests that it will be simpler to achieve the primary benefits of adopting IFRS, which include improved standards clarity, improved comparisons, increased transparency, and the capacity to give stakeholders clear and understandable information.

In conclusion, the adoption of IFRS has presented reporting accountants with a number of challenges, including understanding and interpreting the most recent standards, updating the standards, and measuring financial instruments. It is clear from examining the respondents' open-ended answers that even after IFRS 9–17, 16, 15, 8, and 3 were adopted or converted, accountants continue to face a number of problems and difficulties with respect to these standards. Accountants from developing countries need constant IFRS training to overcome these obstacles. Many respondents believed that the adoption of IFRS had caused annual accounting and compliance costs to continue rising. Furthermore, the IFRS Interpretations Committee interprets the application of IFRS within the framework of the IASB and performs other tasks as assigned by the IASB. It also offers prompt guidance on financial reporting issues that are not specifically covered in IFRS.

## 5.2. Implications

The present study provides valuable insights into the challenges that today's accountants encounter when complying with IFRS. The results send a strong message to regulators and standard-setters: reporting accountants need to be able to easily understand the standards. For this reason, the study suggests that in order to ensure smooth IFRS compliance, reporting accountants, regulatory bodies, and professional organizations, such as chartered accounting bodies, audit firms, accounting associations, other training institutions, and universities and colleges, should start offering IFRS training seminars and workshops on a large scale. Professionals who receive good training on IFRS compliance and its obstacles are better equipped to adhere to principle-based accounting standards, which are otherwise becoming more expensive, time-consuming, and information-overloaded for the business world. In order to prevent reporting accountants from experiencing information overload, the IASB should review its policy regarding comprehensive disclosure requirements and also use the findings of such survey studies while modifying the existing standards.

There is a need to streamline the requirements for complying with different laws and regulations. IASB should specifically reexamine IFRS 9, IFRS 15, and

IFRS 16, as reporting accountants and educators consider them to be the most complex standards. This is because they are open to different interpretations, compromises, and human judgment, particularly when it comes to fair value measurement. In addition, methods for valuing assets and liabilities should be reconsidered. Fair value accounting advocates contend that market values are essential for capturing underlying economic value. However, these are not straightforward circumstances. It is well known that no single valuation technique can adequately capture economic value within the fair value range. Estimates of fair value are susceptible to change because of intricate valuation procedures and important judgments. Additionally, the IFRSIC should be strengthened by adding qualified experts from developing nations in order to provide potential solutions and interpretations in a timely and need-based manner. There is a need for a quicker and easier way to resolve issues pertaining to the interpretation of IFRS. For instance, an organization that uses the cost model to classify its carbon offsets as intangible assets must ascertain the asset's cost at the time of use or disposal. When an organization has a large number of similar items, IAS 38 offers no guidance on how to calculate the cost of a single unit of an intangible asset for usage or disposal. In these situations, managers and accountants face challenges and must formulate policies based on their assessments.

## 5.3. Limitations of the Study

Because compliance barriers and challenges vary by industry, researchers should look at the post-adoption effects of IFRS in developing countries as well as the challenges associated with IFRS compliance in particular industries. This will help practitioners, regulators, and the capital market understand the implications and relevance of these studies for these industries. Furthermore, as indicated by the study's respondents, more research is needed to understand how reporting accountants might overcome or simply comprehend these challenges related to the implementation and adherence to specific IFRS. In addition, scholars ought to start looking for fresh hypotheses that take into consideration the socioeconomic and cultural contexts in order to explain why IFRS are adopted and followed in developing nations (e.g., Samah & Khlif, 2016). Subsequent research endeavors may encompass cross-national investigations and a comparative analysis of the results obtained from this study regarding the perceptions of accountants and accounting educators in 36 other developed and developing countries concerning the challenges and difficulties associated with adhering to IFRS. Last but not the least, due to their widespread involvement in globalization, accounting convergence, and global economic integration, developing countries' experiences with the effects of factors on IFRS post-adoption/convergence in terms of compliance and impact on firm performance have evolved over time.

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There is no conflict of interest involved in the publication of this article.

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