CONVERGENCE OF IND AS: CHALLENGES AND BENEFITS IN IMPLICATION OF ACCOUNTING STANDARDS

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ABSTRACT

Purpose: The aim of this study is to Examine the awareness level of challenges and benefits among qualified Chartered Accountants and accounting professionals

Theoretical reference: The theoretical framework for the study is to analyse the awareness level of Chartered Accountants towards the benefits and challenges of Ind AS.

Method: The structured questionnaire of 5 levels Likert scale has been used in June 2023 for the collection of data. The hypotheses were tested by measurement model and structural equation model using Smart PLS 4.0 Software.

Results and conclusion: The findings reveal that there is an awareness among Audit practitioners and accounting professionals through experiencing the benefits and challenges after the conversion with Ind AS.

Implications of research: The study allows the auditors and Chartered Accountants to educate themselves towards the level of contribution, challenges, benefits and the new changes occurring around them.

Originality/value: The article contains awareness-creating content that allows audit practitioners and chartered accountants to get aware of the benefits and challenges on and after adoption of New Accounting Standards in India.

Keywords: IFRS, Ind AS, IGAAP, chartered accountants, benefits, challenges, awareness.

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CONVERGÊNCIA DA IND AS: DESAFIOS E BENEFÍCIOS NA IMPLICAÇÃO DAS NORMAS CONTABILÍSTICAS

RESUMO

Objetivo: O objetivo deste estudo é examinar o nível de conscientização de desafios e benefícios entre contadores qualificados e profissionais de contabilidade.

Referência teórica: O quadro teórico do estudo é analisar o nível de conscientização dos Revisores Oficiais de Contas em relação aos benefícios e desafios da Ind AS.

Método: O questionário estruturado de 5 níveis A escala Likert foi usado em junho de 2023 para a coleta de dados. As hipóteses foram testadas por modelo de medição e modelo de equação estrutural usando o software Smart PLS 4.0.

Resultados e conclusão: As constatações revelam que há uma consciência entre os profissionais de Auditoria e os profissionais de contabilidade através da experiência dos benefícios e desafios após a conversão com Ind AS.

Implicações da pesquisa: O estudo permite que os auditores e os Revisores Oficiais de Contas se educem para o nível de contribuição, benefícios e as novas mudanças que ocorrem ao seu redor.

Originalidade/valor: o artigo contém conteúdo de criação de conscientização que permite que os profissionais de auditoria e os contabilistas especializados conheçam os benefícios e desafios da adoção de novos padrões de contabilidade na Índia e após essa adoção.

Palavras-chave: IFRS, Ind AS, IGAAP, chartered accountants, benefícios, desafios, consciência.

1 INTRODUCTION

Accounting Standards are the set of rules and regulations made to work the organisation functioning systematically. The main motive for the introduction of accounting standards is to make financial statements easier to understand for users of financial statements, and that leads to no misunderstandings between reporter and report receiver (Anto & Yusran, 2023). In that case, the Indian Ministry of Corporate Affairs (MCA) notified 41 Indian Accounting Standards (IND AS) on the 25th of February 2016, through Indian Accounting Standard rules, Companies Accounting Standards (Amendment) 2016, Companies Act 2013 (section 469) (n.d, 2018). Ind AS is converged from International Financial Reporting Standards (IFRS) which are also known as the principle-based set of standards issued by IASC and IASB major accounting bodies at the global level nations. These committee members replaced the existing standards of IAS with new standards of IFRS. These new standards are not directly taken into our country. It has been brought some amendments and made it Ind AS. IFRS was accepted by 120 countries for domestic listed companies.
The general agreement of IFRS between the different nations and corporates is rapidly growing to assess concerns about the financial position. Thus, active concerns throughout the globe find differences and difficulties in synchronizing their entity’s activities when treatment is done based on GAAP (accounting principles). The convergence takes place in the process of changing or adapting from existing standards to new ones in the organisation. The convergence terms mean achieving harmony with IFRS, “to design and maintain national accounting standards in a way that financial statements prepared in accordance with national accounting standards draw an unreserved statement of compliance with IFRS” (Ray, 2011).

1.1 BACKGROUND OF THE STUDY

The road map leads to the processes for the implementation of IFRS converged Ind AS for Indian companies. This implementation procedure started in 2011 April, when the Ministry of corporate affairs) which is the administrative ministry for the transition process scheduled. These schedules were before discussed with G20 to adopt IFRS. And at the initial stage Institute of Chartered Accountants of India (ICAI) decided to announce only 35 Accounting Standards Converged according to the Indian context. Due to some taxation law issues, the implementation was postponed by MCA to 2016. The schedule follows three phases of IFRS converged Ind AS which is charted by the Government of India for Indian Companies. The 1st phase was the voluntary phase and mandatory phase where Indian-listed companies whose net worth are more than ₹500 crores. In 2017, the 2nd phase was introduced stating convergence is mandatory for the listed companies whose net worth is greater than ₹250 crore but below ₹500 crores. Followed by this, 3rd phase was categorized for the Non- Banking Financial Companies (NBFCs) whose net worth is more than ₹500 crore, and 4th phase was for unlisted NBFCs whose net worth is more than ₹250 crores but less than ₹crore.

Till now 120 countries have adopted IFRS (Srivatava & Kulshrestha, 2021) or IFRS convergence according to their country and are expecting implementation to bring progress and benefit in the upcoming years in a wide range of easy and understandable financial statements to investors worldwide (Raval, 2017). Also, elimination of the multiple reporting in large firms which includes high quality and acceptable by the foreign investors. (R, 2017). The present study’s objective is to know the awareness level of
challenges and benefits of Chartered Accountants and auditors on implementation of Ind AS.

2 REVIEW OF LITERATURE

Adoption of world standardized format of financial reporting IFRS by the Indian corporates and banking sectors is becoming challenging and also awardable. In the process of adoption and convergence of IFRS, there are many beneficiaries and the investors are the most (Sowmya Erappa et al.2016). There is less awareness about implementation among stakeholders and investors of some companies, which ultimately leads to barriers in adopting and understanding IFRS (Muniraju & R, 2016). For the improvisation of implementation and smooth functioning of the financial system, there should be proper trainers and conduct educational seminars and workshops for the users (Dhankar.S & Gupta, 2014).

There are companies that face challenges in the convergence process, and measures were taken correspondingly to prevail over challenges (Gupta & Sharma, 2018) so that stakeholders and investors who are external users will get benefited from increase in the number of expertise trainers, technical workshops, governing the system accordingly (R, 2017). Initially, there are theoretical aspects made by Amit Kumar Chakarbarthy (2014), stating convergence will bring a single set of high-quality global reach financial reporting concerning the implementation of IND AS and International financial reporting.

But there are studies which constitute of standards specific which investigates the application fair value measurement using recognition, measurement and disclosure under financial instruments in the corporates as well as justification to the nomenclature of standards (Joshi, 2012). Adding standard specific, there are studies evidenced that IFRS improved a company’s activities in the corporates at different financial parameters, including financial risk, investment activities, operating activities and debt covenants (Kamath & Desai, 2014).

Impact of IFRS on the economic activities that were observed with the positive and negative differences of financial indicators of a company found no differences in a statistical workout due to adoption (Gupta R., 2012). Some studies give the outline of the IFRS convergence and results as well. It makes it easy comparable and understandable in comparison of financial statements (Raval, 2017) in terms the new financial reporting
system gives transparency, assess ability in foreign capital market, elimination of duplication leading to economic growth (Dhankar.S & Gupta, 2014).

The convergence of IFRS will be a money-saving by MNCs and also reduce the maintenance of dual accounting by the international corporates (Athma and Rajyalaxmi, 2013). Nisha and Shilpa (2016) in their study impact of IFRS on the financial statements of Indian listed companies stated that new converged standards are fairly descriptive for users of financial statements. To know the effect and implications of IFRS, Anubha Srivastava (2020) attempts to study the differences between IGAAP and IFRS and found out that IFRS will reduce equity costs and frauds. Some studies revealed that the first-time adoption of IND AS in the IT companies has no significant difference in the profitability due to transition (Kumar & Agarwal, 2020). Another side Teena Thomas and Tomy Mathew (2019) found out in their study that there is a significant difference in debt-equity ratios on implementation of IGAAP and IND AS in energy sector.

All apart from the benefits and challenges from the transition and implementation of new converged accounting standards there are the group that is internally working on it since system was introduced. They are Chartered accountants, Auditors and qualified accounting Professionals. Till now, Ind AS implementation is a slow process and it will take time to understand and get prepared by the professionals who was working on the old version because of many technical hurdles and shortage of trained personnel are required. Although a survey made by Anubha Srivastava (2021) resulted in a positive manner in the implementation of new standards and also suggested for the requirement of quality seminars and technical workshops by accounting experts like KPMG, ICAI, PwC, etc. There are studies that discuss the effect of IFRS adoption on accounting quality in Europe (Pășcan, 2015), stating there should be improved quality of information regards to neat comparability and transparency of financial reporting. Malik Baig and Shuja Ali Khan (2016) made a study with listed companies, regarding impact of IFRS on earning management, and concluded that the use of earning management is decreased due to adoption of IFRS and working with treatments towards employees earning management during 2001-2009.

Kamala das and Arka das in 2020 made a study to find the impact of Indian Accounting Standards on financial statements of 8 industries that adopted Ind AS during voluntary phase. With the support of selected financial ratios using differential and
dimensional approach in the study they conclude, there is a mixed impact of transition on the selected industries.

3 RESEARCH METHODOLOGY

The right usage of the method and technique are the outcome of quality data. Here, the survey method is used for the collection of primary data through a structured questionnaire for the study.

- **Sampling methods:** The structured questionnaire is circulated among 200 Chartered Accountants and auditors, who are responders to the study. Period of collection of data is from January to March 2023. Out of 200 only 107 responses are received completely through google Forms. The study adopted the snowball technique for the data collection.

- **Questionnaire:** The questionnaire is scheduled to assess the challenges and benefits obtained by CA’s via the Awareness they have. Using 5 levels Likert Scale 1- Strongly disagree, 2- Disagree, 3- Neutral, 4- Agree, 5- Strongly agree. The current study discloses the challenges and benefits obtained through awareness knowledge of chartered accountants and auditors in Vellore using the Structural Equation model.

3.1 ADOPTION OF INDIAN ACCOUNTING STANDARDS

Out of 41 notified standards 39 newly converged accounting standards were named Ind AS (Indian Accounting Standards). Out of these standards, 11 standards are meant as the most significantly efficient standards used by Chartered Accountants and Accountant Professionals. Few standards are having a direct impact on the financial statements. The standards are amended accordingly to our country’s corporate accounts. Those standards are as follows in brief.

3.2 IND AS 102- SHARE-BASED PAYMENTS

Share based payments are kind of consideration, if services or good are purchased by an entity then they can pay or have the option to pay through the issue of shares to other parties. This is also including when the purchase of goods and services takes place between employees and entity.
This is newly introduced under Ind AS to know the impact of such transactions on profit and loss statements and effect of such transaction on financial position. There are three methods of valuation – equity-based, cash-settled and cash alternatives.

- Equity based states that the equity should be measured from the date of goods and services received at market value (fair value). For employee equity is measured at the grant date.
- Cash settled method states that any cost of goods or services received will be provided by entity with cash measured at market price, which is the fair value of liability i.e., settled through the entity’s value of liabilities in the mode of cash.
- Cash alternatives is case, when instruments are allowed to the recipients to select other cash alternatives which is provided by the entity as settlement through cash or equity. This is the compound instrument which includes debt and equity compounds.

3.3 IND AS 110- CONSOLIDATED FINANCIAL STATEMENTS

The consolidated Financial Statements standard in Ind AS states that consolidation is to be done when an entity or single entity controls one or more other entities. The control of the entity lays on control over investees’ returns etc. Here, when the one company made investments in the subsidiary’s share capital, then up to 20% investment cost method will be followed for the valuation, from 21% to 50% Equity method will be adopted and above 51% to 100% consolidation voting method will be conducted in which company can choose either equity or cost method. The cost method includes historical cost, dividends received are recorded as income, and any investment made will be displayed under non current assets in balance sheet.

The equity method includes income from investments is considered as increased in value of investment and dividends received are reduced from the value of investment.

3.4 IND AS 115- REVENUE FROM CONTRACTS WITH CUSTOMERS

There are five steps to be recognized the revenue under Ind AS where identifying contracts comes first, followed by separate performance obligations with contracts of entities, determination of the transaction prices, allocation of transaction prices to performances obligations in contract and recognize revenue when obligation from performances is satisfy (Deloitte, 2015).
3.5 IND AS 1- PRESENTATION OF FINANCIAL STATEMENT

Presentation of the financial statement is the basic standard to be followed by all the companies who adopted Indian Accounting Standards (Ind AS) regarding the format of financial statements. It is the usual set of financial statements which includes balance sheet at the end of period (12 months), Statements of Profit and loss, Statement of Cash flows, Notes including summary of accounting and other notes (Deloitte, 2015).

3.6 IND AS 2- INVENTORIES

The standard for inventories already exists under IGAAP, however Ind AS 2 is having additional treatments for depreciation, in cost formula, deferred settlement terms, etc. The fair value measurement is obtained which enable less cost to changes in net realizable value and in effect shows in the statement of profit and loss for the changes in the period. There are classification of inventories under IGAAP like raw materials, finished goods, work in progress, loose tools, etc. but under Ind AS there is no such classification required as classification is based on the entity’s need.

3.7 IND AS 7- STATEMENT OF CASHFLOW

The statement of cash flow is similar to IGAAP but if there is need of formation of integral part of an entity’s cash management then cash and cash equivalent is added.

3.8 IND AS 12- INCOME TAX

The effect of Income tax reflects on statement of profit and loss. These standards are inclusion of deferred tax assets and deferred tax liabilities.

The deferred tax asset is tax which has less paid earlier (in advance) the deferred taxes are computation of differences carrying amount of asset or liabilities on temporary basis for financial position and tax base of entity. However, there are different income tax recognition introduced in Ind AS 12 which is inclusion of recognition of deferred taxes, deferred tax asset for unused tax loss, income tax for business combinations for unrealized intra-grouped profits which is recognized at buyer rate, etc. All other standards are interconnected with income tax like PPE, share based payments (Deloitte, 2015).
3.9 IND AS 16- PROPERTY PLANT AND EQUIPMENT

The standard states that the changes occur in depreciation method for asset is replicate of changes in accounting estimates of the entity. However, there is no need of retrospective treatment on change in depreciation. Revaluation of depreciation of asset will be treated under prospective method (ICRA, 2016).

3.10 IND AS 19- EMPLOYEE BENEFIT AND ESOPS (EMPLOYEE STOCK OWNERSHIP PLANS)

This standard of employee benefit and ESOP will be treated or valued as per fair value measurement. Instead of usual transaction on statement of profit and loss, the calculated value of gains and losses will be recorded and distinguished benefit obligations are shown in statements of other comprehensive income separately. The subsidiary entity should maintain a separate book for the parent entity for the ESOPs benefits, provided to its employees.

3.11 IND AS 33- EARNINGS PER SHARE

The Ind AS 33 states that EPS (earning per share) to be calculated as per basic EPS and diluted EPS. When there is an opinion given to debenture holders to convert their debt to equity, in such cases, diluted EPS will be calculated. EPS is required to be presented in both consolidated as well as separate financial statements.

3.12 IND AS 40- INVESTMENT PROPERTY

There are two types of valuation methods- cost and equity. If the investment in shareholdings in another company is less than 20% cost method of valuation will be adopted. However, if the shareholdings are ranged between 21% to 50%, then equity method of valuation is adopted.

After the study of standards, there are many changes that occurred in the Statement of Profit and Loss and Balance Sheet in treatment according to Ind AS. The researcher includes variables to map with Ind AS to observe the impact on the Statement of Profit and loss and Balance Sheet.

Table 1 The following table shows Effect of Ind AS on Statement of Profit and Loss.

<table>
<thead>
<tr>
<th>Variables/Standards</th>
<th>Ind AS 1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
</tr>
</thead>
</table>

Table 1 | Miami v.11, n. 3 | pages: 01-20 | e0731 | 2023 | JOURNAL OF LAW AND SUSTAINABLE DEVELOPMENT
The above table indicates the impact of Indian Accounting Standards (Ind AS) on the variables of Statement of Profit and Loss. These are the most efficient standards that impact the organisation’s financial statement. The variables do have an influence on minimum two accounting Standards (Ind AS). In auditing, the auditors have to be cautious in scrutinizing the variables with the Ind AS which are mapped.

### Table 2 Effect of Ind AS on the Balance Sheet

<table>
<thead>
<tr>
<th>Variables/Standards</th>
<th>Ind AS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 2 7 8 10 28 37 38 40 102 103 107 110 116</td>
</tr>
<tr>
<td>Reserves &amp; Surplus</td>
<td>✔ ✔ ✔ ✔</td>
</tr>
<tr>
<td>Inventories</td>
<td>✔ ✔</td>
</tr>
<tr>
<td>Investment</td>
<td>✔</td>
</tr>
<tr>
<td>Leases</td>
<td>✔</td>
</tr>
</tbody>
</table>
The variables of the balance sheet with the Ind AS shows the significant impact of Indian Accounting Standards and these results are the changes in organisation’s internal records. The significance in the impact of financial statements exhibits the real performance of the organisation. The aim of this application of IFRS takes more accuracy in the financial statements. All these changes should be verified by the Auditors. Hence it is required to extended the study to know awareness level on IFRS and Ind AS.

4 THEORETICAL FRAMEWORK

For this analysis, SEM is used to analyse the awareness level of Chartered Accountants towards the benefits and challenges of Ind AS. The below model is the theoretical framework for the objective proposed for the study.

Fig. 1: Theoretical SEM model

Source: Prepared by authors, (2023)
Fig 1. is the theoretical framework for the study contains three Latin variables where Awareness is the independent variable; Benefits and Challenges are dependent variables. These variables have reflective indicators that indicate the awareness related to consistence application of accounting standards, application of all accounting standards in annual reports, online access-ability of financial reports of company, have significant differences as compared to previous standards, and knowledge about changes in converged accounting standards. For benefit variable the indicators are flowed as information asymmetry followed by transparency, smooth communication, investment opportunity, assessment of company’s performance, better decision making and quality of financial statement. Another dependent variable is Challenges which is having seven indicators as professional support, fraud prevention, high cost for adoption, lack of training among employees, resistance to change in the organisation, support of accounting software’s and difficulties in communication with stakeholders. For performing measurement model some indicators of each Latin variables were eliminated as per thumb rule of Post Hoc, as the loadings were not up to the level to run measurement model.

5 DATA ANALYSIS AND INFLUENCE

This paper is carried out with Partial least square (PLS) technique using Smart PLS 4.0 software (Rahi, Ghani, & Alnaser, 2017) for the data analysis. Two steps were adopted to find validity and Reliability for the measurement model and to perform hypothesis testing, structural equation model analysis is used.

![Measurement Model](source: SMART PLS 4.0 Software)
5.1 POST HOC

Since the factor loading was not up to the level (as per thumb rule), the lowest variables which measured low significance for the study were removed.

5.2 MEASUREMENT MODEL

To evaluate the measurement model, the confirmatory factor analysis (CFA) process is used to study the latent construct for dimensionality, validity and reliability. To ensure the reliability of this quantitative data, Cronbach’s (α) is encountered. Also, composite reliability (CR) is incorporated (Henseler et al., 2009).

5.3 CONVERGENT VALIDITY AND DISCRIMINATE VALIDITY

Under the measurement model, the Convergent validity is examined by the factor loading, Average variance Extracted (AVE) and Composite Reliability (CR) (Hair et al., 2010) (Rahi et al., 2017). Chin (1998) recommended a threshold value level of 0.6 for factor-loading values. It is noted through the analysis that all the values were above 0.6 which is indication of convergent validity.

<table>
<thead>
<tr>
<th>Table 3 Measurement model</th>
<th>Loadings</th>
<th>α</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consistency application of accounting standards</td>
<td>0.728</td>
<td>0.782</td>
<td>0.807</td>
<td>0.610</td>
</tr>
<tr>
<td>All accounting standards are applicable in the annual report</td>
<td>0.852</td>
<td>0.852</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accessibility of financial reporting through online</td>
<td>0.860</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ind AS shows a significant difference compared to previous standards</td>
<td>0.665</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information asymmetry</td>
<td>0.934</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transparency</td>
<td>0.912</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Challenges</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional support</td>
<td>0.771</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High-cost adoption</td>
<td>0.859</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of training</td>
<td>0.810</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounting software</td>
<td>0.849</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Difficulties in communication with stakeholders</td>
<td>0.629</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Smart PLS 4.0 Software

With Fornell and Larcker (1981) support, the estimation of Average variance Extracted (AVE) values must be greater than 0.5 and it is proved that there is convergent validity from the estimation of AVE where all the values are above 0.5. This is the overall reflection of the number of variances in the indicators, which were allotted for the indicators (Hair, Balck, Babin, & Anderson, 2010). As composite reliability (CR) is preferred by convergent validity, the values was supported by Henseler et al., (2009)
recommended a threshold value of 0.6. All the composite reliability (CR) values were above the said threshold value which indicates convergent validity. Also, to ensure reliability using Cronbach’s (α) the recommended values of (Hair Jr et al., 2010) (Abass, Flayyia, & et.al., 2022) must be greater than 0.70 and table 4 shows the results which is satisfying the threshold value of all the latent variables.

The measurement for the discriminant validity of the obtained values was done for the examination of degree, where items are differentiated among constructs and concepts (Fornell & Larcker, 1981). As per Campeau et al., (1999, the AVE which is shred between every construct of the latent variables that must be greater than the variance of other construct.

<table>
<thead>
<tr>
<th>Table 4 Discriminant validity – Fornell larcker criterion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construct</td>
</tr>
<tr>
<td>AWARENESS</td>
</tr>
<tr>
<td>BENEFITS</td>
</tr>
<tr>
<td>CHALLENGES</td>
</tr>
</tbody>
</table>

The table shows in bold are values of squared AVE which reflects in one another’s corresponding construct on rows and column-wise, are indicators of the discriminant measures.

Further discriminant validity can be measured through cross-loading of indicators (Hair Jr et al., 2016), by performing comparing an indicator’s outer loadings with connected construct and the outer loadings should be greater than the own loadings on all other outer loadings of the construct (Hair Jr et al.,2016).

<table>
<thead>
<tr>
<th>Table 5 Cross loading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness</td>
</tr>
<tr>
<td>A1</td>
</tr>
<tr>
<td>A2</td>
</tr>
<tr>
<td>A3</td>
</tr>
<tr>
<td>A5</td>
</tr>
<tr>
<td>B1</td>
</tr>
<tr>
<td>B2</td>
</tr>
<tr>
<td>C1</td>
</tr>
<tr>
<td>C3</td>
</tr>
<tr>
<td>C4</td>
</tr>
<tr>
<td>C6</td>
</tr>
<tr>
<td>C7</td>
</tr>
</tbody>
</table>

Source: Smart PLS 4.0 Software
Table 5 shows the discriminant validity of performing the cross-loadings, where bolded values are the outer loadings of their own connected construct which is greater than all others constructs’ outer loading. This proves the validity of the data.

5.4 STRUCTURAL EQUATION MODEL

Using the software Smart PLS SEM 4.0 (Ringle et al., 2009) SEM model was carried out to assess the strength of the model (Rahi et al., 2017) study. Further for the strength of the model, corresponding ‘t’ values were evaluated (Hair Jr et al., 2016). Hypothesis were tested using a bootstrapping procedure, where the data will resample for 5000 (Hair Jr et al., 2016).

5.5 HYPOTHESIS

**H1:** There is no significant influence in awareness of benefits on implementation of Ind AS among Chartered Accountants.

**H2:** There is no significant influence in awareness of challenges on implementation of Ind AS among Chartered Accountants.

There are developed hypotheses in the proposed study and those hypotheses were tested running bootstrapping with 5000 resampled data sets.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Constructs</th>
<th>Sample mean</th>
<th>SD</th>
<th>t- Value</th>
<th>P- Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Awareness→Benefits</td>
<td>0.780</td>
<td>0.047</td>
<td>16.666</td>
<td>0.000*</td>
</tr>
<tr>
<td>H2</td>
<td>Awareness→Challenges</td>
<td>0.722</td>
<td>0.138</td>
<td>5.456</td>
<td>0.000*</td>
</tr>
</tbody>
</table>

Note: * The significance value is determined with 0.10
Source: Smart PLS 4.0 Software

Table 6 shows the results of the path coefficient of each construct along with the significance. The relationship between Awareness and Benefits is denoted with **H1**, where the ‘p-value is 0.000 which is less than 0.10 and the ‘t’-value is 16.66, which is greater than 1.96. Hence, **H1** is not accepted i.e., there is an influence of awareness over benefits among Chartered Accountants on implementation of Ind AS. For **H2**, the relationship between awareness and Challenges is assessed which resulted as ‘p’-value is 0.00 and ‘t’ value is 5.456. Both values are significant and indicates that there is significant influence of Awareness over Challenges among Chartered Accountants on implementation of Ind-AS. The CA and Auditors play a major role in the implementation of Ind AS.
6 CONCLUSION

“Back in 10 years, business in India found to be simple and for that simple & local GAAP was easy and sufficient” (PwC, 2016). The present research article collected data through a Questionnaire method from 107 Indian Chartered Accountants, accounting professionals, and auditors to know the awareness level of challenges and benefits of the implementation of Ind-AS in India. The study concluded chartered accountants, accounting professionals, and auditors are aware of both challenges they are facing and the benefits they are getting after the convergence took place. It is believed that there is a reduction in information asymmetry and will bring more transparency of accounting information on the adoption and implementation of Ind AS. Better transparency in the accounting information results in accuracy in the decision-making for an organization (Srivastava & Kulshrestha, 2021) which allows for improvement in the efficiency of Indian market. Adding to it, Ind AS (IFRS converged) adoption had reflected in having high-quality financial statements according to (Meeks & Swann, 2009) (Srivastava & Kulshrestha, 2021). The application of accounting standards allows ease in comparability also along with chances of improvement in the investment opportunities in capital global markets (PwC, 2016). Although there are various benefits bagged by the professionals through new standards, there are some challenges faced by CA’s and accounting professionals in the implementation of new converged Standards. The phase after the convergence of Ind AS is still in progress, in other words, standards, as well as the financial system, are not completely ready to get a full transition because of a lack of professional support and training for the employees. The convergence brought changes in IT systems with the need for accounting software and the import of trained personnel. For that, it requires a high cost for the organizations to hire the working expertise. The real challenges are faced by investors and stakeholders during these phases of convergence, which creates a communication gap between the organization and stakeholders. The process of convergence is still slow among Indian corporates and many sectors need to educate on the cons and pros as professionals are still lagging in adopting new accounting system. Moreover, the accounting professionals and CAs are aware about the benefits and challenges to some extent through day-by-day working over it. There should be given proper guidance for accountants with reference to the changing system and also allocate proper resources, so that changes and convergence exist at right manner and benefited to the users. All these changes are to reflect the real position of the
companies to the stakeholders. Slowly and steadily many countries will follow the amendments as per their economic conditions and takes to sustainability in Auditing also. The end beneficiaries are the investors and Government which take the exact value to the corporates which in turn to economic growth.
REFERENCES


