

Analyzing the problems with the current adoption of IFRS in the companies among India, China, Germany, Russia and Kenya

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ABSTRACT

Accounting information provides past and current financial information of an economic unit for business managers, potential investors, and other interested parties. Internally generated accounting information helps business managers with planning, controlling, and making decisions referred to as managerial accounting information. However, if the companies, which have adopted International Financial Reporting Standards (IFRS) globally, cannot generate the same information then the accounting practices need to be improved. For this purpose, the current study was performed with the objectives of measuring relationship between profitability and market capitalization and to analyze the challenges faced by listed firms of various countries in association with the implementation of IFRS. For this purpose, 15 companies were selected from 5 countries including India, China, Germany, Russia and Kenya. The secondary data regarding the correlation between profitability and market capitalization were analyzed to calculate the correlations. The primary data regarding the managers perception were analyzed with multiple regression method using SPSS-19 software to find out the company related variables, investors' related variables and government agency related variables responsible for problems in the current adoption of IFRS.

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1. Introduction

Accounting information provides past and current financial information of an economic unit for business managers, potential investors, and other interested parties. Internally generated accounting information helps business managers with planning, controlling, and making decisions referred to as managerial accounting information. This information is used primarily by internal users, and most of it is not required to be presented publically on the company's financial statements. On the other hand, financial accounting information is targeted towards external users who have no control over the actual preparation of the reports and do not have access to the underlying details. Therefore, the ability to understand and compare financial reports directly depends on standardization of the principles and practices that are used to prepare the reports. To ensure confidence in financial information,

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