

**An Internship Report on
International Financial Reporting Standards (IFRS) practices and its
implementation at BRAC University**



Inspiring Excellence

Master of Business Administration (MBA)

BRAC Business School (BBS)

BRAC University

Supervised by:

Dr. Salehuddin Ahmed

Former Governor, Bangladesh Bank

Professor, School of Business

BRAC University

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Date of Submission: 31st December, 2018

Letter of Transmittal

Dr. Salehuddin Ahmed

Former Governor, Bangladesh Bank

Professor, School of Business

BRAC University

Submission of the internship Report on: “International Financial Reporting Standards (IFRS) practices and its implementation at BRAC University”

Dear Sir,

With due respect,

It is my great pleasure that I had the opportunity to work on this report under your guidance, at BRAC Business School, Master of Business Administration, BRAC University.

Preparing this internship report has been quite interesting, challenging and of great experience. I had little help from office due to extreme work load at office and because of the busy schedule of my supervisor. Also, I had limited knowledge in this field. As a Finance and Accounts officer, it is imperative to have sound knowledge on IFRS. So, preparing this report allowed me gain significant knowledge on “**International Financial Reporting Standards (IFRS)**”, its importance and practices. I would like to express my earnest gratitude to you for providing me with such a great opportunity.

I have tried my best to make this report as informative and comprehensive as possible. However, due to various constraints there may be some mistakes for which I consent your apology.

Thank you for your kind consideration. It has always been my pleasure to work under your guideline.

Sincerely yours,

Fariba Aziz

ID: 14264065

Master of Business Administration

BRAC University

Letter of endorsements

It is indeed a great pleasure to certify that the internship report titled “**International Financial reporting Standards (IFRS) practices and its implementation at BRAC University**”, completed under my guidance and supervision, is a unique work of Ms. Fariba Aziz. The internship report is an individual achievement of the candidate’s own effort. Also, I would like to acknowledge this internship report acceptable for submission to BRAC Business School, BRAC University for partial fulfilment of the prerequisite for the degree of Master in Business Administration (MBA).

Dr. Salehuddin Ahmed

Former Governor, Bangladesh Bank

Professor, School of Business

BRAC University

Acknowledgement

I would like to take this opportunity to express my profound gratitude to my supervisor Dr. Salehuddin Ahmed, Former Governor of Bangladesh Bank, for his valuable time, contribution and all his efforts in providing me with constructive suggestions during the whole tenure of this internship. This report could not have been written or even finished without his kind assistance and continuous motivation.

Also, I would like to extend my thanks to the Director of Finance, and my supervisor Mr. Azharul Islam Bhuiyan for sharing their valuable insights, their cordial attitude, practical guidance and creating an overall positive learning environment.

Executive Summary

The report focuses on the practices and implementation of International Financial Reporting Standards (IFRS) at BRAC University. The objectives are to identify, the legal and regulatory framework of accounting, IFRS adoption process, benefits and challenges of adopting IFRS. The issues that have been raised in the paper are mainly drawn mainly from prior works of literature and secondary information. IFRS adoption benefited BRAC University through improved financial reporting quality, comparability; compete in the international market, true and fair viewpoint to the stakeholders and many more. Challenge is that BRAC University has to follow a prescribed format given by the University Grants Commission (UGC) which makes it difficult to adopt any new addition in the format.

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CHAPTER 1

An Overview of BRAC University

1.1 Profile of BRAC University

Background

BRAC University has a unique history of its own. It started its journey in the year 2001 and follows a liberal arts approach to education which nurtures fresh ideas and gives new impetus to the field of tertiary education. It ensures a high quality of education and aims to meet the demands of contemporary times. Building on BRAC's experience of seeking solutions to challenges posed by extreme poverty, BRACU hopes to instill in its students a commitment to working towards national development and progress. The medium of instruction and examination at BRAC University is English. BRACU is accredited by the University Grants Commission (UGC) and approved by the Ministry of Education, Government of Bangladesh.

Since its inception BRACU has acquired commendable reputation by providing sincere personalized service to its stakeholders in a technology based environment. The University has set up a new standard in the field of research and education, launching Bangladesh's first Nano-Satellite, BRAC Onnesha, into deep space. BRAC University also emerged as the top ranked private university in Bangladesh, achieving 228th position out of 400 in the QS Asia University Rankings 2018.

Motto

Inspiring Excellence

Mission

The mission of BRAC University is to foster the national development process through the creation of a centre of excellence in higher education that is responsive to society's needs, and able to develop creative leaders. It actively contributes to learning and the creation of knowledge.

Vision

To develop Intellectual scholars to transform Bangladesh and present our country in the global platform

Goal

The goal of the University is to provide an excellent broad-based education with a focus on professional development for students, in order to equip them with the knowledge and skills necessary for leading the country in its quest for development. Along with this, the University provides an environment for faculty development to ensure a dynamic teaching environment. Faculty will be provided with an environment in which they can further their teaching-learning abilities and contribute to the creation of new knowledge by developing and using their research skills.



Inspiring Excellence

Logo of BRACU

Interpretation and design of BRACU Logo

The arc of circle suggests the wish to reach education to an international standard and milieu. The symbolic presentation of three books towards the bottom of the design suggests different stages, levels and subjects of education. An all round broad-based education has been emphasized here. The suggestive drawing of open books stresses a disciplined and dynamic development of education.

The three colours used in the design - blue, silver and black; the size and shape of the letters that spell BRAC University, and the balanced presentation of the three books and the circle suggest that BRAC University is a strong and dynamic institution of international standard, dedicated to achieving the aims of education, peace, equality and discipline.

1.2 Organizational Overview:

BRAC University Founder and Chairperson

Sir Fazle Hasan Abed, KCMG is the Founder and Chairperson of BRAC and Chairperson, Board of Trustees (BOT) of BRAC University.

Chairman	Sir Fazle Hasan Abed, KCMG
Vice Chancellor	Professor Vincent Chang, Ph.D.
Pro Vice Chancellor	Professor Mohammad Tamim, Ph.D.
Treasurer	Shib Narayan Kairy
Register/ Academic Council Member Secretary	Lt Col Md. Foyzul Islam (Retd)
Number of Departments	Seven (07)
Number of Schools	Four (04)
Number of Institutes	Three (03)
Number of Centers	Five (05)
Number of Faculty Members and Staff	960
Number of Students	9500 as of 2019 (approx)
Number of Students	9500 as of 2019 (approx)
Number of Alumni	8000 (approx)

Academic Departments

1. Department of Architecture (ARC)
2. Department of Computer Science and Engineering (CSE)
3. Department of Economics and Social Sciences (ESS)
4. Department of Electrical and Electronic Engineering (EEE)
5. Department of English and Humanities (ENH)
6. Department of Mathematics and Natural Sciences (MNS)
7. Department of Pharmacy (PHR)

Schools

1. BRAC Business School (BBS)
2. James P Grant School of Public Health (JPGSPH)
3. School of Engineering and Computer Science (SECS)
4. School of Law (SOL)

Institutes

1. BRAC Institute of Governance and Development (BIGD)
2. BRAC Institute of Languages (BIL)
3. BRAC Institute of Educational Development (BIED)

Centers

1. Centre for Climate Change and Environmental Research (C3ER)
2. Centre for Entrepreneurship Development (CED)
3. Centre for Peace and Justice (CPJ)
4. Control & Application Research Centre (CARC)
5. Professional Development Centre (PDC)

1.3 SWOT Analysis:

As we already know that, SWOT stands for Strengths, Weaknesses, Opportunities and Threats. In this case The SWOT of BRAC University has been given below:

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none">• Quality education• Strong management• Quality reporting	<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none">• To obtain top rank among South-Asian universities
<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none">• Students are unable to experience facilities of permanent campus	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none">• Other private universities with better campus facility• Other private universities having low tuition and other admissible fees

CHAPTER 2

Introduction

2.1 The background of the Study

Financial statements are prepared and presented for external users by many entities around the world. Although such financial statements may appear similar from country to country, but there are differences which probably have been caused by variety of social, economic and legal circumstances and by different countries having in mind the needs of different users of financial statements when setting national requirement.

These different circumstances have led to the use of variety of definitions of the elements of financial statements like assets, equity, liabilities, income and expenses. They have also resulted in the use of different criteria for the recognition of items in the financial statements.

To narrow or minimize these differences, the International Accounting Standards Board (IASB) committed to seek harmonise regulations, accounting standards and procedures for preparation and presentation of financial statements through the introduction of International Financial Reporting Standards (IFRS) listed for organizations all over the globe.

IFRS issued by the IASB are now being recognized as the foremost global reporting standards of accounting information in all over the world. Today, more than hundred nations demand or permit the use of IFRS in their countries. Many countries have already announced their willingness to adopt IFRS in their countries.

The legal frameworks currently permit the use of IFRS in their countries. The importance of IFRS grew as they provide greater comparability of financial information for investors and also encourage them to invest across borders. Studies show that, adoption of IFRS help in lowering the cost of capital for the companies and benefits more efficient allocation of capital.

2.2 The Institutional Framework

The International Accounting Standards Board (IASB) is an independent accounting standard-setting body based in London, England which was established in April 2001 as the successor to the International Accounting Standards Committee (IASC). It consists of 15 members from nine countries, including the United States. It is funded by contributions from major accounting firms, private financial institutions and industrial companies, central and development banks, national

funding regimes, and other international and professional organizations throughout the world. It is the responsibility of the IASB for developing and implementing International Financial Reporting Standards (IFRS) by its member countries around the world.

The IASB is committed to a single set of high quality international accounting standards to help organizations around the globe to communicate, and stakeholders to compare the corporate financial information. Therefore, the aim is to make international comparisons as understandable as possible resulting in transparent information for a single global capital market. These standards are called 'International Financial Reporting Interpretations Committee' (IFRIC).

2.3 Adoption of IFRS

Adoption of IFRS has received much attention in the professional and academic literature of the developed, emerging, developing and underdeveloped countries universal. IFRS are considered a principles-based set of standards in that they set up broad rules with greater importance on interpretation and the use of judgment, rather than reliance on specific bright-lines. Due to growing international business among countries, there is strong support in favour of IFRS. IFRS is a well-structured set of accounting standards which will increase transparency, understandability and promote global acceptance on financial reporting.

Globalization of capital markets is an unalterable development, and there are many prospective benefits to be gained from mutually recognized and valued international accounting standards. The adoption of standardized standards cut the costs of doing business across borders by reducing the need for complementary information. They make information more comparable, thereby enhancing evaluation and analysis by users of financial statements. The study carried out by Esptein (2009) highlighted that universal financial reporting standards will raise market liquidity, reduce transaction costs for investors; lower cost of capital and facilitate international capital formation and flows. Whereas there are more arguments that IFRS is unsuited to developing countries, although they are adopting it because IFRS is an outcome with network effects.

Further, there was the need to be a focus for capital from investors, creditors and financial institutions both locally and externally, for extension of businesses and also setup new ones. It gives birth to the need of a global set of accounting standards. Before the harmonization of International Financial Reporting Standards, different countries developed their individual countrywide accounting standards or adopted that of other countries. There is a well-built and growing demand around the world for global, high-quality accounting standards that deal clearness and comparability. This demand has been strengthened in recent years by massive increases in cross-border trade and investment.

Application of International Standards are also mandated or desired by the World Bank (WB), Asian Development Bank (ADB), European Union (EU), United Nation (UN), agencies and other development associates on borrowers and recipients of foreign aid and technical support.

Moreover, there are irresistible global pressures, affecting the Bangladesh economy, which warrant the Accountancy Profession to execute standardization of accountancy practices through implementation of IAS/IFRS. Therefore, Bangladesh has adopted IFRS in July 2006.

2.4 The Legal and the Regulatory Frameworks in Bangladesh

The Institute of Chartered Accountants of Bangladesh (ICAB), which is a supreme body for the development of accounting profession in Bangladesh, has been functioning for the adoption and improvement of accounting standards. The ICAB has a program to adopt IAS as Bangladesh Accounting Standards (BAS). It is also mentioned that, most of these carbon copies of original IASs. While processing has been done than Security Exchange Commission of Bangladesh (SEC) hold the responsibilities and became delegated of Government of Bangladesh to keep an eye on compliance all those standards by listed company in Bangladesh.

2.5 Statement of the research problems

The growing importance of accounting knowledge has been recognized in most of the organizations in Bangladesh, and universities are also considering the IFRS rules and regulations

to compete in the global market. It is important to see how much BRAC University been able to adopt IFRS practices, given that it has to also follow the guidelines prescribed by the University Grant Commission (UGC). Hence, the research has been conducted to have a better understanding of IFRS practices and implementations at BRAC University.

2.6 Objectives of the report:

Broad objective:

- ✓ To exemplify the application of International Financial Reporting Standards (IFRS) in the accounting system at BRACU and why it is essential to adopt IFRS

Secondary objectives:

- ✓ To focus on the overview of IFRS adoption process
- ✓ To identify the benefits as well as the challenges of adopting IFRS
- ✓ How adoption of IFRS results in increasing transparency and effectiveness on reporting the financial statements.

2.7 Research Questions:

1. What are the benefits of adopting IFRS?
2. What are the limitations of adopting IFRS?
3. How does it help to improve the accounting reporting system?
4. What are the roles of IFRS for better quality of accounting information?
5. What are the impacts in the accounting reports by following IFRS?
6. Is it mandatory to follow the accounting reporting system?

CHAPTER 3

LITERATURE REVIEW

3.1 Literature Review

IFRS are standards and interpretations adopted by the International Accounting Standards Board (IASB). Jacob and Madu (2009) recognized IFRS as a single set of high-quality, globally accepted accounting standards that can enhance comparability of financial reporting across the globe. In short, the goal of IASB is to develop the global acceptable set of high quality IFRS that consider current and potential investors as the primary users of financial statements (IASB, 2010). It is depicted as the principle based system (Chen et al 2010; Atwood et al 2011; Sun et al 2011; Dimitropoulos et al, 2013) to ensure a high level of transparency of financial reporting to get better quality financial reporting.

Primarily, this enables comparing of the financial information more precisely and thus helps the investors to make better investment decisions. It also ensures a more optimal allocation of resources across the global economy. Cai and Wong (2010) added that having a single set of internationally acceptable financial reporting standards will eradicate the need for restatement of financial statements, yet ensure accounting variety among countries, thus facilitating cross-border movement of capital and greater integration of the global financial markets.

Thus, the use of IFRS enhances transparency as well as limits the options available to managers to manipulate the financial reporting and then improve the quality of financial reporting. Globally, researchers suggest that the implementation of IAS/IFRS enhances the increase of quality financial reporting (Bruggermann et al, 2013). For countries wishing to adopt IFRS under (2010) proposes six bases for decision as:

- ✓ involvement to wealth and prosperity of society
- ✓ inclusion of pertinent information from all parts of the economy
- ✓ stability over time
- ✓ adaptability to changes in economic environment
- ✓ strength against manipulations
- ✓ confrontation to capture by narrow interest groups

Several scholars have established that adoptions of IFRS at country level has increased direct foreign investment (Irvine & Lucas, 2006), high Level of global market integration and develop quality accounting indicators (Chai, Tang, Jiang, & Lin, 2010). Additionally, adoption of IFRS at the firm level has improved accounting quality (Meeks & Swann, 2009; Barth, 2008) and financial performance (Latridis, 2010). The study conducted by Bhattacharjee and Islam (2009) mentioned that ensuring disclosure quality of financial information is mandatory for reducing information asymmetry and solving agency problem in the corporate sector.

IFRS is such accounting standards that have led to eradicating the global accounting differences and standardizing reporting formats, IFRS minimizes many of the adjustments that analysts historically have made in order to make companies' financial information more comparable internationally. Therefore, through adoption of IFRS, it could lower the costs for investors as it becomes easy to compare firms across markets and countries (e.g., Armstrong et al., 2010; Covrig, Defond, and Hung, 2007). Thus, a common set of accounting standards would reduce information asymmetries among investors and/or lower estimation risk by increasing comparability between lower and higher quality firms.

This benefits those institutions mostly that create large, standardized-format financial databases. Similarly, accounting diversity could be an impediment to cross-border investment (Bradshw, Bushee, and Miller, 2004). Thus, reducing international differences in accounting standards assists to some degree in facilitating international integration of capital markets (Covrig, Defond, and Hung, 2007) by removing barriers to cross-border acquisitions and divestitures, which in theory will reward investors with increased take over premiums.

Many countries have faced challenges in their decisions to adopt IFRS; its widespread adoption has been promoted by the argument that the benefits outweigh the costs (Iyoha and Faboyede, 2011). Alp and Ustandag (2009) deliberated the development process of financial reporting standards around the world and its practical results in developing countries found that Turkey had encountered several complications in the adoption of IFRS. Such complications include the complex structure of the international standards, potential knowledge deficit and other difficulties in the application and enforcement issues. Similarly, in a study on adoption of IFRS

at firm level, Meeks and Swann (2009) revealed that firms adopting IFRS had exhibited higher accounting quality in the post-adoption period than they did in the pre-adoption period. In a study of financial data of firms covering 21 countries, Barth (2008) confirmed that firms applying IFRS experienced an improvement in accounting quality between the pre-adoption and post adoption periods. There are more arguments that IFRS are inappropriate in developing and emerging economies. Irvine and Lucas (2006) reported that the development of a globalized set of accounting standards provides other benefits that are not so significant to developing and emerging nations.

3.2 Financial reporting framework in Bangladesh

Legal framework

The Companies Act of 1994 provides basic requirements for financial reporting by all companies in Bangladesh. It is silent about either Bangladesh Financial Reporting Standards (BFRS/BAS) or International Financial Reporting Standards (IASs/IFRSs).

- Listed companies. The Securities and Exchange Commission of Bangladesh regulates financial reporting by listed companies. SER 1987 requires compliance with IASs/IFRSs as adopted in Bangladesh (these are known as Bangladesh Financial Reporting Standards and include Bangladesh Accounting Standards).
- Banks. The Bank Company Act of 1991 mandates reporting formats and disclosures based on BAS 30, which is similar to IAS 30. The Act is silent about other BAS/BFRS, and compliance with BAS/BFRS by banks is mixed.
- Insurance companies. The Insurance Act 1938 does not mandate compliance with BAS/BFRS. In practice, insurance companies often do not follow BAS/BFRS.
- Other companies. Neither the law nor the by-laws of the Institute of Chartered Accountants of Bangladesh mandates compliance with BAS/BFRS by unlisted companies. Actual compliance varies widely and the ICAB has published the Bangladesh Financial Reporting Standard for Small and Medium-sized Entities (BFRS for SMEs)

Bangladesh Financial Reporting Standards (BFRS)

The Financial Reporting Standards prescribed by the Institute of Chartered Accountants in Bangladesh (ICAB) are known as Bangladesh Financial Reporting Standards (BFRS, including Bangladesh Accounting Standards, BAS). BFRS and are closely modeled on International Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board.

BFRS developed by the ICAB were originally based on older International Accounting Standards (IASs) - generally those developed by the IASC rather than the improved IASs and new IFRSs developed by the IASB. In more recent times, the ICAB has adopted the updated IASB standards as BFRS and all BFRSs have been updated based on IFRSs 2012.

The Technical and Research Committee, a standing committee of the ICAB, is responsible for reviewing on a regular basis, the latest national and international pronouncements and standards on accounting, auditing and allied matters, and recommend the same for adoption to the Council, after carrying out a technical review for adoptability and acceptability in the Bangladeshi context.

The Council is responsible for approving and adopting the Standards, Interpretations and related documents.

As at January 2013, a version of all IFRS (and IAS) issued by the IASB had been adopted as BFRS by the ICAB, with the following exceptions:

- IAS 29 Financial Reporting in Hyperinflationary Economies - adopted but will not enter into force until 2015
- IFRS 9 Financial Instruments.

As evident from the literature review, a good number of studies carried out in different countries have highlighted the benefits of having a single set of financial reporting standards across the globe. Few of the studies have also brought out the procedural aspects of the implementation of IFRS. Some of the studies have given a contradictory view wherein the articles talk about the difficulties and complications faced in implementing IFRS.

CHAPTER 4

Methodology of the Study

4.1 Research Methods

For this research the most suitable method is the Qualitative Approach, as it is the most popular form of data collection. Moreover, these approaches are more likely to provide accessible descriptions, details of the problems and ideas about the possible solutions for this research. Besides, qualitative research will allow referring all the non-numerical data that have not been quantified. Therefore, Qualitative Approach will provide a detailed overview of the overall adoption process and its benefits and challenges associated with it. In this regard, experienced accountants are interviewed in order to have their valuable thoughts and opinions regarding the application, limitations and solutions of this study.

4.2 Data Collection Methods

Primary Data Collection:

Primary data are collected through my practical work and also four qualified accountants from the Finance and Accounts department of BRAC University are interviewed for primary data collection to understand the actual constraints, the overall adoption process and also about future prospects of this adoption process if there is any.

Sl. No.	Name	Designation
1	Mr. Monojit Kumar Ojha, FCA	Director, Finance
2	Mr. Azharul Islam Bhuiyan	Deputy Director
3	Md. Nazmul Hasan	Senior Manager
4	Saud Sarwar	Deputy Manager

Secondary Data Collection:

Issues raised in the paper are drawn mainly from prior works of literature and secondary sources, i.e., research papers, articles, working paper and different books.

4.3 Presentation of data

To represent the information and data some descriptive excel sheets are mostly used since qualitative approach was used for data collection.

4.4 Limitations of the Study

The limitations of the study are as follows:

- ✓ The busy schedule of the respective employees from Finance and Accounts department
- ✓ There was no assistant for the study
- ✓ Financial facilities and references are limited to get information
- ✓ Few limitations were seen from the managers due to their confidentiality

CHAPTER 5

Data Analysis and Interpretation

5.1 Key Benefits of adopting IFRS

The use of IFRS means the financial statements are prepared by using a common set of accounting standards meaning “global financial reporting”, which allows foreign investors to better understand the position of a company and identify investment opportunities as opposed to financial statements prepared using a different set of national accounting standards. Therefore, allowing local companies to compete in the international market.

Hence, the benefits of adopting IFRS

- It is globally accepted
- It provides transparent and better financial information to its shareholders and stakeholders
- It allows for enhanced comparability
- Eliminates multiple reporting
- Minimizes manipulation of data

Through interview it is revealed that , BRAC University by adopting IFRS has benefited in many ways. The use of IFRS gave its stakeholders high quality financial statements, hence transparent, comparable and reliable information. This allows the management of BRAC University to make important progressive decisions about future prospective, access risks and improved budgetary control. Adopting IFRS results in accurate accounting information which allows the management to perceive precise trends of growth and the potential sustainability. This also helped in achieving reduction in audit costs.

At BRAC University two types of audit is conducted.

- Internal Audit
- External Audit

There is an Internal Audit and Compliance Department to conduct audit throughout the year. And each year, external audit is conducted. Three profiles of Audit firms are sent to the Ministry of Education (MoE). The Chancellor then selects one firm through the Ministry of Education.

Hence, a true and fair audit of accounting and management information is carried out at BRAC University which was reflected in report as of June 2018, where the auditors’ opinion was “The financial statement gives a true and fair view of the financial position of BRAC University as of

30 June 2018, and of its financial performance and its cash flows for the year ended in accordance with accounting policy”

5.2 Limitations of adopting IFRS

Adoption of IFRS is obviously not an easy task. There are a lot challenges which are usually faced in adopting IFRS. Adoption of IFRS means implementing and practicing of an entire set of different accounting policies and standards. Hence, it requires a lot of sufficient resources. Also, it requires competent and knowledgeable professionals and availability of quality training which therefore raises the overall cost. Other limitations include lack of appropriate monitoring for implementations of the adopted standards by existing regulatory framework. There is also lack of resources available at ICAB to enable and to monitor effective financial reporting standard ensuring quality assurance.

When the question was asked to the qualified accountants, as per their response, although the adoption process was a complex one, since BRAC University is one of the leading private universities in Bangladesh, it had access to resources and qualified accounting professionals who has sound knowledge in this field. The Finance and Accounts department has accounting professionals who has acute knowledge in this area which made it easy to adopt IFRS and are also the respondents of this study:

Sl. No.	Name	Designation
1	Mr. Monojit Kumar Ojha, FCA	Director, Finance
2	Mr. Azharul Islam Bhuiyan	Deputy Director
3	Md. Nazmul Hasan	Senior Manager
4	Saud Sarwar	Deputy Manager

However, major limitation is that BRAC University has to follow a prescribed format given by the University Grants Commission (UGC) which makes it difficult to adopt any new addition in the format.

5.3 How does it help to improve the accounting reporting system?

The respondents revealed that using accounting standards has eased the understanding of financial statements and also ensured improved comparison. Since all entities by adopting IFRS have to follow the same rules for accounting standards. It makes the financial statements more credible, as duplication or any kinds of manipulation is avoided. Thus it allows the management to make financially viable decision based on accurate and consistent information and improved management control. Also, having single accounting reporting system makes the university internationally competitive and helps in gaining local and foreign grants.

5.4 Role of IFRS for better quality of accounting information

Accounting information system has an important role to play with the development process of an organization as well as the economy. It is very important that the accounting reporting is accurate as major decisions depend on it to determine the sustainability of an organization. Accounting performs a critical function in an economy as the information that it generates serves the stakeholders as well as the society by allowing increased efficiency of resource allocation and thus optimization of available resources. Accounting information helps identifying and evaluating the existing available resources and thereby predict the future trend of growth. Also, accurate and quality accounting information assists in the measurement and assessment of actual results at the end of each planning period so that they can be used as feedback in making further decisions. Therefore, by adopting IFRS helps an organization to prepare the financial statements that is in accordance to true and fair value.

5.5 The Impacts in the accounting reports by following IFRS

The financial statements of IFRS consist of:

- State the financial position of the organization
- Comprehensive income and expenditures
- Cash and fund flow

- A statement of changes in equity
- Explanatory not

Note disclosures include:

- The Accounting policies followed
- Opinions made by the top management in applying critical accounting policies
- Vital assumptions about the future and other important sources of estimation uncertainty

Financial statement of company provides accurate information to help the management or the investors to evaluate the financial performance, position or changes in financial position of an organization. The balance sheet is a snap shot at a single point of time that depicts what the organization owns that is its assets and what it owes that is its liabilities through the date listed. It represents the revenue earned and the expenses incurred that is vital for any organization for decision making. It also shows the movement of cash and fund flow. Figures for Profit before Tax, Profit after Tax, Profit after Interest, Depreciation , accounts receivable and Tax are all important numbers that must be accurate and the for that the calculation or steps followed must be globally accepted and of single standard which makes comparison easy and figures transparent.

5.6 Is it mandatory to follow the accounting reporting system?

IFRS Standards as adopted by the ICAB are permitted in the financial statements of companies whose securities do not trade in a public market.

CHAPTER 6

Findings of study

6.1 Findings of the Study

BRAC University follows the IFRS standards which are adopted by ICAB. However, not all standards imply directly on the financial reports due to the reason that many standards of IFRS are more applicable to listed companies and small medium enterprises whereas BRAC University is an educational institution. Hence, for that the University Grants Commission (UGC) of Bangladesh prepares “The Financial Transactions Recording and Annual Financial Reporting Format known as Private University Financial Report (PUFR) for private universities in Bangladesh. However, it was found that the PUFR comply with Bangladesh Accounting Standards (BAS), International Accounting Standards (IAS), and International Financial Reporting Standards (IFRS). BRAC University complies with most of the standards of IAS and hence standards that comply with IFRS and IAS are shown in the **Annex A**. The reporting standard that BRAC University is also attached herewith in **Annex B**.

IFRS and IAS are technically same as IFRS is the current set of standards which reflects the changes in the accounting and business practices over the last two decades. Whereas, IAS is what used to be prior to the introduction of IFRS. However, not all of the IAS are outdated. Any types of future standards are now called IFRS, and if they contradict to the existing IAS, in that case the IFRS will be followed. One of the major difference between IFRS and IAS is that the series of standards in the IAS were published by the International Accounting Standards Committee (IASC) between 1973 and 2001, whereas, the standards for the IFRS were published by the International Accounting Standards Board (IASB), starting from 2001.

BRAC University is required to submit the Reporting Forms PUFR-III and IV and Analyzing Forms PUFR-V, VI and VII to Education Ministry and University Grants Commission within following 31 December every year as per Private University Act 2010 Cl. 45(2)

6.2 Recommendation:

The UGC prescribed format could be brought under one general format so as to comply totally with the format of IFRS as it is very time consuming to prepare two different reports.

Although accountants are aware of relevant standards but they are not updated regarding recent amendments. So, I would recommend them to stay updated regarding the recent changes of accounting and reporting standards.

The professional accountants who have acute knowledge in this field can team up and arrange for workshops and seminars in their departments to build up a strong accounting knowledge platform or network.

Third, a curriculum related to IAS, IFRS, BAS, BFRS may be introduced in Masters in Business Administration (MBA) program as I believe the MBA graduate who wants to pursue or is pursuing a career in the finance and accounting field must have sound knowledge in this area to better perform in the job.

Also, seminars or workshops can be arranged by the staff of Finance and Accounts department and specialized faculty members of BRAC University for the MBA students to Share knowledge and experience.

Conclusion:

Due to cheap labor force, geographical location and a potential market for business opportunities, Bangladesh is an ideal country to attract a lot of foreign investors and compete in the global market. Many companies are also expanding its business outside of Bangladesh. So, in order to meet the requirements of foreign investors' accounting standards and also expand globally for greater exposure and brand value, Bangladesh has adopted IFRS. So in order to participate in international market it is very important for the local organizations to follow accounting standards same as it is followed globally. BRAC University is one of the leading universities in Bangladesh. It is recognized in the international platform due to its excellence in education. It has affiliations with many reputed academic and research institutions around the world to enhance the educational experience by learning from others. Hence, by adopting IFRS has benefited BRAC University as it is now recognized internationally, foreign students are studying here and BRACU has also received foreign grants to facilitate scholarships to most vulnerable local and foreign students. BRAC University has also been ranked as the highest ranking university in Bangladesh amongst private universities in QS Asian University rankings in 2018.

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