



Emerging Markets Queries in Finance and Business

Status Quo Of International Financial Reporting Standards And International Standards On Auditing: A Research On The Accounting Professionals In Konya

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Abstract

Upon the harmonization and convergence efforts and achievements relating to accounting standards, national and international structures all around the world precipitated their efforts regarding to the consensus on International Financial Reporting Standards (IFRS) and International Standards on Auditing (ISAs). Turkish government amended new codes for Turkish trade in 2012 as part of the reforms for an ultimate and comprehensive economic system and these codes brought some enforcements relating to the adoption and use of international standards. Inescapable interaction between trade codes and accounting and auditing standards led to comprehensive changes and ambiguities both for standard setting bodies and concerned parties. Major aim of this study is to probe the current situation with respect to IFRS and ISAs. The study will be carried on accounting professionals from different organizations with different levels of education and experience in order to reflect the awareness and perception of IFRS and ISAs. A questionnaire is designed and will be addressed to the sample accountants for the sake of determining awareness level and gathered data will be analyzed by means of SPSS software. According to the findings of research, possible solutions will be recommended.

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1. Introduction

Increasing trade volumes, better communication and transportation possibilities and specialization of economies through gained competitive advantage forced the world economies to be integrated and this integration process is still developing and strengthening. Moreover, changing attitudes of manufacturers, investors and national economies as a whole expedited the globalization process. All these developments led to some other needs for changes in economic and jurisdictional contexts. International Financial Reporting Standards (IFRS) and International Standards on Auditing (ISAs) might be evaluated as the inescapable results of integration and changing economic attitudes all over the world. Kang (2013) states the basis of International Financial Reporting Standards as the value relevance of financial reports.

1.1. Background of IFRSs-IASB and ISAs- IAASB

International Financial Reporting Standards (IFRS) are designed as a common global language for business affairs so that company accounts are understandable and comparable across international boundaries. They are a consequence of growing international shareholding and trade and are particularly important for companies that have dealings in several countries. It might be stated that International Financial Reporting Standards are progressively replacing various national accounting standards. The rules to be followed by accountants to maintain books of accounts which is comparable, understandable, reliable and relevant regardless to the internality or externality of users. It is a known fact that IFRS began as an attempt to harmonize accounting across the European Union but the value of harmonization quickly made the concept attractive in other jurisdictions around the world. New set of International Financial Reporting Standards are sometimes still referred by the original name of International Accounting Standards (IAS). IAS were issued between 1973 and 2001 by the Board of the International Accounting Standards Committee (IASC). On 1 April 2001, the new International Accounting Standards Board took over from the IASC the responsibility for the settlement of International Accounting Standards. During its first meeting the new Board adopted existing IAS and Standing Interpretations Committee standards (SICs). The IASB has continued to develop standards calling the new international accounting standards as International Financial Reporting Standards (http://en.wikipedia.org/wiki/International_Financial_Reporting_Standards). Table 1 gives a summary of IFRS Foundation evolution and convergence progress towards a set of global standards (IFRS Foundation and IASB Document).

The IFRS Foundation defines itself as an independent, not-for-profit private sector organization working in the public interest and summarizes its principal objectives on its official website as (www.ifrs.org):

- to develop a single set of high quality, understandable, enforceable and globally accepted International Financial Reporting Standards (IFRSs) through its standard-setting body, the International Accounting Standards Board (IASB);

- to promote the use and rigorous application of those standards;
- to take account of the financial reporting needs of emerging economies and small and medium-sized entities (SMEs); and

- to promote and facilitate adoption of IFRSs, being the standards and interpretations issued by the IASB, through the convergence of national accounting standards and IFRSs.

The governance and oversight of the activities undertaken by the IFRS Foundation and its standard-setting body rests with its Trustees, who are also responsible for safeguarding the independence of the IASB and ensuring the financing of the organization. The Trustees are publicly accountable to a Monitoring Board of public authorities. The Trustees promote the work of the International Accounting Standards Board (IASB) and the rigorous application of IFRSs but are not involved in any technical matters relating to the standards. This responsibility rests solely with the IASB. Trustees are appointed for a renewable term of three years. Each

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