Science Arena Publications
International journal of Business Management
ISSN: 2520-5943
Available online at www.sciarena.com
2018, Vol, 3 (3): 111-121

The Role of International Financial Reporting Standards (IFRS) in Improving Accounting and Capital Market Transactions

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Abstract: *Nowadays, accounting seeks to create global integration both in the markets and in policy-making. The goal of policies is ultimately to diminish the costs of communications and information technology. To develop such integrity, financial reporting standards and its performance must be taken into account. The importance of integration with international accounting standards is clear for every country. Knowing the opportunities and challenges ahead is a crucial part of adopting these standards. This paper, with a descriptive approach and an overview of the relevant literature, examines the necessity of applying international financial reporting standards and its advantages and limitations in Iran. Executive solutions are also provided for their successful implementation. In order to successfully implement international standards, we need to take a realistic look at the capacities, challenges and the status quo. To this end, an integrated approach should be adopted with the interaction of professional institutions. Therefore, the present study probes the role of international standards in improving accounting and capital market transactions.*

Keywords: *International Financial Reporting Standards (IFRS), Accounting, Capital Markets*

INTRODUCTION

Transparent and comparable financial information is one of the key components of accountability and informed economic decision making. It is an indispensable requirement for development and economic growth in the private and public sectors. Stock holders, creditors, government, and other beneficiaries need valid, relevant, and understandable financial data to make decision on buying, selling, and stocking, lending, assessing the performance of managers, and other major economic decisions. Investors invest in an economic unit when they firstly have enough information about it (including financial information), and secondly trust in it (Moradi, 2008). The creditors cannot provide their financial resources without knowing the financial status and performance of a unit. The government also needs financial data for various micro/macro-economic decisions. All these decisions determine the destiny of managing the country's scarce economic resources, and thus, if the decisions are not informed, transparent data-based, and comparable, the economic resources will be lost and the country's economy will be damaged (Shabahangh, 2003).

To provide information to help investors and other beneficiaries of accounting data is one of the most important reasons for the emergence of accounting science. Financial decisions are made using the published information. The significance of accounting information in the capital market and the response of market participants to it will make corporate executives more focused on information provided in the form of financial statements to market participants. One of the main reasons for developing accounting standards is that users can make better and more reasonable decisions based on financial statements (Ball, 2006). Therefore, accounting profession needs a reporting method that desirably concerns the interests of all beneficiaries. Financial reports of companies are considered as an effective tool in the process of providing financial data for stakeholders' decisions. Economic decisions are adopted by the users of accounting data, assessing the ability of the business entity to generate cash, earning and raising capital. This assessment is facilitated by focusing on the financial status, financial performance, cash flows of the entity, and using it to predict expected cash flows and measure financial flexibility (Walker, 2010).

If financial reporting has the required quality, proper decisions will be adopted by the users. The users include investors, creditors, employees, customers, other business creditors, government, and so on. The proper decisions will lead to an optimal allocation of resources, which in turn will have a significant impact on the economic status of the countries. The use of profit as a performance indicator may be accompanied with the implementation of management's thoughts. However, the management's thoughts may arouse the opportunism for the personal interests which is referred to as opportunistic manipulation. Using an event approach, a large number of previous studies have attributed the quality of the firm's financial reporting solely to accounting standards and theoretical foundations. In addition, external guidelines influence the explanation of financial reporting quality (Maham et al., 2012). The main drawback of this series of empirical studies on the quality of financial reporting is due to the lack of attention to the intrinsic nature of the decision on the quality of financial reporting (Asna Ashari and Khan Beigi, 2009).

Although financial information can be derived from various sources, financial statements now account for the core of financial information sources and should necessarily have a desirable quality. The financial records are of a good quality if they are based on valid criteria, i.e., accounting standards. The scope of standardization is a major challenge for accountants. Many aspects of production and presentation of firms' information are subject to regulation, many of which are set by institutions formulating accounting standards. Moreover, the scope of these regulations extends at any moment when accounting standards are developed (Samuel et al., 2011). The process of developing standards should be based on accepted accounting theory. A deep understanding of accounting theory can play a precious role in how to create and develop methods in the financial accounting structure, improve the process of developing new standards, and integrate accounting standards at the national and international levels (Shabahangh, 2003). Increasing harmony at the international level leads to more universal standards. The ongoing flow of stock market globalization makes the companies embrace the changes. If a company presents the results of activities in the way not being understandable for foreign investors, the possibility of access to external resources will decrease. With the increased cooperation of countries, access to a unique set of global accounting systems will be easier (Moradi, 2008).

The international standards will allow the company to operate at a higher level, because information on profit/loss statements and balance sheets will be more uniform across countries (Shabahangh, 2012). A uniform set of principles are codified to reduce the cost of producing and distributing reliable and uniform information in the capital market (Jafari, 1994). Today, coordinating the accounting standards is of noteworthiness because of two dimensions:

1. Along with the rapid expansion of capital markets, which plays an important role in the distribution of economic resources, the manner of information disclosure is one of the salient issues in determining market efficiency.

2. Increasing multinational companies, operating across borders, leads to the emergence of the need for a set of uniform standards.

The efficiency of the flow of goods and services, capital and resources will allow commercial activities to go beyond national boundaries and the status of commercial and financial operations in more than one country requires standards not to be limited to a particular country. Due to the different accounting methods for one type of transaction, many problems are caused in the analysis and comparison of financial statements. Hence, supports for regulating international accounting standards have developed (Anderson, 1993).

The growing importance of multinational corporations is one of the most important factors influencing the desire for uniformity. The general similarity of accounting principles and the relevant methods certainly facilitates the coordination amongst the multinational corporations' subsidiaries. Substantially, preparing consolidated financial statements will be easier in the event of uniform accounting standards in different societies and consequently in the various sectors of multinational corporations. As the number and importance of multinational corporations increase, the issue of internationalization is more focused in audit profession (Khoshtinat and Rahimian, 2004).

There are advocates and opponents for adopting the international standards. Advocators justify their point of view by referring to the benefits of accepting these standards, such as reduced cost of accessing information, reduced information asymmetry, attracting foreign investment, reducing the country's risk, and transferring capital at the international level. This is while the opponents concern cultural /economic diversity and different needs of the users. However, nowadays, with the development of large and multinational corporations, having principles at the international level is inevitable (Shabahangh, 2012).

Background of International Financial Reporting Standards (IFRS)

International Accounting Standards Committee (IASC) first published the international standards in 1975. In 2001, the committee was replaced by International Accounting Standards Formulation Board and in 2005 most of European companies and other countries were required to comply with IFRS in their financial statements (Karami and Tajik, 2007).

Historically, accounting standards were drafted by one of these institutions: government, the accounting profession, or an independent board. National standards were raised when companies funded in their own country and investors also invested in their home. After the 1970s, the growth of demand for increased quality of financial reports has brought about harmonization among major economies. With the globalization of capital markets, investors began to look for investment opportunities around the world, because the differences in accounting systems lead to the reduction of understanding the financial reports and prevention of investors' comparisons (Shabahangh, 2012).

Casino and Gasn (2010) argued that with the mandatory adoption of IFRS and its impact on financial statements comparability, companies could be expected to follow it with more motivation. However, findings in different countries show that the mandatory acceptance of international standards has little effect on the comparability of the financial accounting information. Aharonium et al. (2014) studied the compulsory acceptance in 10 European countries from 1995 to 2008. Their results revealed the positive impact of these standards. Reviewing IFRS compulsory acceptance in Greece from 2002 to 2012, Corpniz and Hoisder (2016) also realized positive impacts of it.

Theoretical Background

In November 2012, the Ernst & Young Audit Firm (E, Y) in a report titled "Comparison of International Financial Reporting Standards and the Accepted Accounting Principles of the United States" compared the two sets of accounting main standards. The last section of this report is about a series of important events in three periods which have contributed greatly to the development of IFRS (Khoshtinat, 2003). Meanwhile, the various events, the decision of the European Commission (EC) in 2002 to force the application of IFRS for the preparation of financial statements of the companies listed in Stock Exchange of the EU member states is the most important event which has had a significant impact on the spread of international financial reporting standards. This is the translation of the last section of the mentioned report, and, if necessary, more explanations are added for better understanding of the concepts. This is because familiarization with organizations, committees, board, and various standards is needed to study the evolution of IFRS around the world (Rahmani and Alipour, 2011).

Financial reporting entails a wide range of reports and financial statements are considered its main components. Financial reporting quality means the potential of the statements to transfer accurate information about the company's operations and, in particular, to provide investors with the prediction of the expected cash flow. Financial reporting is a mechanism that can improve the performance of capital markets. The financial information is expected to provide a high-quality financial and reporting data for the large and active companies in the capital market because if the quality of a financial reporting increases, the value of the company will also increase (Walker, 2010). The high quality can greatly eliminate the investor's concerns about internal information. Also, general publication of high-quality data by management will reduce the information asymmetry between management and other beneficiaries (Armstrong et al., 2007).

According to studies, eliminating the information asymmetry will in turn lead to decreased capital costs, reduced information risk, increased power in predicting cash flow, improved company valuation, and increased stock liquidity. Financial information beneficiaries expect to have accurate, clear, and reliant information, because they intend to invest their capital in important economic sectors based on this data. For this reason, they rely on standard-based financial statement (Khoshtinat, 2003). Standards are the necessary regulations that guide accountants in their work and must be developed in accordance with the environmental conditions of each country. Preparing financial statements likewise the accounting principles prevents the emergence of opportunistic behaviors and let the users to access to the useful data. Standards are the applied rules that assist accountants in preparing financial statements, being the main financial reporting component (Rahmani and Alipour, 2011).

Over recent years, many countries have tended to IFRS and by accepting these standards, have attempted to produce financial reports being comparable with the reports of the countries applying international principles. Nevertheless, the conditions on which the international standards have been based are completely different from that of our country (Samuel et al., 2011). In the countries where international standards were established, ownership is completely separated from management in terms of content, financing occurs through capital markets, and there is little inflation. While in developing societies, ownership is separated from the management only in terms of form and government is the main owner, financing occurs through banks and there is acute inflation. For this reason, financial reporting standards in Iran have so far been different from the international standards (Khoshtinat, 2003).

The role of information in making economic decision is vital and investors do not adequately recognize the opportunities and risks of investing as they don't have enough information. Financial statements beneficiaries must be provided with the information at the right time in order to make efficient decisions. Timeliness is one of the characteristics of the information relevance which means that financial data must be available to the beneficiaries when they have the opportunity to make decisions, judgments, and actions on the intended matter (Shabahangh, 2012). In other words, financial information must be provided before passing the time on the basis of which the users can judge and decide (Riahi Belkoyi, 2011).

As the financial information is very sensitive to time and sometimes loses the value and utility in decision-making, it will be timelier if presented when the event happens. This is exemplified by the closeness of financial reporting time to the end date of the financial period. Increasing the reporting speed due to the timelier use of information in making economic decisions by investors can lead to greater transparency of corporate financial data and consequently, greater transparency of the capital market, which in turn might have a significant impact on the attractiveness of financial markets and capital (Karami and Tajik, 2007).

The Importance of Financial Statements in Corporate Performance

The financial statements resultant from the accounting data system are something like a commodity. There is accounting because of the demand for financial information, and, moreover, accountants and business units have the ability and interest to provide this information. Therefore, concepts such as quality for goods and services provided by the economic units are also discussed and followed up for accounting services, including the final product, that is, financial statements reports. Financial reporting quality is a criterion that separates useful information from other data and increases the utility of the information. Timeliness is one of the basic pillars of the quality of financial information of corporates. This is because timeliness may bring about better and more useful use of information by the beneficiaries (Sajjadi and Arabi, 2012). So, the timing of financial reporting, i.e., the amount of delay or acceleration in the presentation of financial statements should be seriously addressed by the reporters. Since financial reports are a tool to disclose reliable information that the public have access to, provided that it is timely presented, the risk of investors' improper choice will be diminished as the result of reducing private and confidential information. Therefore, we can assume that timely data will reduce information asymmetry amongst the investors. In addition, there is a logical relationship between the quality of financial reporting and the efficiency of investment, that is, companies with higher reporting quality are less sensitive to macroeconomic outcomes. This suggests that there is a link between the reporting mechanism and the investment efficiency and a high-quality reporting will result in accurate choices (Ball, 2006).

Due to the importance of timely reporting in the actual and potential stockholders' decisions, in order to expedite the presentation of financial reporting by the companies listed in stock exchange, many legal institutions have created a general need through legislation. In Iran, timely reporting requirements have been codified by three legislating authorities (direct tax laws, trade law and amendments thereto, and regulations of the stock exchange) (Anderson, 1993).

Timely reporting is the function of various factors being typically divided into two groups: audit-related factors and auditor's characteristics, as well as the features related to company and management performance. Audit factors are those that likely play a role in timely auditing tasks and issuing audit reports. This is while the features related to company and management performance are those enabling the management to give a prompt annual report or to reduce the costs of reporting delays. The corporate is expected to be affected by the profitability of the timely reporting. It is argued that companies with good outcomes (good news) report their statements faster than those with unsuccessful operations or loss (bad news). Because profitability measures the efficiency of the company's operation and makes a significant effect both on the stock market price of the company and on its managerial skills. The manager of a successful company likely presents the positive news to the public at the right time (Samuel et al., 2011).

The timely publication of the annual report is a function of the relevant company's size. Big companies usually have many reasons for timely reporting. First, they have more resources, more accounting staff, higher education levels, and a more advanced system of accounting information. As a result, they can report timely (Moradi, 2008). Most of the large corporations are able to install computer equipment and sites, to purchase computer programs, or to employ programmers to write applications. Using this tool will allow the rapid and immediate preparation of accounts and timely annual reporting. Second, large corporations benefit from strong internal control systems so that auditors spend less time on content and compliance testing which minimizes audit delays. In addition, lending a large number of the personnel to the auditors and inspectors, the corporate facilitates auditing, enabling it to present an immediate reporting to the public (Jafari, 1994).

International Financial and Accounting Reporting Standards

Transparent financial markets and the eliminated information asymmetry between investing and corporate owners are of the most important factors in relation to allocated appropriate functioning of financial markets. Under normal circumstances, different countries have different standards for calculating profits and preparing financial statements, which results in significant differences in the manner and result of reporting.

The differences in the manner of financial reporting can be seen as a limitation for the investor in relation to investment opportunities. Financial statements that are presented using a set of common accounting standards can help the investor to better understand the various investment conditions (Shabahangh, 2003). Hence, the importance of accepting international standards and standardization of financial reporting might be due to the integration and coordination of accounting procedures, comparability of financial statements of companies in different countries and the increase of overseas investments (Hail and Leuz, 2009).

For a long time, the need for a set of high-quality IFRS has been clear. Since 1990, with the development of global trade, its role and importance in economies the process of global convergence towards a universal set of principles has increased, and countries have consistently sought to create conditions and context appropriate for benefiting from the potential advantages, including the consequences of global trade growth, the increasing role of multinational corporations in countries, and the expansion of financial markets beyond the borders. Further, since 2010, more than 220 countries, including all major economies of the world, have fully launched IFRS, programmed to synchronize with it, or fitted some of the standards as a national strategy in their agenda. There are assumptions for this change, including cultural differences, differences in the corporates leadership environment, technological differences and differences in the natural resources of the countries (Jafari, 1994).

IFRS was compiled to develop international financial reporting standards so that brings transparency, accountability and efficiency for financial markets around the world. IFRS seeks to improve public confidence, long-term financial growth and stability in the global economy. It results in economic efficiency, achieved by helping investors to find global opportunities and risks. National standards become meaningful when companies do finance in their own country and the investors invest in their own home. Furthermore, the demand for improving the quality of financial reports synchronization has increased among major economies (Jafari, 1994).

Advantages of Accepting International Standards

Various advantages have been cited for the convergence of accounting standards and the formulation of a single set of international accounting standards. Some of these will be referred in the following.

Reducing The Cost of Standards Formulation: For the countries that have not yet developed accounting and auditing principles, compliance with internationally accepted standards reduces or eliminates standardization costs (Shabahangh, 2012).

Increasing Comparability: There is no doubt that one of the most important goals of global integration of accounting standards is to increase the comparability of financial statements. From the theoretical perspective, it's been agreed that having a single set of high quality standards is advantageous for investors and will decline the administrative costs of accessing capital markets around the world. In an integrated capital market, it is logically clear that a single set of standards should be available since this single unit will improve the comparability and understandability of financial reporting and makes it more efficient to utilize capital beyond the political boundaries (Shabahangh, 2012).

Improving the Quality of Financial Reporting: Professional accountants around the world will focus on a single set of standards, thus their weaknesses will appear. Eliminating the drawbacks, the transparency and quality of financial reporting will be greatly enhanced. Given the different economic conditions around the world, experiences of countries are taken into account in standards and financial-economic crises will be prevented (Shabahangh, 2012).

Saving Time, Expenses and Training

IFRS reduce the cost of access to the information of different capital markets by reducing compliance costs. Accountants will be able to prepare and analyze financial statements of all companies in the world by learning a single set of standards. Understanding the standards, investors correctly interpret the information and hence will adopt better decisions based on this information (Shabahangh, 2012).

Additionally, in the case of providing the same necessary training and improving the skills and professional knowledge of individuals in different countries, the possibility of hiring and transferring international professional institutions at the national level is easily possible in different countries (Shabahangh, 2012).

Disadvantages and Limitations of Convergence

First, in all countries, tax collection is one of the largest sources of demand for accounting services. As the tax collection systems are different at the international level, it can be easily expected that IFRS lead to various accounting systems which are internationally used. Second, since it seems impossible to have a unique economic or political system at the international level, the differences in economic and political systems likely go on and become an obstacle for a uniform international accounting. Third, by determining the very precise conditions for certificate issuance inside the country, some accountants act as an obstacle to the process of international uniform procedures.

The important issue that needs special attention in this regard is the role of financial reporting in general and accounting standards in particular. The credit crisis in recent years has questioned the credibility and competence of professional authorities of standardization around the world. How did financial institutions fail to inform investors about the high risks they faced? Are the accounting standards appropriately developed by the Accounting Standards Board, the International Accounting Standards Board (IASB) or the other standard-setting authorities? Are they compatible with the goals intended? (Karami and Tajik, 2007).

In response to these issues, G-20 requested the key members of the global accounting standards to codify a single set of standards with a global quality. However, it was criticized. Some argue that, in the event of financial scandals and the collapse of capital markets, politicians often react hasty, and in some cases, their plans have unpredictable and undesirable outcomes (Anderson, 1993).

Advantages of accepting international standards in Iran

Adoption of international standards brings about many advantages for Iran, some of which are presented below:

- Decrease in the country's risk and increased attraction of foreign capital by making better decisions, in accordance with the use of internationally agreed standards
- The possibility of establishing international stock exchanges, helping investors to give diversity to invest in world stock exchanges, allowing companies to be listed in other countries stock exchange, and foreign corporates acceptance in Iranian stock exchange
- Increase in the comparability and feasibility of better business evaluation in the country by international institutions such as rating agencies
- Savings in time and cost of preparing financial statements based on different standards
- The possibility of more effective use of technologies such as XBRL to increase transparency of information and improve the status of information transparency of the country from an international perspective.
- The use of international experience and knowledge

Constraints and challenges for adoption of international standards in Iran

Challenges in applying international standards can be grouped into three general categories: 1) challenges caused by the economic environment, 2) challenges from the legal environment, and 3) challenges from the business environment (Scott, William, 2009).

The challenges from the economic environment: The Iranian economy largely relies on oil revenues and, consequently, on the state's financial status. The public sector institutions exclusively control an important part of the country's economy, so it cannot be regarded as a competitive economy. Rents and subsidies are integral parts of the Iranian economy as well. Chronic inflation and a steady decline in the purchasing power of national currency has become an intrinsic trait. At least two macroeconomic variables, that is, interest rates and exchange rates, are not a function of market and comply with decisions made by the state. Chronic inflation and currency exchange rates are the biggest economic challenges because each of them alone or the worse their integration has a devastating effect on the unit of measuring financial statement elements, namely money. This could distort the integration and comparability of Iranian companies' financial statements and the incomparability of the information involved therein (Moradi, 2008).

Challenges from the legal environment: The lack of law and tax regulations enforcement, and disclosure of risk are posed as a major challenge.

Challenges from the business environment: The public is unaware of this concept. Firms managers, legal advisers, judges, and lawyers do not have enough knowledge about these standards and they need to receive the relevant training (Samuel et al., 2011).

The followings can also be mentioned:

Use of fair value: prime cost is a method traditionally applied by accountants. IFRS, though, replace it with fair value method. Supporters of the fair value believe that financial reports should be prospective to help investors decide on their future investments, whereas the prime cost information is retrospective and cannot meet this goal. However, dependability and the unbiasedness of the prime cost method has ever been emphasized (Samuel et al., 2011).

Dissimilar economic and political conditions: Using concordant and identical reporting standards will reduce the flexibility of accounting. The same accounting standards cannot be appropriate for all societies with different economic, political, legal, cultural and environmental conditions. The terms of financial markets, and in particular stock exchanges in developed countries like US and UK may have a lower quality than the national standard, and a healthy competition is needed to be established between standardizers. Or else, in the context of developing countries, it is argued that IASB and IASC structurally and operationally has not been as effective in improving the accounting practices and criteria in developing countries. The current status, though, suggests that globalization and political facilities increases the adoption of IFRS (Samuel et al., 2011).

Non maintenance of all stakeholder groups' interest: There are many stakeholders using the international accounting standard. Multinational corporates, advance countries' firms, advanced countries investors, developing countries companies and developing countries investors are among the main beneficiaries of financial reporting standards. Every group has some interest which sometimes are not in the same line. However, it should be noted that accounting standards are formulated mainly to maintain the interests of multinational corporations and the American capitalist community, not interests of firms in developing countries. Namely, because of the multinational corporations and US investors pressures on the Stock Exchange Commission the standards set by this commission have been in line with American accounting standards (Rahmani and Alipour, 2011).

Meanwhile, the IFRS Foundation and the IASB have changed their focus on coordinating accounting and financial reporting standards to the convergence of these standards and seek to develop a set of standards for high-quality financial reporting with universal acceptance (Samuel et al., 2011).

International Standards Model

The international standards model can be seen as an emerging pattern distinct from the four previous models as the result of the attempts to harmonize international financial accounting (especially for multinational corporations and contributors to the world financial markets). It is expected that with the globalization of capital markets, the move towards expanding international standards will accelerate and different models will converge.

Since most industrial advances are in the Anglo-Saxon and continental countries, the largest accounting development occurs in these countries (Scott, William, 2009).

The Process of Developing International Accounting Standards

IASC, the main body of IASB, was formed in 1973 with the approval of the accounting organizations of Australia, France, Canada, Japan, Germany, Mexico, the Netherlands, the United Kingdom, Ireland and the United States.

In 2001, IASC was reorganized and got a structure similar to the Financial Accounting Standards Board (in the United States). The formation of the committee for IFRS formulation is part of the phenomenon of economic activities globalization, observed in recent years. In particular, this phenomenon involves the globalization of the securities markets and many of the major companies admitted to these markets (in two or more countries). As a result, suppliers of annual reports of big and multinational corporate perceive that they have to prepare the reports according to the rules governing securities markets of several countries (Sajjadi and Arabi, 2012).

The goals of the committee for IFRS formulation consist of:

- To provide a unique high-quality, understandable and applicable set of accounting standards for active forces in global markets to meet the public interests,
- To increase or strengthen the application of these standards, and
- To provide IFRS and the best solutions.

Advantages and Disadvantages of Applying International Accounting Standards

According to the aforementioned as well as regarding the evaluation of the researchers' findings about the advantages and disadvantages of accepting IFRS, the following points can be highlighted:

Conclusion

The need for globalization and the integration of financial reporting has been raised from a long time ago. One of the solutions to this problem is to apply IFRS. Advocates argued that because of the globalization of the economy and the emergence of global organizations and unions such as Europe, the WTO, OPEC oil, as well as the growing trend of innovations in international trade, the expansion and complexity of exchanges in global markets, increased comparability, increased efficiency of international markets and so on, it is necessary to implement IFRS as the national accounting standards. This is while the opponents argue that because industries and economies of the countries cannot be based on the same standard accounting standards, interpretations may be different from one country to another. Further, the size and magnitude of the companies are not addressed in the integration of accounting standards, standardization is always a political process, etc. Though, it seems that in opponents' opinion the advantages of implementing IFRS are more than the disadvantages.

Given the available procedures of business and trade, globalization is inevitable. Globalization does not mean the absolute acceptance of the views of others, but it means to take into account the specific sensitivities and particular needs of the capital market. In order to increase information transparency, more requirements are needed regarding the capital market demand. In order to apply international standards for an increase in the transparency of the capital market information as well as the promotion of the international status of the country, participation of all actors in the country's accounting and auditing profession should create a desirable roadmap with optimal solutions to achieve such an objective. The experience of globalization shows that opportunities are important, and that the challenges are insignificant and solvable. No country has ever withdrawn from the adoption of IFRS. In Iran, the government, and regulator and supervisor organizations have accepted globalization. Now, due to the telecommunication infrastructural advances, business and trade have become very interconnected and universal. Since accounting is the language of business and trade, there is a real need to set global accounting principles as the common language for international business.

The implementation of international accounting standards requires the coordination and cooperation of relevant organizations and institutions such as the Audit Organization, Institute of Certified Accountants, the Stock Exchange, and the Tax Administration. Successful application of these standards needs a realistic look at the challenges and the status quo. To this end, an integrated approach along with the effective interaction of professional institutions should be applied. In this regard, planning and taking efficient measures to solve tax problems, technical translation of standards, training, and compiling guidelines for the application of standards is essential. For this, the executive suggestions are presented as the following:

- To establish a committee composed of representatives of professional institutions such as the Auditing Organization, Institute of Certified Accountants, the Stock Exchange, and the Tax Administration, industry representatives, professional associations, etc. in order to complete the roadmap, coordinate and implement IFRS.
- To implement the law by preparing financial statements based on IFRS by large companies with sufficient expertise and facilities.
- To train publishers, auditors, investors and students and familiarize them with IFRS are of the main pillars of the trend towards these standards, which should be taken seriously during the transition phase. Also, the topic of international accounting standards should be added to the course syllabus.
- To translate the international standards is one of the basic pillars of a country's decision on adoption of these standards. Countries accepting or adhering to these principles will be able to benefit from the comparability and transparency of the information by applying these standards only if they are correctly translated into the official language of those countries.

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