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UNDERSTANDING THE FAIR VALUE MEASUREMENT CONCEPT IN INDIAN CORPORATES- ISSUES AND CHALLENGES

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Abstract:
Fair value measurement got inescapable to monetary announcing over most recent 20 years. Under fair value accounting, entities are obliged or allowed to quantify specific resources and liabilities at their fair value as at the revealing dates. Fair value is a current market-based theoretical worth. This market value isn't in every case straightforwardly detectable. The discussion on handiness of fair value accounting has emerged with respect to the monetary crunch and financial emergency in years 2007-2009. The rivals of fair value accounting demand that financial reporting dependent on fair value measurement has quickened the monetary emergency and fundamentally deteriorated the effect on influenced organizations. Then again, there are a few significant assessments for fair value accounting. The paper point is to add to the real discussion whether fair value measurement concept assumed the part of a messenger or a mover in the new monetary crunch and subsequent economic recession and to examinations the issues and challenges of fair value accounting from the corporate perspective.

Introduction:

Implementation of Fair Value measurement is far more extensive than the erstwhile Indian GAAPs, under Ind AS. This has brought in a paradigm shift. As seen in the above discourse, virtually every sphere of reporting is affected by the requirement of applying the Fair Value Measurements at initial or subsequent recognition. However, this dynamic concept is based on the entire corporate environment. It has been said before, in this discussion as well as elsewhere, that it might be challenging to provide such an environment in Indian context. And this may lead to misuse of this concept towards Earnings Management by the entity. Thus, the very purpose of introducing Fair Value might jeopardized by the inherent necessity of the Fair Value Measurement to respond to volatility of the markets on one hand and lack of sufficient input in Indian environment, on the other. However, it is essential to identify the exact areas and issues where these challenges persist and unless that is done, the merits of Fair Value Measurement would not exploit at its best.

Issues and Challenges in Business Combinations:

While structuring the deals involving the Business Combinations, the role of Fair Value Measurement may become a considerable factor. With the prohibition of any other method, than Purchase Method, the entities shall have to give greater consideration to theaccounting effects of the arrangements, than it was given earlier. While this may prevent Tax manipulations through Business Combinations, it may also become a deterrent at worse or at least a major head of expenditure in the process of genuine business restructuring. It would involve Valuation experts and associated costs as well as monitoring mechanism post the event and the costs of them, too.

A crucial aspect of Business Combinations, under Ind AS 103, is PPA or Purchase Price Allocation. The total consideration, which shall also include contingent consideration, must be compared with not only identifiable assets & liabilities, already existing in the books of acquiree, but also with the new assets emerging out of the process such as brand value or customer relationships. Earlier, these assets automatically dissolved in to Goodwill. However, the fair value measurement demands that they be recognized separately.

Issues and Challenges in Financial instruments:

Entire area of the Financial Instrument is predominantly influence by the Fair Value requirements. They lead to the issues of subjectivity, secrecy, availability of the data, valuation tasks, Earning Managements, etc. The classification requirements of the standard have put several securities, typically all equity and some debt instruments, in the category of FVTPL or FVTOCI, making it imperative to assess their fair values on each reporting date. Listed ones among them are easy to value, due to availability of the active markets, though even in the case of debt instruments the activeness of the market may become questionable. However, the real challenge is valuing unlisted instruments. They are based on two estimates, the future cash flows and appropriate discounting rate. Both these elements are extremely complicated and enormously subjective and hence, vulnerable to manipulations. This would consume a lot of time and energy on the part of management to make these fare estimates. Moreover, an element like discounting rate is vulnerable to market fluctuations and small change in their values makes bring about bigger one in the ultimate valuation. In India context, assessing the future cash flows may

become challenging in the absence of sufficient market information about the products, pricing and cost paradigms of investee entity.

Statutory requirements may cause further fluctuation in the interest rates since the overseas direct & institutional investment policy by the government may lead to considerable changes in the rate values. Another issue is also of secrecy and bargaining power of the entity. Having disclosed its future projections, as well as the expected cost of funds, the company may weaken itself against the providers or utilizes of the funds and other counterparties. This may take away entrepreneurial advantage in the functioning of the business, if the entity provides all its data truthfully. Similar to equity and debt instruments, another issue is that of derivative instruments, especially the Over the Counter ones. Valuation models for OTC instruments such as Swaps, convertible instruments etc may differ from the entity to entity and that may lead to lack of comparability. Besides, the standard requires the entity to consider counterparty credit risks as well as non-performance risk while valuing the derivatives. This leads to the necessity of ascertaining Debit Valuation or Credit Valuation Adjustments (DVA/CVA). The whole process has made the Valuation of Derivatives, a tedious exercise. Moreover, this has multiplied the specific Disclosure requirements associated with such valuations. Finally, from the point of view of the consumer of the financial statements, especially the retail investors, interpreting the meaning and impact of valuation might be a nearly impossible task.

The classification paradigm shall shift based on new principals. Perpetual debt, earlier classified under Loans shall now be classified as equity, due to the substance of the transaction over its form, as per Ind AS. Conversely, instruments such as Preference shares would now fall in Debt instead of equity, when they are redeemable after a period. The reclassification of certain instruments from the previous classification as per Indian GAAPs is bound to create the issues within ratio analysis of the entity. This in turn, may affect the fair Value calculation, since the new ratio would affect Weighted Average Cost of Capital, i.e. Cost of Funds and hence, discounting. Considering this, the impact of classification would be far reaching beyond the financial assets and/or liabilities classified differently under the new nomenclature.

As correctly pointed out by PWC (2017), "IND as 109 requires increased use of fair value for measuring financial assets (for example unquoted instruments) and the use of forward-looking information for impairment provisions under the new expected credit loss model – estimating such information can often pose implementation challenges. Further, though entities may use a provision Matrix for its ECL calculations, the estimation of default reads for such Matrix could involve complexity while building such Matrix. Finally, Ind AS introduces extensive disclosures for which management may require significant amount of data to comply".

Challenges in Property, Plant & Equipment:

In case of PPE, the two major areas of Fair value usage are Revaluation Model and ascertaining the value of asset acquired by consideration, other than monetary one. Though the principals of the treatment are already discussed herein, it throws certain challenges… While choosing to apply the Revaluation Model 'An Entire Class of Asset' as prescribed by the standard, is required to be considered for such application. Classifying the asset under a particular class is the first challenge, since it would depend upon the nature of the assets, their role in the economic

activities of the entity, their physical locations, their life span and usage, amongst several other factors. The availability of inputs, especially for the items of Plant/Machinery/Equipment isthe next challenge. Not all the items would have an active market. Several ones might bemade to order and in some cases, may have no longer any manufacturer available. It iscommon practice, in Indian Context, to continue using otherwise obsolete technology due tocheaper availability of labour or inability to invest in technology. This may make the fairvaluation more difficult. Even in case of the land, the concept of Market is extremely tricky,especially in Indian Context. This is because of the two common practices in Land Dealingsin India, first being considerable use of what is known as 'Black' or undisclosedconsideration in Cash. Secondly, various restrictions imposed by different government bodiesin the practical usage of the land and variations in the policies regarding the same furtheraffects objective judgement about their values. Thus, it would be tough to identify activemarkets, variable of price adjustment, Observable Inputs and Unobservable Inputs. There is an interesting anomaly, thrown up by the application of revaluation modelthat has not so far been discussed widely. Upward or downward revaluation of the asset leadsto strengthening or weakening of the Book Value per Share and consequent fall or rise in theEarning per Share of the company due to depreciation effect, respectively. The rationale ofallowing the EPS to fall in the year when BV strengthened is that the resources of the entityare utilized to build up valuation of the entity. However, such valuation might haveimproved, as it indeed does, due to the Market Operations, quite independent of the entity'sperformance and/or utilization of resources. This is anomalous situation.

Common Challenges:

There are certain challenges inherent in the very concept of implementing the fair value measurement. They crop up across all the areas, whether discussed here or not. Hence,it would be ideal to discuss them together, since the discourse about them under individualstandard would merely be a repetitive exercise.

Fair Value involves utilization of services from Experts, Values and other outsiders. Identifying such external support, ensuring the competency and integrity of such resources and restricting the costs in proportion to the benefits, is the first important challenge to the entity.

In most of the cases, Fair Valuation leads to an important effect on the revenue statement of the entity. These reductions or increase in profits are 'unrealized', in the sense that no actual Cash Inflow or Outflow has materialized and more importantly, accrued to the entity, while making the Fair Value assessment. This crucial aspect must be borne out by the stakeholders while consuming the financial reports for various purposes. E.g. HR department defines incentives for employees, based on the performance or investors make their investment on that basis. Certain ratios, linked with the performance, play crucial role in determining the lending terms towards the entity from the lenders. The government policies, ranging from FDI to Indirect Taxation, are defined based on Industry performance. In all these cases, 'Unrealized' gains or losses shall mislead the respective stakeholder in making their decisions. It is very important for each of these stakeholders to develop new models, which shall factor in 'Unrealized' element and at the same time, will give due weight age to the market conditions, reflecting in the Fair Value assessment and their impact on the
companies' performance.

Taxation has certain fall outs due to the application fair value, the most prominent one of them, would be the provisions of Minimum Alternate Tax, MAT. The Income Tax Act, 1961 prescribes for the corporate entities, and now even for the non-corporate ones, that they should pay some amount of tax even if they have been provided certain benefits/reliefs/concessions from the tax under various sections of the law. With this intention, the calculation is undertaken, that begins with 'Book Profits' of the entity. However, these book profits would be arrived at after considering the Fair value impact, as discussed in the previous chapter. This would lead to unfair tax burden on the entity or an unnecessary loss to the treasury, out of 'Unrealized Profits/Losses'. Specifically, in case of Business Combinations, "in case of a demerger between two unrelated or third-parties, the acquirer would record the assets/liabilities at their respective "fair values" in its books. In contrast, the Act provides that for a demerger to be tax-neutral, the assets and liabilities pursuant to a demerger have to be transferred at their respective "book values". This, may not lead to tax issues but a clarification from the Central Board of Direct Taxation is required in this case. The process of applying the fair value measurements is complete, only when the entity prepares and presents the voluminous disclosures of various items required therein. Consequently, understanding its impact is possible only by digesting these disclosures. Both these processes would be a herculean task for the preparers and stakeholders, respectively. In the process, subjectivity should not camouflage the attempts to manipulate the financial reports and this is a measure challenge.

Literature Review:

Review of literature is conducted with the intention to explore the Body of Work, already undertaken in the field of IFRS, Ind-AS and more particularly, in fair value accounting. Over last two decades, a lot of research has been conducted especially in the West to discuss the concept and impact of Fair Value. Even in India since 2009, the awareness of this new nomenclature has slowly increased and a lot of literature has been written. The primary base of this literature is accounting standards, Interpretations, Concept Notes, Guidelines, etc, emerging from the bodies developing standards. Researchers will explore various dimensions of application of fair value accounting. Firstly, they have considered technicalities and nitty-gritty's of applying fair value. Going further, substantial literature gives insight about the experience of other countries and likely risks arising out of applicability of fair value. An important dimension is whether IFRS Convergence gives scope for making financial reports in India comparable with rest of the world. The researcher will also go into corporate governance, its increased responsibilities and preparation to meet them. Further, how the statutory compliances are affected by this implementation and how it should be dealt with needs closes scrutiny. Finally, there has to be an effort to develop reference points which will help make financial statements more useful after adoption of Ind-AS.

1. **K S Muthupandian (2009)** in his research article "IAS 16 Property, Plant and Equipment - A Closer Look" has given an overview of Ind _AS 16 on property, Plant & Equipment, what was earlier known as Fixed Assets. The standard has provided management with two choices, of Cost or Revaluation model. Cost model is widely known and anciently followed. However, as the IFRS made its advent on global scenario, Revaluation Model was introduced in the erstwhile Accounting Standards (AS), too. Logically, it is advisable to follow the PPE model in most of the cases since it reflects the true and fair value of asset in the balance-sheet. Upon such revaluation, if the asset value is to go up, the corresponding effect is reflected in the 'Revaluation

Reserve' earlier and presently, in the 'Other Comprehensive Income'. Other way around, with the fall in the value of the asset, the subsequent debit would go to Profit & Loss account. The management is required to give disclosure about method adopted for depreciation, impairment losses, if any, impact of currency fluctuations, relevant valuation justification data as well as variations in the contractual obligations, which may have come with the asset and third-party commitments.

2.Sanjay Chauhan (2015) in his article “IAS/Ind AS 16- PPE IAS/Ind AS 38 - Intangible Assets” PPE by Ind. AS is recognized under IAS 16. Interest expense is arrived after considering difference amount of purchase price under normal credit terms. If an asset gives future benefits only then on such probability cost of major inspection and overhauls should be considered. Revaluation need to be carried out on regular basis so that there is no difference between fair value and carrying amount in the same financial year. Under Ind. AS there need a revise depreciation method, residual value and useful life at each balance sheet date. During each financial year a firm should review its method of depreciation. Change in pattern need to be reflected if a firm going to earn more benefits from the asset by change in method.

3. Anastasios Tsamis and Konstantinos Liapis (2014) in their article “Property Assets Fair Value Accounting under Uncertainty” Property considering a microfinance concept is a ‘good’ which provides constant cash inflow for a period of years. Price of an asset in trade markets is considered according to law of demand and supply. Future gain from an asset is when the asset is sold or is in form of capital gain, as the value of the asset grows. Fair value of an asset is the rational and unbiased price of goods, services or asset with taking into consideration factors such as: acquisition, production, distribution costs, replacement costs, or costs of close substitutes, cost of and return on capital, individually perceived utility, etc. It is the current price at which assets are either brought or sold. International Valuation Standards (IVS 2007) distinguishes between fair value and market value. In case of fair value during a transaction, price at which either an asset sold or purchased each will gain somebenefit from the transaction. This may not be compulsory taking market value intoconsideration. Asset valuation has two methods according to accounting principle i.e.valuation at fair value or at historical cost. Valuation at historical cost means that eachtransaction should be recorded at acquisition cost. No asset is calculated over Whole-Life- Cost (WLC) of an asset due to complexity of calculation, risks of designing and delivering fixed assets, lack of tangible evidence, etc.

4. Vibha Tripathi (2014)in her article “Converged IND AS 103-Business Combination and Treatment of Goodwill and Bargain Purchase” has shown how moving to Ind AS 103 from AS 14 has helped Indian Corporate in matching up on the global scenario. This is specifically important in the era of global expansions, cross border business restructuring such as Mergers & Acquisitions. With IFRS, the management can show 'True &Fair' view of Financial Performance on the global platform. Every component in these processes, whether identifiable assets & liabilities or non-controlling interests or the resultant goodwill or gains from secret purchase. This not only throws better light on the financial impact resulting from combinations but also considers common control, transactions. Valuation of the aforesaid assets or liabilities and interests, as also the contingent liabilities, under Fair Value methodology is an important step for understanding such financial impact. Moreover, even the non-controlling interest is measured at fair value or considering theproportionate share in the identifiable assets, which, in turn, are

valued at Fair Value. Upon the transfer of consideration at its Fair Value, resultant goodwill, too, tested for impairment annually. The gain, if any, is accumulated as Capital Reserve under OCI.

5. Laura Quilligan (2006)in her article “Intangible Assets identification and valuation under IFRS 3” IFRS 3, Business combination is a single accounting treatment for amalgamation globally. Under IFRS 3 assets need to be recorded separately in financial statement and goodwill should be recorded at its residual amount. PPA (Purchase Price Allocation) is allocated and considered for all the assets in the company. According to IAS 36, Impartment of Assets amortization of goodwill was not taken onto consideration whereas in IFRS 3 I is been considered. Intangible assets except goodwill are recorded over its fair value. Non-monetary assets are raised from its contractual or other legal rights. Valuation of intangible assets is done for both commercial and accounting purpose. On the date on reporting every entity need to know whether any intangible assets have lost its value or are been impaired.

6. Haitham Ahmed Abdelmoneim (2016) in his research article “The challenges of implementing the fair value accounting as per IFRS 9 (2013) – An empirical study on the listed corporations in Saudi Arabia Stock Exchange Market” This paper is the study about IFRSs (IFRS) and fair value accounting measurements. IFRS 9 (2013) is principles-based and as such financial reporting from it is supposed to be of provides us with high quality. This leads to adoption of IFRS by various countries which choose to do away with their national standards by instituting IFRS in their place. Accounting as per IFRS, thus, does away, or at least provides alternative to historic Cost in the form of Fair Value to report financial assets and liabilities. The main study of this paper is regarded IFRS and its effect over:

a. Adoption on the stock market of Saudi Arabia and on internal management reporting practices,
b. How financial asset of listed companies may be measured as per FVA and
c. To recognize the profit/losses those accrue spreading over the entire life of the asset and its employment in the organization. According to the researcher, the study of Fair Value Accounting helped to provide with reliability of financial information of companies in Saudi Arabia. Both the FVA and IFRS 9 (2013) are used to measure financial assets of listed corporations in Saudi Arabia. The study also tells us that both enables appropriate recognition of profit/loss of an asset and the stock market value and fair value measured information are correlated in Saudi Arabia.

Research Gap:

The above literature review reveals that a lot of work has been undertaken in understanding theimplementation of Ind-AS and Fair Value Accounting, in Indian context. The work essentially consists of the fine tuning of the standards vis-à-vis the process of preparing the financial statements. However, in the international context, it is observed that the researchers have gone further and tested the effectiveness of the implementation of IFRS, applying various parameters. Thus, the international Body of Literature not only provides the nitty-gritties but also becomes an essential critique of the implementation. Further, in Indian context, a little effort has been made to receive and analyze the impact of the Fair value implementation from the stakeholders which implement these concepts. Thus, there is a requirement to study the perceptions, together with

the technical implications, of the implementation of this new nomenclature. This is precisely what the present study has attempted to analyze.

Scope of the study:
1. Enriching overall level of understanding for Indian Corporate with respect to Fair Value Measurement Concept.
2. Studying the review of literature in the concerned area.
3. Focusing on 3 areas of overall accounting and reporting, viz. Property, Plant and Equipment; Business Combinations and Financial Instruments.

Objectives of the study:
1.To study if the Indian Corporate has clearly considered the issues arising from Fair Value Accounting.
2. To analyses the likely risks in implementing Fair Value Measurement Concept.

Research Hypothesis:

HYPOTHESIS 1

H0: Indian corporate is yet not completely prepared to deal with the emerging issues of Fair Value Accounting.
H1: Indian corporate is completely prepared to deal with the emerging issues of Fair Value Accounting.

HYPOTHESIS 2

H0: Indian corporate doesn't significantly lack in the knowledge pertaining to the earlier experiences of the implementation of Fair Value Reporting.
H1: Indian corporate significantly lack in the knowledge pertaining to the earlier experiences of the implementation of Fair Value Reporting.

Research Methodology:
"Research design is the conceptual structure within which research is conducted. Researchdesign indicates the blue print for the collection, measurement and analysis of data. The design includes an outline of what the researcher will plan and frames the research work. It explains how samples are selected, sample size is determined, how data is collected and which statistical methods are used for data analysis". This research is essentially critical & analytical in its nature and as such relies considerably on the secondary data, especially Government Literature such as Laws and Standards. It also relies heavily upon the financial reports submitted by various corporate entities. Aside from that, primary data is collected and analyzed for understanding the perceptions of those who play key role in the corporate financial reporting.

Universe of the Study:
The researcher has chosen the community of Chartered Accountants, members of ICAI as theUniverse of this study. CA is the foremost professionals dealing with the applicability of Ind AS and as such, Fair Value Measurement. On one hand, as Members in Practice, it is their job to undertake the validation of financial reports through audit. On the other hand, as Members in industry, they are the ones who play the most crucial role in the development of these reports in first place. Further, the task of designing these standards and continuously upgrading them

through interaction with all stakeholders, including international bodies has been entrusted to them. As such, their perceptions about the implementation hold an important key for understanding the overall impact of fair value in select companies. Researcher has also undertaken a secondary analysis for the seventh objective, i.e. "To ascertain the impact of First Time Adoption on the select Indian Companies, specifically pertaining to Fair value Measurement." As such, the universe is taken to be Nifty 50 companies, which were mandatorily required to implement the Ind AS from April 1, 2016.

Sample of the Study:

Sampling is undertaken for the questionnaire, based on Likert Scale that endeavors to gaugethe perception of Chartered Accountant community. With the Population of close to 300,000 members of ICAI, the researcher has used formula published by National Education Association (1960).

The formula is s = x2 N P (1- P) - d2 (N – 1) + x2 P (1-P).
Where,
S = required sample
x2 = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841)
N = the population size
P = the population proportion (assumed to be .50 since this would provide the maximum sample size)
d = the degree of accuracy expressed as a proportion (.05)

However, Krejcie and Morgan (1970)18 developed a table and pointed it that the sample sizecan be determined by referring to it, instead of applying the formula every time. Using the table, researcher has arrived at the number of 382 Chartered Accountants as an appropriatesample of Chartered Accountant Universe. Effectively, the responses from 400 Chartered Accountants respondents are collected and used for analysis.

Data Analysis:

According to the Research design, the researcher was required to collect the response to his questionnaire from 400 Members of Institute of Chartered Accountant of India. This, the researcher, undertook through personal network, mass mailing and approaching various Study Circle Meetings of the Institute. This data was processed using appropriate statistical tools to test the Hypothesis, from which the study was originated.

RESPONDENTPROFILE

In the present study researcher collected objectives related data from 400 respondents**.** Data is collected using simple random sampling. Details of demographic and other characteristics of sample respondents are given below:

TABLE 1 Gender of the Respondents

Gender	Frequency	%
Male	294	74%
Female	106	27%
Total	400	100%

Membership status

Membership	Frequency	%
In Practice	193	48%
In Industry	207	52%
Total	400	100%

Age Group

Age group	Frequency	%
Less than 40	318	80%
40-60	65	16%
Above 60	17	4%
Total	400	100%

Turnover Category (INR Crore)

Turnover	Frequency	%
< 100 Crore	117	29%
100 Crore to 500 Crore	126	32%

> 500 Crore	157	39%
Total	400	100%

Table 2 To study if the Indian Corporate has clearly considered the issues arising from Fair ValueAccounting.

PARTICULARS		SD	D	CC	A	SA	Total
Entities would prefer Revaluation Model over Cost Model for the subsequent recognition of Property, Plant and Equipment.	F	24	87	51	187	51	400
	%	6.00	21.75	12.75	46.75	12.75	100
In case of acquisition of PPE in exchange for non-monetary assets, the cost of the PPE will be measured at the fair value of the asset exchanged.	F	24	40	89	176	71	400
	%	6.00	10.00	22.25	44.00	17.75	100
Despite the significance of the volatility in the fair value of the underlying items of PPE, annual revaluation shall be preferred over tri-annual or quinquennial (once in five years) revaluation.	F	25	84	78	162	51	400
	%	6.25	21.00	19.50	40.50	12.75	100
In case of goodwill recognized on acquisition, Annual impairment testing will be adopted in preference to amortization.	F	26	70	80	160	64	400
	%	6.50	17.50	20.00	40.00	16.00	100
Companies have built up the necessary knowledge base to analyses the contracts for embedded derivatives and appropriately apply the recognition principles as specified by Ind AS 109.	F	40	91	108	130	31	400
	%	10.00	22.75	27.00	32.50	7.75	100

The classification of Financial Instruments under the new nomenclature would be carried out judiciously by the companies.	F	12	103	89	153	43	400
	%	3.00	25.75	22.25	38.25	10.75	100

Interpretation:
From the above table, it is observed that the responses to aforesaid statements are usually in the range of 60% favorably agreeing or strongly agreeing to the statement. This indicates that Indian Corporate have indeed studied various issues arising in the implementation of Fair ValueMeasurements.

Table 3 Descriptive Statistics

PARTICULARS	MEAN	MODE	MEDIAN	STD DEVIATION
Entities would prefer Revaluation Model over Cost Model for the subsequent recognition of Property, Plant and Equipment.	3.385	4	4	1.1358
In case of acquisition of PPE in exchange for non-monetary assets, the cost of the PPE will be measured at the fair value of the assetexchanged.	3.575	4	4	1.0781
Despite the significance of the volatility in the fair value of the underlying items of PPE, annual revaluation shall be preferred over tri-annual or quinquennial (once in five years) revaluation.	3.325	4	4	1.1281
In case of goodwill recognized on acquisition, Annual impairment testing will be adopted in preference to amortization.	3.415	4	4	1.1428
Companies have built up the necessary knowledge base to analyses the contracts for embedded	3.0525	4	3	1.1238

derivatives and appropriately apply the recognition principles as specified by Ind AS109.				
The classification of Financial Instruments under the new nomenclature would be carried out judiciously by the companies.	3.28	4	3	1.0556

Interpretations:

Mean value of “Entities would prefer Revaluation Model over Cost Model for the subsequent recognition of Property, Plant and Equipment” is 3.385 which is close to 4 with standard deviation 1.135, indicates that respondents agreed with the fact. Its corresponding modal value and median value which is also 4 clearly support the same. Thus, the respondents seem to perceive that the entities shall prefer revaluation model in subsequent recognition.
Mean value in case of “acquisition of PPE in exchange for non-monetary assets, the cost of the PPE will be measured at the fair value ofthe asset exchanged” is 3.575 which is close to 4 with low standard deviation 1.078, indicates that respondents agreed with the fact. Its corresponding modal value and median value which isalso 4 clearly support the same. Here, it is interesting to note that such a treatment is prescribed by the standard and there is no choice. Still, close to 16% CAs seems to be ‘Disagreeing’ with it while 22.25% are unable to comment.
Mean value of “Despite the significance of the volatility in the fair value of the underlying items of PPE, annual revaluation shall be preferred over tri-annual or quinquennial (once in five years) revaluation is” 3.325 which is close to 4 with standard deviation 1.1280, indicates that respondents agreed with the fact that accounting identifies.Its corresponding modal valueandmedianvaluewhichisalso4clearlysupportthesame.Again,inthiscase,the entities, having accepted revaluation model are required to go for annual reassessment mandatorily and there is no option to that.
Mean value in case of “goodwill recognized on acquisition, Annualimpairment testing will be adopted in preference to amortization.” is 3.415 which is close to 4 with standard deviation 1.142, indicates that respondents agreed with the fact that accounting identifies. Its corresponding modal value and median value which is also 4 clearly support the same. Thus, annual impairment shall be carried out as prescribed by thestandard.
Mean value of “Companies have built up the necessary knowledge base to analyses the contracts for embedded derivatives and appropriately apply the recognition principles as specified by Ind AS 109” is 3.0525 which is close to 4 with standard deviation1.123, indicates that respondents agreed with the fact that accounting identifies. However, it is worth observing that the mean value is lowest in this segment, which means that the respondents are not as confident about this assertion as in case ofothers.
Mean value of the “classification of Financial Instruments under the new nomenclature would be carried out judiciously by the companies” is 3.28 which is close to 4 with low standard deviation

1.055, indicates that respondents agreed with the fact that accounting identifies. Thus, in crucial portion of the Financial Instruments, respondents are confident of judicioustreatment.
Now let us see the frequency distribution of each statement affiliated to this hypothesis. Here the researcher will classify the responses based on two distinct criterions whether the respondent is in practice or industry and Category of Assignment Level handled. Thus, the responses are thoroughly analyzed against profile characteristics of the respondents for better idea.

HypothesisTesting

It may not be possible to obtain the response from each unit of data in the universe. Hence, the researcher will adopt sampling wherein representative data units based on statistical formula are collected. Based on the sample data, researcher develops a hypothesis about the population. This is statistical hypothesis. Using inferential techniques, this hypothesis is tested, which means it is endeavored to establish whether the hypothesis and relationship described therein holds good for the universe/population. In thisprocess,
The null hypothesis is generally symbolized as H_0
The alternate diametrically opposite hypothesis is generally symbolized as H_1
Questions are divided into 6 subgroups. Answers to each question are recorded on a Likert Scale. (1: Strongly Disagree to 5: Strongly Agree). There is a consolidated total column after each segment. The measurement scale is of individual questions is ordinal, consolidated column is the mean of responses. Two question statements were reverse in approach; answers to these questions have been recorded to be consistent with the remaining ones. Formula used for decoding the answers is 5 - original answer +1. Checking for Normality (For 6 variables) In order to select the approach for hypothesis testing, we first check whether the data is normally distributed. Normality can be checked either graphically or by using a statistical test. We have used Shapiro Wilk test for ascertaining whether variable is normal ornot.
To apply Shapiro Wilk Test:
Null hypothesis (H_0): Sample is drawn from Normal population.
Alternate hypothesis (H_1): Sample is not from Normal population. Output is test statistic called W and p-value.
Reject H_0 if p-value is less than 0.05

TABLE – 4 Hypothesis test

No	Hypothesis	Statistical Value	Df	P Value
1	Indian corporate is yet not completely prepared to deal with the emerging issues of Fair Value Accounting.	0.94172	100	2.01E-11
2	Indian corporate significantly lack in the knowledge pertaining to the earlier experiences of the implementation of FairValue Reporting	0.9792	100	1.64E-05

Wilcoxon Signed Rank Test

One sample test is useful while comparing a set of values to a default value, particularly to check if Likert scale responses (measured on a scale of 1 to 5) are significantly different from the neutral score of 3.The Wilcoxon Signed Rank Test is considered as the nonparametric alternative of the one sample t-test. It is used to determine whether median of the sample is equal (or less than or greater than) to a theoretical value.
H0: Median of the sample is less than or equal to default value i.e. 3 H1: Median of the sample is greater than 3
Reject H0 if p-value is less than 0.05

Hypothesis1: Indian corporate is yet not completely prepared to deal with the emerging issues of Fair ValueAccounting.

TABLE - 5

The Wilcoxon Signed Rank Test of Median v/s Hypothesized Score 3 for Indian corporate is yet not completely prepared to deal with the emerging issues of Fair Value Accounting.				
Particulars	Median Score	ample Size	Calculated Value - V	nificant P Value
Hypothesized scores for Indian corporate are yet not completely prepared to deal with the emerging issues of Fair Value Accounting.	m = 3	n = 400	53978	p = 2.2e-16
Observed Mean rating scores for Occupational frauds can be controlled and reducewith the help of forensic accounting.	M0 = 3.34			

Observation & Interpretation:
The p-value is less than 0.05. This means that H0 will be rejectedand H1accepted.Thus, True Location of the sample is greater than 3. This means that most of the sample values are returning Agree or Strongly Agree. Thus, theHypothesis 1 "Indian corporate is yet notcompletelypreparedtodealwiththeemergingissuesofFairValueAccounting."Is rejectedin favour of the alternate hypothesis. This leads to the conclusion that

"According to the perception of Chartered Accountants, Indian corporate is significantly prepared to deal with the emerging issues of Fair Value Accounting."

Hypothesis 2: Indian corporate significantly lack in the knowledge pertaining to the earlier experiences of the implementation of Fair Value Reporting.

TABLE -6

The Wilcoxon Signed Rank Test of Median v/s Hypothesized Score Indian corporate significantly lack in the knowledge pertaining to the earlier experiences of the implementation of Fair Value Reporting..				
Particulars	Median Score	ample Size	Calculated Value - V	nificant P Value
Hypothesized scores for Indian corporate significantly lack in the knowledge pertaining to the earlier experiences of the implementation ofFair Value Reporting.	m = 3	n = 400	38039	p = 1.418e-06
Observed Mean rating scores Indian corporate significantly lack in the knowledge pertaining to the earlier experiences ofthe implementation of Fair ValueReporting.	M0 = 2.672			

Observation & Interpretation:
The p-value is less than 0.05. This means that H0 will be rejectedand H1**accepted**. Thus, True Location of the sample is greater than 3. This means that most of the sample values are returning Agree or Strongly Agree. Thus, the Hypothesis 2 – "Indian corporate significantly lack in the knowledge pertaining to the earlier experiences of the implementation of FairValue Reporting." is rejected in favour of the alternate hypothesis. This leads to the conclusion that "Indian corporate possesses knowledge pertaining to the earlier experiences of the implementation of Fair Value Reporting, significantly"

Findings& Suggestions:
1.The respondents seem to perceive that the entities shall prefer revaluation model in subsequent recognition.
2. Its corresponding modal value and median value which is also 4 clearly support the same. Here, it is interesting to note that such a treatment is prescribed by the standard and there is no choice. Still, close to 16% CAs seems to be 'Disagreeing' with it while 22.25% are unable to comment.
3. Its corresponding modal valueandmedianvaluewhichisalso4clearlysupportthesame.Again,inthiscase,the entities, having

accepted revaluation model are required to go for annual reassessment mandatorily and there is no option to that.
4. Annual impairment shall be carried out as prescribed by thestandard.
5. It is worth observing that the mean value is lowest in this segment, which means that the respondents are not as confident about this assertion as in case ofothers.
6. In crucial portion of the Financial Instruments, respondents are confident of judicioustreatment.

Conclusions:

From the above analysis done and the observation we can conclude the following:
1. According to the perception of Chartered Accountants, Indian corporate is significantly prepared to deal with the emerging issues of Fair Value Accounting.
2. Indian corporate possesses knowledge pertaining to the earlier experiences of the implementation of Fair Value Reporting, significantly.
3. Indian Corporate Environment significantly possesses ability to provide necessary inputs for Fair Value measurement.
4. The components of the Corporate Governance are significantly prepared to face the practical issues of implementation.
5. Fair value measurement concept is not significantly useful to various stakeholders in the company.

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