

Adoption and use of IFRS: Evidence from Brazil

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Abstract

We did a survey based on DOI - Diffusion of Innovation Theory, made with preparers and users concerning IFRS in Brazil. Both recognize the improvement in the quality of the accounting information after the Brazilian convergence to IFRS. The Full IFRS adoption contributes to improving the company image, representing relative advantage of accounting and of the preparers, when they are most valued in the market. The analysts trust more in the audited and published statements, though great part of the preparers in general only do it when obligatory. The preparers that work in SME recognize more the IFRS benefits than the ones that work in larger companies. The IFRS financial statements are also utilized for making internal decisions, especially by micro enterprises and by small sized companies. The analysts highlight that they still have difficulties in understanding the financial statements in the light of IFRS.

Keywords: IFRS; SME; DOI

Introduction

IFRS (International Financial Reporting Standards) is present in 138 jurisdictions around the world, including all the countries belonging to G20. In most of these jurisdictions IFRS is also required or allowed to privately held companies and in 50% of such jurisdictions IFRS for SME is allowed or required [1].

Small and medium sized corporations are extremely important for the financial health and stability of global economy. They represent most of the Gross Domestic Product (GDP) of the planet, besides generating most of the jobs and having the key for the recovery of the world economy [2]. According to IFRS [3], it is estimated that 96% of the companies around the world are SME.

IFRS Foundation has already signed bilateral agreements – Memoranda of Understanding (MoUs) with other international boards (Accounting Standards Advisory Forum – ASAF; European Securities and Markets Authority – ESMA; International Actuarial Association – IAA; International Federation of Accountants – IFAC; International Integrated Reporting Council – IIRC; International Organization of Securities Commissions – IOSCO; International Valuation Standards Council – IVSC) and with three jurisdictions (Brazil, Japan and the United States) [4].

Many studies have been directed to analyze the impact of IFRS adoption around the world and specially to analyze the quality of the accounting information in the period post implementation. The perception of academics and professionals related to the area is that the convergence to IFRS is beneficial to the market as a whole [5]. Additionally Macías and Muiño [6] noticed that in the European countries where there is a local accounting norm for individual accounting statements concomitant with IFRS for consolidated account statements, the quality of the accounting information is inferior compared to the countries that do not have such duality. Some countries, especially the ones under development process, have faced difficulties in the IFRS implementation process [7] and mainly to suit IFRS for SME in the local reality [8].

In Brazil, all listed companies and financial institutions are required to issue IFRS since 2010. For the local standardization, CPC - Accounting Pronounce Board, was created, its norms are issued in

compliance with IFRS, with no modifications. Being so, by means of local standardization, full IFRS is required from all large sized companies (Full CPC, equivalent to Full IFRS).

For all other Brazilian companies, the ones that are not considered large sized companies, IFRS for SME is required, by means of an equivalent local norm named CPC PME; those companies are allowed to apply Full IFRS.

In addition, Brazilian companies considered micro enterprises can still make use of a local norm, instead of IFRS for SME, named Simplified Bookkeeping, which is not equivalent to IFRS.

Another important issue to be taken into account is the local cultural influence in the accounting, as observed by Masca [9] in his study regarding IFRS for SME in Europe. In Brazil, there has always been a history of influence of tax legislation in the accounting practices adopted in the country, although the process of Brazilian convergence to IFRS has fetched a detachment of accounting for corporate purposes from tax purposes, this influence was always noticed in Brazil.

Studies in Brazil and around the world analyze the effective use of new accounting practices in small and medium sized companies. In Brazil, studies show that the new practices have not been widely adopted [10,11], the reasons are: (a) There is not a penalty for not adopting IFRS for SME in Brazil and use of accounting practices before 2008, before the IFRS adoption in Brazil [12]; (b) the accounting information of small and medium sized companies are not used by external users of those companies; (c) there is the influence of fiscal rules in accounting

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of our country [12]; (d) low level of efforts for its adoption concerning accounting professionals as well as the companies [13]. It is interesting to notice that Gonzáles and Nagai [13] and Masera and Orth [14] state that IFRS for SME has legal efficacy once its adoption is legally required.

In other parts of the world, the discussion is similar to Brazil: (a) the compliance to these practices is not monitored as it happens in the listed companies [15] and the country tax system can be an obstacle to the adoption [16,17]. Besides that, Quagli [18] observed a vast research in continental Europe, where the responsible ones for the preparation of the accounting statements showed a stronger opposition to the accounting practices implementation for small and medium sized companies and the users of such information are favorable to the new practices.

Based on the described scenario, it has been highlighted the following research problem: What is the acceptance of the Brazilian accounting practices set by its preparers and by external users?

The general objective of this paper was to verify which set of accounting practices is adopted by the financial statements preparers of companies which adoption is alternative and the acceptance of this set of norms by external users in order to verify effectively which ones are used in the practice of their analyses.

To meet the overall objective of this paper, some specific objectives were observed:

- Identify which are the variable demographic determiners in the adoption process, according to the Theory Reasoned Action Fishbein and Ajzen [19];
- Identify which are the perception differences in relation to the applicable norms set, among preparers and external users according to Theory Reasoned Action Fishbein and Ajzen [19];
- Identify which are the factors realized by the preparers and the external users in their decisions for the innovation accounting adoption in Brazil, according to Diffusion of Innovations, Rogers [20].

Theoretic and Practical Justification

From 2014, the Provisional Measure 627/13, converted into law 12.973/14, defines the fiscal treatment of the new accounting practices adopted in Brazil. This way, as it occurred in the decree law issue 1.598 in 1977, fiscal law adopts the accounting practices and there is the possibility of a greater adhesion by small and medium sized companies due to fiscal demanding. Therefore, researches play an important role in order to check if the fiscal law becomes a motivating factor instead of a demotivating factor of the new accounting practices for small and medium sized companies.

Besides that, it is important to verify the perception of external users regarding the accounting practices, once according to IFRS for SME, this is the objective of the norm, to provide information for these users. Concerning this issue, there is not any Brazilian research about the theme.

It is expected that the results of this Project contribute with relevant information to (a) preparers of accounting information for identifying the expectations of the users regarding financial information; (b) class entities, for identifying the determiners for the adoption of accounting practices for small and medium sized companies, for determining training future policies for the accounting information preparers; (c) IFRS foundation and International Accounting Standards Board (IASB), for understanding the necessities of financial information that the market has, for collaborating in the alteration studies of such pronounces.

Theoretic References

Brazilian accounting practices

Due to the convergence process to IFRS, there are three sets of applicable accounting norms in Brazil since 2010, according to the company size: Full IFRS for listed companies and large sized companies; IFRS for SME and Simplified book keeping (local norm that is not equivalent to IFRS) for micro enterprises.

In Brazil, the concept of a large sized company is determined by the Law 11.638/07: they are companies under common control, that in the previous year presented assets superior to R\$ 240 million or annual gross revenue superior to R\$ 300 million. These companies must apply Full IFRS.

Small and medium sized companies are the ones that do not correspond to the explanation above and must apply IFRS for SME. Nevertheless, these companies can opt for using the Full IFRS.

IFRS for SME was adopted by CFC (Federal Accounting Council), that rules the accounting profession and is in charge of issuing Brazilian Accounting Norms, named by this board as NBC TG 1000 (Brazilian accounting norm general technic 1000), through the resolution CFC no 1.255, December 10, 2009.

Micro enterprises and small sized companies in Brazil (companies with revenue up to R\$ 3,6 million annually) has its bookkeeping very simplified, which must be performed in compliance with ITG 1000, approved by resolution CFC 1.330/11, named Simplified Bookkeeping. Nevertheless, they still can opt for IFRS for SME or Full IFRS.

In Table 1 the types of companies are described and its respective set of applicable accounting norms.

According to the research released by IBPT- Brazilian Institute of Planning and Tax, there were 16.002.903 companies in Brazil in 30/09/13. In Table 2, the percentage of these companies per size.

According to the size division of IBPT, represented in Table 2, there is not distinction of large sized companies, according to the concept of the law 11.638/07, there to say, revenue over R\$ 300 million. Among large sized companies, according to IBPT, a set of companies with revenue varying from R\$ 48 and R\$ 300 millions should be included, but according to the law 11.638/07, they would be considered SME.

Type of company	Size of company	Norm to be applied	Permitted alternative
Corporation and large sized companies	Total Assets >R\$ 240 million or Revenue >R\$ 300 million	Full IFRS	It does not exist
Small and medium sized companies	Total Assets <R\$ 240 million or Revenue from R\$ 3,6 million to \$ 300 million	IFRS for SME	Full IFRS
Small sized company and micro enterprises	Revenue <R\$ 3,6 million	Simplified Bookkeeping (ITG 1000)	IFRS for SME or Full IFRS

Table 1: Set of applicable accounting norms per type and size of the company.

It is noticed in Table 2, that great part of Brazilian companies is placed in the range where there is the possibility of opting for the set of applicable accounting norms. Small sized companies and micro enterprises, that can opt for the Simplified Bookkeeping, IFRS for SME or Full IFRS, correspond to 52,66% of the companies (approximated 8,4 million companies). Medium sized companies, that can opt for IFRS for SME or Full IFRS correspond to 14,79% of the companies (approximated 2,4 million companies). Besides those that would be classified as large sized companies according IBPT, cited above.

The fiscal treatment for the changes in the Brazilian accounting practices is defined by the Law 12.973/14 (Provisory Measure 627/13) that changes the Decree Law 1.598/77. This way, from 2014, for the companies that adopt in advance and from 2015 for all Brazilian companies, the fiscal effect of the alteration in the accounting practices that started in 2008, will have legal basis. The difference between accounting and fiscal treatments must be tracked by fiscal authorities, considered accounting subaccounts.

Fiscal laws define the taxes calculation basis over the profit from the accounting income, defining additions and exclusions that will adjust this accounting basis for meeting tax basis. Many times, small and medium sized companies record the events using fiscal rules instead of accounting rules, for simplifying necessary internal control to segregate differences between the accounting and fiscal basis.

If high quality accounting practices (IFRS and IFRS SME) were adopted in Brazil, the companies that do not have securities in stock market or that do not depend on banks resources and do not undergo audits, would have less incentive to effectively adopt such practices due to the complexity of controlling the differences between accounting and fiscal bases in subaccounts and proper systems for attending the fiscal law.

According to Schutte and Buys [21], SME are particularly vulnerable and affected by cultural differences [22]. Stopping attending the fiscal rules to attend norms based on principles, even legally valid as in Brazil, is a great step for SME. Nevertheless, the use of a global accounting standard for SME represent a very important step on the way to the convergence to the world accounting practices, once those companies represent the majority companies of the planet [23].

Theory of diffusion of innovation

According to Rogers [20], innovation refers to ideas, practices or objects considered new by the adopter. It is noticed that the concept is very wide and it does not necessarily refer to something new, but to something considered new by the user. Being so, the analysis for the acceptance of new accounting practices will be performed according to the theory of diffusion of innovation.

Diffusion of innovation (DOI) developed by the author in his work

Size	%	Annual Revenue
Large	2,07%	Over R\$ 48 Million
Medium	14,79%	Over R\$ 3,6 Million to R\$ 48 Million
Small	10,78%	Over R\$ 360 Thousand to R\$ 3,6 Million
Micro enterprises	41,88%	Up to R\$ 360 Thousand
Individual entrepreneur	21,47%	Up to R\$ 60 Thousand
Non-profit and Government Entities	9,01%	Regardless of the revenue
Total	100%	

Source: IBPT (2013)

Table 2: Percentage of companies per size.

in 1983, defines the following noticed characteristics that influence the adoption of a technological innovation:

- (a) Relative Advantage, the more the innovation is perceived as better than its precursor, the greater the chance to be adopted;
- (b) Compatibility, the innovation is perceived as consistent with values, necessities and experiences of potential users;
- (c) Complexity refers to the difficulty degree of the use of innovation. This aspect makes it difficult the adoption of innovation;
- (d) Trialability, how the innovation can be tested or experienced before the adoption.
- (e) Observability of its benefits, how the results of innovation are observed;

Rogers [20] still suggests other variables connected to internal factors to the organization, that also contribute to the adoption of the innovation, such as the type of decision for the innovation, there to say, the mental process that varies from the initial knowledge of the innovation, the formation of the attitude regarding the innovation, the decision for adopting or rejecting it, the implementation and the conformity of the decision. Other important factors are the nature of the communication means by which the innovation is introduced in the company, the nature of the involved social system and the role of the changing agent in this process.

Moore and Benbasat [24] add other perceived characteristics that influence in the adoption of a technologic innovation:

- (a) Image, how the use of the innovation is perceived to improve the image of an entity that can be considered as an aspect of the Relative Advantage of Rogers.
- (b) Voluntary use, the perception of the user of being free to decide for the implementation of the innovation. However, the common sense and experience indicate that there are levels of volunteering concerning the behavior of the company. Therefore, the authors cite the perception of voluntary use and not a real voluntary use of the innovation.

Theory of reasoned action

The Theory of Reasoned Action- TRA, that has its origin in the Social Psychology developed by Fishbein and Ajzen [19], considers that people evaluate what they have to lose and to win at the moment of decision.

The external variables that should be analyzed for determining the behavior, take into account the demographic variables, attitudes related to the object and personality traces.

For the development of this work, questions will be applied to verify if the following demographic variables can influence in the decision of applicable norms: gender, age, place of working and academic degree.

Concerning the relative attitudes to the object, questions will be applied to verify which of the following beliefs and motivators influence in the decisions of the motivators: difficulty in the implementation, perceived fiscal risk, perceived cost and benefits.

Methodological Procedures

This research has exploratory and descriptive nature, for according to Deslauriers and Kérisit [25] such studies explore determined questions and describe certain social situations. We used the quantitative method for treating data, because according to Bryman

[26], it permits the highlight of differences among the people in terms of characteristics and provides consistent tools for doing so. We applied the Mann-Whitney and Kruskal Wallis non-parametric tests for comparison of variables means.

Population of this study is composed of preparers and external users of financial statements in Brazil. The sample, by convenience, was composed of ANEFAC associates- National Association of Finance Executives, Administration and Accounting; it has approximate 1500 members in different states around Brazilian territory. This association was selected for the sample due to its representativeness in different states as well as for having members with different profiles that are mentioned in this study: preparers and external users.

Data collection was performed through questionnaires sent by digital means, without identification of the respondents who accepted to take part in the research as volunteers agreeing with an informed consent form. The studies variables were highlighted using as basis DOI and TRA according to Table 3.

Results Analyses

Respondents' profile

We obtained 147 responses, being 125 preparers (P) and 22 external users (U). Most of the respondents are men (81%) and work in São Paulo city (81%), 45% of them are over 45 years old. Most of them have attended some IFRS course of short, medium or long duration (78%), only 7,5% has not attended any training course regarding IFRS and 14,3% had contact with IFRS only during graduation period. Most of them have Accounting degree (86,4%) besides having a post-graduation degree (93,2%), only 6,8% does not have post-graduation degree. In Table 4, the distribution of the respondents' profile is described into two studied categories.

Regarding the professional area, the respondents work in either small and medium sized companies or large sized companies (listed companies or not). The preparers mainly work in accounting area (51,2%), 40,6% of them render Consulting services, 26,6% work in outsourcing companies and 23,4% of them is auditors. External users

are mainly investments analysts 36, 4% or de credit analysts 27, 3% (Table 5).

Use of financial statements and influence in the accounting choices

For the understanding of the percentage presented in Table 6, it is important to notice that the accounting information preparers can use more than one set of norms in their work, once they can prepare statements for more than one company. Among the preparers, it is included service renderers that can use different sets of accounting norms for each client.

Regarding the set of adopted norms by the preparers of the financial statements, 66% say that make use of Full IFRS as basis for this preparation, being 23% of the cases, this adoption is by choice and not by obligation according to some specific legislation. Thus, it is possible to infer that companies that could use IFRS for SME or Simplified book keeping, use indeed Full IFRS. The perception that the adoption is voluntary boosts the decision for technological innovation [24], besides the compatibility of this innovation with the values of the information preparer [20]. Approximately one third (35%) of the respondents state that use IFRS for SME, what can be considered very important. According to Rogers [20], strong adhesion of an innovation occurs from a perception of relative advantage, in other words, the preparers realize IFRS as a set of accounting standards of higher quality than the previous one.

The percentage of the respondents that use fiscal standards for preparing the companies accounting where they work or their clients', in case of services renderers, is 12% which shows the influence of the fiscal laws in the Brazilian accounting practices.

Table 7 shows the external users' demands concerning financial statements. Similar to Table 6, the percentage shows that the users of financial statements can demand more than a type of information for their analyses, for example, they can demand audited financial statements and the accounting information presented in the Corporate Income Tax Return (DIP) of the analyzed company.

Questionnaires	Studies variables	Theoretic foundation
Identification	Age, Gender, city and state of work, activity and size of the company, specific training, Graduation and Post-Graduation.	TRA – demographic variables
Questionnaires for Preparers	Statement Publication	DOI – Image
	Statement auditing	TRA – demographic variables
	Set of adopted norms	DOI – volunteer use
	External public demanding (banks, clients, suppliers)	DOI – Compatibility
	Knowledge of the managers and accountants. Joint analysis of managers and accountants. Knowledge of tax laws.	DOI – Trialability
	Perception of managers regarding the Benefits and personal perception. Use for management.	DOI – Observability
	Difficulties in the implementation, IT problems, lack of clarity and norms understanding	DOI – Complexity
	Position of tax authorities. Tax contingency, tax adjustments and tax effects on accounting practice. Motivating factors in the selection of norms sets	TRA – Relative attitudes to the object
Questionnaires for external users	Knowledge level	DOI – Trialability
	Importance of the use. Facility. Improvement in the quality. Quality regarding the type of norm. Comparison to other countries.	DOI – Trialability
	Relative demanding, auditing	DOI – Compatibility
	Statements Publication	DOI – Image
	Specific preference, use of tax information	DOI – Voluntary use
	Understanding difficult	DOI - Complexity
Accounting information quality	Quality regarding the type of norm. Higher quality. Higher transparency	DOI - Relative advantage

Table 3: Studies variables and theoretic foundation.

	Frequency			Percentage		
	P	U	Total	P	U	Total
Total	125	22	147	85,0%	15,0%	100,0%
Gender						
Male	101	18	119	80,8%	81,8%	81,0%
Female	24	4	28	19,2%	18,2%	19,0%
Age						
Up to 25 years old	7	3	10	5,6%	13,6%	6,8%
From 26 to 35 years old	34	7	41	27,2%	31,8%	27,9%
From 36 to 45 years old	33	3	36	26,4%	13,6%	24,5%
Over 45 years old	51	9	60	40,8%	40,9%	40,8%
Origin						
SP capital	99	20	119	79,2%	90,9%	81,0%
SP country side	8	1	9	6,4%	4,5%	6,1%
RJ	8	0	8	6,4%	0,0%	5,4%
MG	2	0	2	1,6%	0,0%	1,4%
BA	3	0	3	2,4%	0,0%	2,0%
DF	1	0	1	0,8%	0,0%	0,7%
PR	1	0	1	0,8%	0,0%	0,7%
RS	1	0	1	0,8%	0,0%	0,7%
Abroad	2	1	3	1,6%	4,5%	2,0%
Training course *						
None	7	4	11	5,6%	18,2%	7,5%
Short–Executive graduation	55	13	68	44,0%	59,1%	46,3%
Medium– Especialization	16	2	18	12,8%	9,1%	12,2%
Long – Post-Graduation	42	1	43	33,6%	4,5%	29,3%
Graduation	18	3	21	14,4%	13,6%	14,3%
Graduation *						
Accounting	111	16	127	88,8%	72,7%	86,4%
Administration	20	4	24	16,0%	18,2%	16,3%
Economy	2	4	6	1,6%	18,2%	4,1%
Others	11	3	14	8,8%	13,6%	9,5%
Post-Graduation*						
Especialization or Post-Graduation	65	6	71	52,0%	27,3%	48,3%
Another especialization course or post-graduation	32	8	40	25,6%	36,4%	27,2%
Academic mastering in accounting or related areas	12	6	18	9,6%	27,3%	12,2%
Another academic mastering	5	1	6	4,0%	4,5%	4,1%
Professional mastering in accounting or related areas	16	0	16	12,8%	0,0%	10,9%
Another Professional mastering	0	2	2	0,0%	9,1%	1,4%
Doctorate in accounting or related areas	6	0	6	4,8%	0,0%	4,1%
Another doctorate	5	0	5	4,0%	0,0%	3,4%
I have not attended any post-graduation course	8	2	10	6,4%	9,1%	6,8%

* Multiple responses were allowed than total of percentages exceeds 100%

Table 4: Respondents' profile.

Most of the external users that answered to the research demand audited financial statements (58%). In Brazil, only companies defined as large sized companies by corporate law are obliged to have their financial statements audited. Companies are considered large when they had earnings superior to R\$ 300 million or had total assets superior to R\$ 240 million in the previous period.

From the total of the respondents, 42% use non audited financial statements, once the company is not considered large sized company and there is not a demand for audit from the headquarters, they are not obliged to be audited.

Given to the great influence of fiscal law in the accounting practices in Brazil, 30% of the external users use accounting information for tax purposes, present in the annual Corporate Income Tax Return (DIP).

According to Table 6, 12% of the preparers use only the set of fiscal standards in the financial statements. Besides this, 17% of the users do not use formatted accounting information, or demand financial statements, but use questionnaires about main figures and operations of the analyzed company for decision making.

Table 8 presents the reasons for the choice of accounting norms set adopted by the information preparer and the preferences of external users about the financial statements.

Concerning the decision of which set of norms to use, 53% of the respondents state that there was not participation of the company management in this choice; only the preparer of the financial statements. Accounting measures and shows the operations of a company. It is

	Frequency			Percentage		
	P	U	Total	P	U	Total
Size of the company *						
ME	16	1	17	12,8%	4,5%	11,6%
Small Sized company	17	2	19	13,6%	9,1%	12,9%
Small and medium Sized company	69	7	76	55,2%	31,8%	51,7%
SGP	30	7	37	24,0%	31,8%	25,2%
Privately held company	35	3	38	28,0%	13,6%	25,9%
Listed company	28	9	37	22,4%	40,9%	25,2%
Preparers company activity						
Industry	20			16,0%		
Trade	13			10,4%		
Service	26			20,8%		
Accounting service	64			51,2%		
Third party	0			0,0%		
Other	2			1,6%		
Accounting service type **						
Audit	15			23,4%		
Accounting outsourcing	17			26,6%		
Advisory	6			9,4%		
Consulting	26			40,6%		
External users activity						
Credit analyst		6			27,3%	
Investment analyst		8			36,4%	
Investor		7			31,8%	
Other		1			4,5%	

* Multiple responses were allowed than total of percentages exceeds 100%.

** Percentage regarding accounting services.

Table 5: Respondents' professional area.

	Frequency	Percentage
Simplified bookkeeping	19	15%
IFRS for SME	44	35%
Full CPC (by choice)	29	23%
Full CPC, (by obligation)	54	43%
Only bookkeeping for tax purposes	15	12%
Other	3	2%

Table 6: Set of adopted norms by preparers.

	Frequency	Percentage
Audited financial statements	72	58%
Financial statements without audit need	53	42%
Accounting information for tax purposes (DIPJ)	38	30%
Unformatted accounting information (questionnaires)	16	13%
No demand for financial statements	5	4%

Table 7: External demands.

understood that the involvement of other managers of the company in how the company will be represented is important.

As already presented in other questions, the influence of fiscal legislation is very important in the choice of accounting practices in Brazil: the mean of agreement to this question was 6,80. Only in 2014, the fiscal law was amended to encompass and provide fiscal treatment to the accounting changes occurred in the IFRS implementation in the country. From this year, Brazilian fiscal authorities understand that the companies adopted new accounting practices. Perhaps this fact reinforces a greater adhesion to IFRS in Brazil.

According to the preparers of financial statements, the search

for improvement in this information is very important (mean of agreement 7,7 and mode 10). The pursuit for quality is related to the belief that IFRS represent an advance over previous practices and therefore, represent relative advantage (Rogers, 2003). In addition, the presentation of higher quality information gives the company and the preparer of the accounting information a better image [24].

According to Rogers [20], the complexity or difficulty of using an innovation hinders its adoption. Despite the mode 10 concerning the agreement to the statement that the complexity influences the choice of accounting practices set, the respondents agreed with mean of 5,98 with this statement, or, lower, probably due to the obligation of the use

	Score (percentage)											Min	Max	Mean	Mode
	0	1	2	3	4	5	6	7	8	9	10				
Questionnaire for preparers															
Joint analysis between manager and accountant	4	6	10	9	15	9	6	19	10	3	10	0	10	5,34	7
Fiscal influence in the choice of the norms	3	2	3	6	4	14	6	10	17	13	21	0	10	6,80	10
Search for quality is fundamental in the choice of the norms	1	2	2	3	3	9	5	8	21	10	35	0	10	7,70	10
Complexity is fundamental in the choice of the norms	9	5	5	6	4	14	6	8	18	7	18	0	10	5,98	10
External demands are fundamental in the choice of the norms	2	2	6	3	4	9	5	13	18	15	23	0	10	7,17	10
Internal demands are fundamental in the choice of the norms	4	2	8	6	5	12	7	16	16	7	18	0	10	6,38	10
Banks demand financial statements	2	2	5	7	6	17	9	8	13	13	20	0	10	6,66	10
Clients demand financial statements	10	9	8	14	4	18	7	7	10	5	8	0	10	4,67	5
Suppliers demand financial statements	10	8	11	15	5	19	9	5	9	2	6	0	10	4,34	5
Questionnaire for external users															
Use of financial statements by users	-	-	-	5	14	5	9	14	5	23	27	3	10	7,54	10
Demand for financial statements in compliance with the type of the company	5	14	-	-	14	5	9	5	14	23	14	0	10	6,27	9
Preference for Full IFRS	9	5	-	-	9	14	5	5	14	18	23	0	10	6,68	10
Use of tax information for analyses	14	5	-	-	5	-	23	18	14	14	9	0	10	6,09	6
Joint use of financial and tax statements	14	5	-	-	5	14	5	23	14	14	9	0	10	6	7
Importance of financial statements in relation to tax information	5	-	-	-	5	5	14	9	14	32	18	0	10	7,64	9

Table 8: Accounting choices and use of financial statements.

	Frequency	Percentage
Publish by obligation	55	44%
Publish by choice	27	22%
Not	61	49%

Table 9: Financial statements publication.

	Frequency	Percentage
Yes, because of legal obligation	52	42%
Yes, only because of internal obligation (headquarters or investors)	33	26%
Yes, by choice	27	22%
Not	34	27%

Table 10: Financial statements audit.

of a determined set of norms, despite the complexity of the adoption and maintenance (mode 10 and mean 7,17). Therefore, the obligation of the use of the norm is very important, but also it is not definitive: the quality also influences.

Additionally, it is noticed that external demands are slightly more important than internal demands. The fact of a law, a regulator board, the company headquarters or yet, the creditor (bank) determines which set of accounting norms to be adopted is slightly more important than an internal manager decision of the company to be reported. On the other hand, the preparers of the accounting information understand that the demand of external users, such as clients and suppliers is inferior to the other users (mode 5).

In order to know the preferences and requirements of external users, the first question was if they effectively use financial statements in their analyses. 5% did not agree in some degree with the use of financial statements and 14% were indifferent. Thus, over 80% use the accounting information, and the mode to agree with this statement was 10. External users are worried about demanding the appropriate set of

norms according to the company to be analyzed (mean 6,27 and mode 9), but prefer Full IFRS (mean 6,68 and mode 10).

Therefore, it is possible to infer that the use of Full IFRS can contribute to improving the image of the company [24] in relation to external users. Besides this, this fact can be considered a relative advantage [20] of the companies that use IFRS and of the preparers of the accounting information that will be most valued in the market.

Regarding the perception of these users about the information prepared for fiscal purposes, in some cases these information are used (mode 6 and mean 6,09) or used in conjunction with accounting information prepared according to IFRS (mode 7 and mean 6). The preference of external users is using the financial statements prepared according to IFRS (mode 9 and mean 7,64).

Disclosure and audit

In Table 9, the total of percentage is over 100% because the preparers of financial statements can render services for more than one

company, in other words, they can prepare information for companies that will publish their statements and for companies that will not.

Among preparers and third parties, 49% of the respondents state they do not publish their financial statements, 44% publishes by obligation and only 44% by choice. On the other hand, when asked to the users if they trusted more in the published financial statements in a range of 0 to 10, the obtained mean was 8 and the mode 9. It is noticed that, though, the analysts prefer using published financial statements, the preparers and third parties do not publish them. The image of the company [24] and the relative advantage [20] can be affected by the option for publishing or not the financial statements (Table 9).

Similar to the previous table, the percentage is over 100% because the preparers can render this service for more than one company. According to Brazilian law, large sized companies must be audited (42%). Nevertheless, 26 % of the preparers of financial information state that the reported company is audited by obligation from the headquarters and 22% by choice. These numbers show the preoccupation about either the image of the company or the relative advantage for having the statements audited once the external users prefer analyzing audited financial statements according Table 7. Additionally, the option for publishing and auditing the financial statements is related to the observability or visibility of the benefits that an innovation can bring to the company to be reported (Table 10).

The results shown in Table 11 indicate that external users prefer analyzing published and audited information. These results corroborate for the improvement in the company image.

Perception regarding accounting information quality and IFRS implementation

In the respondents' opinion, Brazilian convergence to IFRS was responsible for higher quality and transparency in accounting information and they also believe that the detachment of accounting for tax purposes causes improvement in the quality.

Not only the preparers but also the analysts admit the quality in the financial statements performed by Full IFRS and by IFRS for SME. Nevertheless, the perception is different concerning the simplified bookkeeping, because only 59% of the respondents attributed a score over 5 in this question. On Table 12, the respondents' perception is described regarding the quality of the accounting information.

The answers of the preparers according to Table 13 and by the users according to Table 14 are similar. The means of both groups for each question are not meaningfully different according to the applied Mann-Whitney test. Despite this, the preparers are slightly more optimistic in relation to higher quality and transparency in the accounting information after IFRS implementation in Brazil. In addition, although the preparers use the simplified bookkeeping in service rendering, they do not believe that they present high quality [27-29].

External users according to Table 14 do not believe that the Simplified Bookkeeping can result in high quality financial statements. Besides this, 19% understands that the detachment of corporate accounting from tax accounting does not result in higher quality in the accounting information.

All in all, the respondents believe that the accounting information has higher quality after IFRS implementation, except for Simplified Bookkeeping. Additionally, IFRS for SME presents information with as good quality as Full IFRS, in the preparers' perception as well as the users of such financial statements. Therefore, the preparers' perception and the users' are in agreement with IFRS adoption shown in Table 6, there to say, caused not only by legal demand but based on the market beliefs. In this case, compatibility is observed; the innovation is noticed as consistent with values, necessities and potential users' experiences [20].

Based on the data presented in Table 15, the benefits and difficulties of the preparers of accounting information in IFRS adoption will be analyzed. Besides, the perception of the accounting information users about financial statements in IFRS will be presented.

	Score (percentage)															
	0	1	2	3	4	5	6	7	8	9	10	Min	Max	Mean	Mode	
Greater confidence in published financial statements	-	-	-	-	5	9	9	5	23	27	23	4	10	8,04	9	
Greater confidence in audited financial statements	-	-	-	-	5	9	5	9	9	27	41	4	10	8,41	10	

Table 11: Users' confidence.

	Score (percentage)															
	0	1	2	3	4	5	6	7	8	9	10	Min	Max	Mean	Mode	
Full IFRS	-	1	1	1	3	4	4	10	24	26	27	1	10	8,22	10	
IFRS for SME	2	-	3	1	5	12	6	10	29	10	22	0	10	7,38	8	
Simplified bookkeeping	5	4	4	5	5	17	10	16	16	7	11	0	10	6,02	5	
Higher quality after IFRS	-	-	1	1	5	4	4	14	24	16	32	2	10	8,16	10	
Greater transparency after IFRS	-	-	1	3	3	3	8	15	22	15	30	2	10	8,01	10	
Higher quality after tax detachment	1	1	1	4	4	7	7	11	17	15	32	0	10	7,76	10	

Table 12: Respondents' perception regarding the quality of the accounting information.

	Score (percentage)															
	0	1	2	3	4	5	6	7	8	9	10	Min	Max	Mean	Mode	
Full IFRS	-	1	1	2	2	5	3	10	22	28	27	1	10	8,24	9	
IFRS for SME	2	-	3	2	4	11	5	10	28	11	24	0	10	7,44	8	
Simplified bookkeeping	6	5	5	5	5	17	8	16	15	7	12	0	10	5,984	5	
Higher quality after IFRS	-	-	1	2	4	5	3	15	23	14	34	1	10	8,16	10	
Greater transparency after IFRS	-	-	2	3	2	4	6	16	22	14	31	1	10	8,04	10	
Higher quality after tax detachment	1	1	1	5	3	8	6	10	16	14	36	1	10	7,856	10	

Table 13: Preparers' perception regarding the quality of the accounting information.

	Score (percentage)											Min	Max	Mean	Mode
	0	1	2	3	4	5	6	7	8	9	10				
Full IFRS	-	-	-	-	5	-	9	14	36	14	23	4	10	8,09	8
IFRS for SME	-	-	-	-	9	14	14	14	36	5	9	4	10	7,05	8
Simplified bookkeeping	-	-	-	9	9	18	18	18	18	5	5	3	10	6,23	5
Higher quality after IFRS	-	-	-	-	9	-	9	5	27	27	23	4	10	8,14	9
Greater transparency after IFRS	-	-	-	-	9	-	18	9	23	18	23	4	10	7,82	8
Higher quality after tax detachment	5	-	-	-	9	5	9	18	23	23	9	0	10	7,18	9

Table 14: Users' perception regarding the quality of the accounting information.

The accounting information preparers state that, in a range of 0 to 10, in parts it is agreed (mean 5,46 and mode 5) that they admit the benefits of IFRS adoption. This position is opposite to the information users that prefer analyzing the financial statements according to IFRS, besides it is said that IFRS adoption facilitated the analyses and improved the quality of the information presented to them (mode 8). The benefits (Rogers, 2003) noticed by external users are better than the ones noticed by the preparers of the information. Despite this, the preparers believe that the benefits with the adoption overcome the costs (mean 6,14 and mode 8).

Although the information is for external users, the preparers of the information noticed that the financial statement according to IFRS is also used by the company's internal users. The mean of agreement for this affirmation is 6,06 and the mode 7. The difficulties found in the implementation refer to problems faced in the parameters settings of the ERP and also in the understanding of applicable rules (mode 8) (Table 15).

The fiscal law was only defined with the issue of the Law 12.973 in 2014 after being defined the treatment to be given to the new accounting practices. Once the changes of such practices occurred in two steps in Brazil, 2008 and finished in 2010, in practice, the market had expectation regarding the fiscal treatment for seven years. Therefore, the lack of clarity about tax over accounting income is a very important item for the accounting information preparers (mean 6,74 and mode 8). On the other hand, the worry about the appearance of some fiscal contingence is inferior (mean 6,17 and mode 5), once the law allowed the changes in the accounting practices in Brazil before a scenario of "fiscal neutrality".

The comprehension of external users that answered our research, despite discussing on a higher quality in the accounting information analyzed after IFRS implementation, states that there were some difficulties in understanding financial statements prepared from this set of norms in the period of accounting practices transition (mean 6,23 and mode 7) and that there still is little difficulty (mean 5,55 and mode 7).

Most of the statements analyzed by external users are prepared based on Full IFRS (mean 7,27 and mode 9) they are not based on IFRS for SME (mean 4,23 and mode 5). One of the reasons declared by CVM – Securities Commission in Brazil for the adoption of IFRS in the country refers to the facilitation to compare statements prepared in Brazil; this would facilitate and leverage the investments in our country. Nevertheless, according to the answers in our research, the internal users do not agree with this affirmation (mean 5,14 and mode 8).

Knowledge of applicable standardization

According to the opinion of the financial statements preparers who answered our research, the managers of the companies that report know little about the accounting practices adopted by those companies

(mean 5,18 and mode 5). On the other hand, the knowledge of whom effectively prepares the information is higher (mean 7,44 and mode 8). It is interesting to notice that despite declared knowledge of the issue, the effective adoption and the affirmation of external users about the preference to use financial statements prepared according to IFRS, the preparers of the accounting information do not recognize as many benefits as the users.

Concerning the knowledge of applicable norms (IFRS), the external users of the information declare that they reasonably know about the issue (mean 6,05 and mode 7). Despite declaring lower knowledge than the preparers, the users prefer these information to the previous ones utilized in the country and yet, in relation to the simplified bookkeeping or fiscal information (Table 16).

Profile analyses versus respondents' perception

In order to verify the perception differences regarding the respondents' profile, according to the theory reasoned action Fishbein and Ajzen [19], the Kruskal Wallis test was applied about all the questions, in relation to: age, gender; working place, company size, graduation degree (training courses, graduation and post-graduation).

In Table 17, questions about perception differences according to the respondents' profile, according to the Kruskal Wallis test with significance level of 5%,

It is noticed that the most experienced ones believe that the detachment of corporate and fiscal accounting causes better quality in the accounting information than the others. The most experienced recognize more the quality of IFRS for SME than the others. Respondents younger than 25 years old and over 45 years old have more confidence in audited financial statements than the others.

Female respondents whose age range from 26 to 35 years old are the ones that demand less the financial statements in compliance with the type of the company to be analyzed.

It is noticed that analysts (external users) who work in São Paulo have better knowledge about different types of norms than the others and also use more tax information (alone or in conjunction with financial statements). The analysts who do not work in São Paulo analyze primarily IFRS for SME.

This result suggests that the analysts with more contact with IFRS for SME and less contact with Full IFRS use less tax information than the others.

Professionals who work exclusively with micro enterprises and small sized companies demonstrate more that the complexity and external demands are fundamental for choosing the norms to be used, in other words, if there is not an external agent that demands accounting information according to IFRS, they will not be prepared like this. Respondents who work in large sized companies and small sized companies use more IFRS information for taking internal

	Score (percentage)											Min	Max	Mean	Mode
	0	1	2	3	4	5	6	7	8	9	10				
Questionnaire for preparers															
Managers recognize the benefits brought by IFRS	5	6	5	11	9	15	8	12	15	5	9	0	10	5,46	5
Use of IFRS for taking internal decisions	3	2	7	8	4	14	11	17	14	7	11	0	10	6,06	7
IFRS brought benefits superior to the involved costs	2	1	9	5	9	15	10	13	17	9	10	0	10	6,14	8
Difficulties in the IFRS implementation due to IT problems	2	2	5	6	5	12	7	12	22	12	14	0	10	6,61	8
Difficulties in the IFRS implementation due to lack of clarity of understanding	3	4	2	6	10	12	8	14	22	11	7	0	10	6,25	8
Difficulty in the IFRS implementation due to lack of understanding of Fiscal authorities positioning	2	1	7	3	6	10	7	14	19	14	14	0	10	6,74	8
Risk of fiscal contingence	5	2	9	4	2	18	10	11	14	12	13	0	10	6,17	5
Questionnaire for external users															
IFRS facilitates analyses	-	-	-	9	9	18	9	9	27	9	9	3	10	6,64	8
Higher quality in the accounting information with IFRS	-	-	-	5	9	14	5	9	32	5	23	3	10	7,32	8
Difficulty in understanding the financial statements during the transition period to IFRS	5	-	-	5	18	9	14	18	18	-	14	0	10	6,23	7
Still have difficulties to understand the financial statements according to IFRS	9	-	5	5	9	14	18	23	9	5	5	0	10	5,55	7
Most of the analyzed financial statements are according to Full IFRS	5	-	-	5	5	-	14	18	18	23	14	0	10	7,27	9
Most of the analyzed financial statements are according to IFRS for SME	18	-	5	18	-	27	9	14	9	-	-	0	8	4,23	5
Facility to have International comparison after IFRS	32	-	-	5	-	-	5	5	50	5	-	0	9	5,14	8

Table 15: Benefits and difficulties with IFRS.

	0	1	2	3	4	5	6	7	8	9	10	Min	Max	Mean	Mode
Questionnaire for preparers															
Managers knowledge about applicable accounting norms	2	5	10	11	10	17	13	9	15	6	2	0	10	5,18	5
Accountants knowledge about applicable accounting norms	-	1	3	2	5	7	9	14	24	21	14	1	10	7,44	8
Questionnaire external users															
Analysts knowledge about different accounting norms	-	-	-	23	-	5	23	27	18	5	-	3	9	6,05	7

Table 16: Knowledge about fiscal norms.

Age	Up to 25	From 26 to 35	From 36 to 45	Over 45		
Demand for financial statements according to the type of company	6,00	3,43	6,67	8,44		
Greater confidence in audited financial statements	9,67	7,71	6,00	9,33		
IFRS for SME	5,90	6,80	7,36	8,03		
Better quality after fiscal detachment	6,50	7,05	8,00	8,30		
Gender	F	M				
Demand for financial statements according to the type of company	2,00	7,22				
Local	SP	Others				
Analysts knowledge regarding different types of norms	6,35	3,00				
Use of tax information the analyses	6,65	0,50				
Joint use of financial and tax statements	6,55	0,50				
Most of the analyzed financial statements are in compliance with IFRS for SME	3,90	7,50				
Size	ME or EPP	SME	SGP/SA	Div		
Complexity is fundamental in the choice of the norms	8,00	5,77	6,46	4,64		
External demand is fundamental in the choice of the norms	8,50	6,89	7,59	6,36		
Use of IFRS for taking internal decisions	6,90	5,77	6,74	4,96		
Banks demand financial statements	8,40	6,00	7,33	5,88		
IFRS brought benefits to the involved costs	7,20	5,32	6,74	6,04		
Training	N	CP	MP	LP	G	Div
Complexity is fundamental in the choice of the norms	5,86	6,84	3,57	5,74	6,53	4,0
Use of IFRS for taking internal decisions	3,43	6,27	7,43	5,58	6,29	7,3
Greater transparency after IFRS	6,36	7,81	9,25	8,33	7,85	8,8

Table 17: Perception differences according to the respondents' profile.

decisions than the others. Banks demand more financial statements from micro enterprises and large sized companies than small and medium sized companies.

Respondents who work in micro enterprises and small sized companies recognize more that IFRS brought benefits that overcome the involved costs. It is observed that when the respondents work in different sized companies, the complexity and external demands are less important in the accounting choice, they are also less demanded by the banks and are the ones to use less IFRS for taking decisions.

The persons who have not attended any kind of training course about IFRS do not believe that there was greater transparency after the Brazilian convergence and they do not use IFRS for taking decisions either, supposedly due to lack of knowledge.

Final Considerations

It is general opinion that accounting information has higher quality and transparency after IFRS implementation and the detachment of fiscal accounting. The preparers see these benefits in a more positive way. The perception is different regarding Simplified Bookkeeping. It is interesting to observe that the preparers use a set of norms that according to them do not provide high quality information. It is possible to infer that the limitation of financial, technological and personnel resources are the reasons for using simplified rules that do not satisfy even their preparers.

In contrast to the preparation, the adoption benefits of IFRS are also noticed by preparers and also by the analysts, but the analysts are the ones who see them in a more positive way. The most related difficulties by the preparers are referred to the implementation, though they consider the fiscal contingency risk lower and that the benefits overcome costs. Regarding the understanding of the norms, the respondents in general still have insecurity.

Another important finding was that the users do not consider that IFRS adoption facilitated the comparison of statements, in antithesis to the reasons stated by CVM at the time of Brazilian convergence.

We observed that the respondents who have not attended any type of IFRS training course cannot see a higher transparency with IFRS like the others and they also do not use IFRS for taking decisions. Thus, it is noted that the most specific knowledge of IFRS increases the credibility of the individual in the transparency of accounting information in the light of IFRS.

Legal requirement, by regulator board, by the headquarters or yet by the banks are more important than the internal manager's demand. It is emphasized additionally, that there is a greater demand for financial statements from the banks to micro enterprises and small sized companies than the others.

External users require the set of norms appropriate for the analyzed company, but they prefer Full IFRS. It may suggest that Full IFRS adoption contributes to improving the company image, representing relative advantage of accounting and the preparers', when they are most valued in the market.

Although analysts prefer using and also have more confidence in published financial statements, less than a quarter of the companies do it voluntarily. The same occurs to audit. It is possible to suppose that companies that do it voluntarily show preoccupation with the company image and search for relative advantage with initiative.

We emphasized that although users show less knowledge than the

preparers, they prefer this information to the ones previously used in the country and yet, concerning the simplified bookkeeping or fiscal information.

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