

The influence of international accounting standards (IAS-IFRS) on Moroccan listed companies

L'impact de l'application des normes comptables internationales (IAS-IFRS) sur les entreprises marocaines cotées

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Abstract :

The purpose of this study is to demonstrate the influence of the implementation of international accounting standards (IAS / IFRS) on the reliability and quality of financial information, as well as its impact on the relevance of financial reports in Moroccan companies listed on the Casablanca stock exchange.

International Financial Reporting Standards have become globally adopted in order to suit the demands of global financial markets. As a result, enterprises' and economic institutions' dedication to implementing international accounting standards (IAS / IFRS) leads to greater dependability, openness, and disclosure, resulting in high-quality financial reporting.

In order to conduct our research and address the problem, we selected a representative sample of 40 accounting and auditing firms and chartered accountants approved by the commission responsible for drawing up the list of chartered accountants in the Casablanca-Settat region of Morocco. These key players were selected for their expertise in accounting and auditing, and their essential role in preparing, verifying and certifying the financial statements of listed companies.

Keywords: international accounting standards (IAS / IFRS); quality of financial reports; Advantages and difficulties of applying standards; listed Moroccan companies; the Casablanca Stock Exchange

Résumé:

L'objectif de cette étude est de montrer l'effet de l'adoption des normes comptables internationales (IAS/ IFRS) et son rapport avec la fiabilité et la qualité et la pertinence des informations financières et son impact sur la pertinence des rapports financiers dans les sociétés marocaines cotées en bourse de Casablanca.

Pour répondre aux besoins des marchés financiers mondiaux, les normes internationales d'information financière sont devenues universellement acceptées. Par conséquent, l'engagement des entreprises et des institutions économiques à mettre en place les normes comptables internationales (IAS/IFRS) mène à plus de fiabilité, de transparence et de divulgation ce qui donne des rapports financiers de haute qualité.

Afin de mener notre recherche et répondre à la problématique, nous avons constitué un échantillon représentatif composé de 40 cabinets de comptabilité et d'audit ainsi que d'experts-comptables agréés par la commission chargée d'établir la liste des experts-comptables de la région de Casablanca-Settat, au Maroc. Ces acteurs clés ont été sélectionnés en raison de leur expertise dans le domaine de la comptabilité et de l'audit, ainsi que de leur rôle essentiel dans la préparation, la vérification et la certification des états financiers des entreprises cotées.

Mots clés : normes comptables internationales (IAS/IFRS) ; qualité des rapports financiers ; Avantages et difficultés de l'application des normes ; les sociétés marocaines cotées ; la bourse de Casablanca

Introduction:

Several developing countries have begun to adopt the international accounting standards (IFRS) promulgated by the 'International Accounting Standards Board' as a result of the rapid evolution of accounting thinking in recent years and the acceleration of foreign investments by transcontinental or multinational companies (IASB).

As a result, as countless studies and current research reveal, the move to international financial reporting standards will offer many advantages and benefits to the accounting system. *Elatife H. (2011-2012)*

Despite this, the degree of the advantages of these standards and the likelihood of implementing them remains a point of contention among practitioners and academics due to differences in accounting systems among nations. Furthermore, these standards were created as a foundation for meeting the capital and free-market demands of modern countries. *Obert R. (2013)*

Thus, this study aims to answer the following problem: To what extent does the application of international accounting standards (IAS-IFRS) influence the performance and competitiveness of listed Moroccan companies, and what are the implications for their future in an increasingly globalized market context? To do this, we conducted a field study to shed light on this crucial issue for Morocco's financial sector.

The document is structured as follows: first we will present International Accounting Standards. Then we will deal with the adoption of international accounting standards in Morocco. Then we cite the advantages and disadvantages of the adoption of IAS/IFRS and finally we present our field study and its results.

1. International Accounting Standards:

The International Accounting Standards Board (IASB), the standards body of the International Financial Reporting Standards Foundation, prepared and published the International Accounting Standards (IAS / IFRS) in 1973, which are international accounting benchmarks primarily used by businesses and financial institutions. In addition to the standards, interpretations are provided to explain specific texts of the standards and to make their application easier.

So the International Accounting Reference (IAS / IFRS) or its abbreviation in English (IFRS) includes international accounting standards (IASs (formerly published by the Standards Committee) IASC) and International Financial Reporting Standards (IFRS (currently published by the Standards Board) IASB (Walton and Aerts (2009))).

The adoption of International Financial Reporting Standards has piqued the interest of most governments worldwide, and numerous causes have contributed, including:

- In the face of financial crises, there is a need for credible, transparent, and fast information.
- Expand the number of people who get financial data from investors, banks, governments, financial experts, and multinational corporations.
- Raise the degree of financial regulation to keep up with governance needs, and increase institutions' capacity to expand and diversify their activities.
- The necessity for countries to have a shared grasp of accounting ideas in order to unify the language of money and business and boost trust in the global economy.

2. Morocco adopts international financial reporting standards:

Prior to 1992, there were no accounting regulations particular to Moroccan firms and traders, just scattered accounting provisions in private and fiscal law documents. K. AHSINA, O. TAOUAB, and M. BOUKARI CHERQAQUI (2014) On August 4, 1992, an accounting reform was initiated with the goal of strengthening the independence of accounting legislation and restructuring the accounting profession.

Thus, in 2005, the National Accounting Council CNC released Opinion No. 5, which establishes the requirements and conditions pertaining to the creation of consolidated accounts while keeping the choice of applying or adopting IFRS standards to listed groups open.

The Casablanca Stock Exchange issued a new law (Law No. 52-01) that year, reinforcing the necessity to consolidate firms with subsidiaries in conformity with Moroccan or international financial reporting standards.

The Stock Market Ethics Commission (CDVM) will have clarified these texts by Circular 06/05 of the same year, which specifies that groups listed on the first compartment of the

Casablanca Stock Exchange can proceed to the publication of their accounts in accordance with Moroccan law or international financial reporting standards beginning in 2007.

3. Benefits of adopting IFRS:

Adopting international accounting standards has several benefits, including:

- The use of IFRS will allow for the comparability of financial accounts and the use of the same standards by enterprises all over the world. This is how openness and dependability grow.

- Reducing the time and expense of compiling financial statements in accordance with various standards and requirements will result in long-term savings.

- Eliminate the many accounting repercussions that might emerge from the adoption of multiple accounting standards and assist investors in pursuing various strategies, including global investment diversification.

- Lower accounting and auditing costs while avoiding possible mistakes.

- The International Financial Reporting Standards (IFRS) will enable businesses to more easily control their foreign subsidiaries while also lowering the costs of preparing consolidated financial statements. This can also help to disseminate potential financial errors and simplify investment decisions.

4. Research methodology and field study:

We did a field study to address the research questions by producing a questionnaire in order to analyze the impact of the use of international accounting standards (IFRS) in listed Moroccan firms.

4.1. **The purpose of the questionnaire:** The purpose of this questionnaire is to highlight the effect of the application of international accounting standards in the study and analysis of the results of companies' financial statements, and to show whether the adoption of standards in Morocco stems from a pure conviction of their contribution to improving the quality of financial information in the establishment, or whether it is only a requirement imposed by reality and new circumstances, despite

This study also seeks to comprehend the worldwide accounting standards that regulate financial statements in order to determine whether financial statements created in accordance with international accounting standards suit the demands of users and provide advantages after application.

4.2. Study population: We circulated this questionnaire to accounting and auditing offices, as well as "chartered accountants" recognized by the commission in charge of compiling Morocco's chartered accountant's list. Our sample consists of 40 accounting offices in order to have relevant results.

4.3. Questionnaire questions division: There are 35 questions in this questionnaire. The first three questions are about personal information, while the remainder of the questions is about the five research axes:

The first axis: (4-10) the existing reality of openness, dependability, and disclosure in Moroccan company financial reports in light of the pledge to implement international accounting standards.

The second axis: (11-18) to what degree does the implementation of international accounting standards help to improve openness and disclosure in Moroccan enterprises' financial reporting?

The third axis: (19-23) the benefits of using foreign accounting standards to Moroccan enterprises.

Fourth axis: (24-28) Motivations for Moroccan enterprises to embrace international accounting standards.

Fifth axis: (29-35) Difficulties and potential barriers in using international accounting standards.

5. Results:

The empirical data collected in our questionnaire indicates that Morocco has made significant progress in terms of financial transparency, reliability and disclosure. The adoption of International Financial Reporting Standards (IFRS) has been a key element in this improvement, helping to boost investor confidence and improve the comparability of financial

information. However, ongoing efforts are needed to ensure that all companies, whether listed or not, comply with transparency and disclosure standards.

Our findings are consistent with previous work which states that IFRS offer many benefits, their adoption may also entail initial costs, transition challenges and operational adjustments. As a result, Moroccan companies need to carefully assess the potential advantages and disadvantages of adopting IFRS based on their specific situation.

It is worth noting that the application of International Financial Reporting Standards (IFRS) in Morocco may encounter several difficulties and obstacles, such as:

- Compliance costs: The transition to IFRS may require significant investment in training, software, accounting systems and auditing.
- Changes in accounting practices: The transition to IFRS may require significant changes in accounting practices and the way transactions are recorded. This may lead to disruptions in existing accounting operations.
- Tax issues: The adoption of IFRS may have tax implications, particularly with regard to the calculation of income taxes. Companies need to understand the tax consequences of the transition and ensure compliance with national tax laws.
- Qualified human resources: Morocco may face a shortage of qualified accounting professionals who are familiar with IFRS. It may be difficult to find and train qualified personnel to manage the transition.

Despite these potential difficulties, many companies around the world have successfully adopted IFRS and reaped the long-term benefits in terms of transparency, comparability and financial credibility. Careful planning, appropriate training and a commitment to compliance are essential to overcoming these obstacles.

Conclusion:

Stakeholder interest in transparency and financial reporting concerns has grown in recent years, owing to its importance in giving the information required to make financing or investment decisions.

As a result, preparing financial reports in compliance with International Financial Reporting Standards is an important component in enhancing their quality and acceptance for comparison at the local and worldwide levels, and therefore future development and investment.

In conclusion, the adoption of International Accounting Standards (IAS-IFRS) by listed Moroccan companies represents a significant step in the modernization of the financial sector in Morocco. Our study revealed that this transition to IFRS has generated significant benefits for these companies, including improved transparency, greater comparability of financial information, and easier access to international capital markets. International accounting standards have also enhanced the quality of financial reporting and contributed to improved corporate governance.

However, it is essential to recognize that this transition is not without its challenges and obstacles, including initial compliance costs, the complexity of the standards, and the operational adjustments required. In addition, effective communication of changes to stakeholders and ongoing staff training are essential to ensure successful IFRS implementation.

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