

"A man is
great by
deeds, not by
birth"

-Chanakya

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**Readability of Indian Accounting Standards and International
Financial Reporting Standards**

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Readability of Indian Accounting Standards and International Financial Reporting Standards

1. Introduction:

The concept of readability is well defined by various researchers. According to Klare (1963), as noted by DuBay (2004, p.3), the readability is the ease of understanding or comprehension due to the style of writing. The existing literature evaluates and emphasizes the readability of different documents related to business, legal, social, education, communication, etc. Jones and Shoemaker (1994) reviewed 26 articles related to content and readability analysis of annual reports, 3 articles related to content and readability analysis of tax laws and 3 articles related to accounting text books. However, there are no studies on evaluation of the readability of accounting standards except Shaffer et al. (1993) study on readability of statements issued by Government Accounting Standards Board (GASB).

Therefore, the aim of this study is to evaluate the readability of accounting standards issued in India and international financial reporting standards issued by International Accounting Standard Board. Fog index, Flesch Reading Ease index (Flesch), and Flesch-Kincaid Grade Level (Flesch-Kincaid) are used as three different parameters to study the readability of texts. In this study, I use Fog index as main readability indicator and Flesch and Flesch-Kincaid as alternative measures of readability to check the robustness of the results.

The median Fog Index of accounting standards (AS) and Indian Accounting Standards (Ind AS) issued by ASB in India and median Fog Index International Financial Reporting Standards issued by IASB are greater than 18. This indicates that the accounting standards are unreadable. The median Flesch index and Flesch Kincaid index of AS, Ind AS and IFRS are smaller than 30. If Flesch index and Flesch-Kincaid index are smaller than 30, it is described as the text is very difficult to read. Thus, based on all three indices, the Indian accounting standards as well as international accounting standards are written in either unreadable or difficult English language and difficult to understand.

The current study is different in three aspects as compared to the only existing study on readability of accounting standards by Shaffer et al. (1993). First, the current study is based on accounting standards issued for private companies. Second, the current study is based on readability indices. Third, it captures the accounting standards issued in emerging markets as well as developed markets.

2. Literature review:

The concept of the readability is well defined by various researchers. According to Klara (1963), as noted by DuBray (2004, p.3), the readability is the ease of understanding or comprehension due to the style of writing. This definition emphasises the writing style. It indicates that the documents written with too many jargons and long sentences may result in difficult document in understanding. It suggests use of simple words and short sentences to improve the understandability of the documents. McLaughlin (1969), as noted by Dubai (1969), defines readability as the degree to which a given class of people find certain reading matter compelling and comprehensible. This definition incorporates the target readers' education level and their prior knowledge of the subject. For example, the annual reports of corporates should be easier to understand to investors and bankers assuming that these stakeholders have enough knowledge to understand the same. By integrating writing style and education level of target readers, Loughran and McDonald (2014) define readability as the ability of individual investors and analysts to assimilate valuation-relevant information from a financial disclosure.

Understandability and application of accounting standards with ease and objectivity in preparation and interpretation of financial statements is defined as readability in this paper. The preparers and users of financial statements need the basic knowledge of accounting standards to present and understand the true operating performance during a period and financial position at the end of the period.

According to Warrant Buffet as cited by SEC (1998), "As noted for more than forty years, I've studied the documents that public companies file. Too often, I've been unable to decipher just what is being said or, worse yet, had to conclude that nothing was being said. In some cases, moreover, I suspect that a less-than scrupulous issuer doesn't want us to understand a subject it feels legally obligated to touch upon". Thus, it is important to write corporate documents such as annual reports, corporate reports, initial public offering prospectus in plain language that helps investors and bankers to understand the document easily.

As emphasized by Warren Buffet, the readability of document is important to communicate the purpose of the document to reader. If the document is written in complex language instead of plain language, it becomes difficult to understand and achieve the motive of such document. The existing literature evaluates and emphasizes the readability of different documents related to business, legal, social, education, communication, etc. Jones and Shoemaker (1994) reviewed 26 articles related to content and readability analysis of annual reports, 3 articles related to content and readability analysis of tax laws and 3 articles related

to accounting text books. Li (2008) find positive relation between readability and persistence in earnings of corporates. It is important to have easily understandable income tax act in plain language to motivate the citizens to file income tax returns promptly and accurately. Recognizing the benefits of comprehensible documents, Securities Exchange Commission (SEC) of United States of America (USA) issued guidelines to listed firms indicating the importance of plain language in different corporate filings such as annual reports and initial public offer documents.

The readability of accounting standards enables preparers and auditors of financial statements to present true and fair financial statements. The accounting standards need to be comprehensible to investors, bankers, analysts, vendors, and other stakeholders for better evaluation and analysis of financial statements. The improved quality of financial statements and improved analysis of financial statements results in improved decision making by users of financial statements. For example, bankers and investors need to thoroughly understand accounting standards to understand and analyse the financial statements of borrowing firm for lending decisions.

The studies on readability or content analysis of business reports use either readability indices based on formula or close procedure. The readability indices measure the difficulty level of the report by counting the number of words per sentence and word difficulty by number of syllables per word or letters per word. The close procedure, opposite to readability formulas, is an interactive measure between the written material and the audience of readability. Shaffer, R.J., Stevens, K.T. and Stevens, W.P. (1993) and Adalbert, A, H. and Razak, J.R. (1984) have used closed procedure for readability of reports.

A large number of number of studies use the readability formulas because the formulas are used objectively though computer programmes. The most frequently used indices are Fog index, Flesch Reading Ease index (FREI), and Flesch-Kincaid Grade Level (FKGL). Recent examples of papers using the readability indices are Li (2008), Biddle, Hilary, and Verdi (2009), Miller (2010), Leavy, Li, and Merkley (2011), Dougal et al. (2012), and Lawrence (2013). According SEC Chairman Christopher Cox (2007), “just as the Black-Scholes model is a commonplace when it comes to compliance with the stock option compensation rules, we may soon be looking to the Gunning-Fog and Flesch-Kincaid models to judge the level of compliance with the plain English rules.” Thus, the readability formulas are also emphasised by regulators.

One of the most widely researched topics is readability of corporate and business documents. There are studies on evaluation of readability of annual reports, income tax laws,

accounting text books (Jones and Shoemaker, 1994), accounting and auditing messages (Barnett and Loeffler, 1979), letters to stockholders (Dorrell and Dorsey, 1991), narrative accounting disclosures (Frazier, Ingram and Tennyson, 1984), the president's letter to stockholders (McConnell, Haslam and Gibson 1986), analyst report (De Franco et al, 2013), and so on. Padmini and Srinivasan (2014) is the only study on readability of corporate reports in Indian context.

Thus, the existing literature on readability covers variety of reports published by companies for different stakeholders, business management text books and corporate guidelines of regulators and government. However, there are no studies on evaluation of the readability of accounting standards except Shaffer et al. (1993) study on readability of statements issued by Government Accounting Standards Board (GASB). Therefore, the purpose of this study is to evaluate the readability of accounting standards issued in India and international financial reporting standards issued by International Accounting Standard Board. The study includes the readability of Accounting Standards (AS) and Indian Accounting Standards (Ind AS) applicable in India issued by Accounting Standard Board of India (ASB) and International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB). The current study is different in three aspects as compared to Shaffer, Stevens and Stevens (1993) study. First, the current study is based on accounting standards issued for private companies. Second, the current study is based on readability formulas or indices. Third, it captures the accounting standards issued in emerging markets as well as developed markets.

3. Methodology:

The present study is based on 28 accounting standards (**Table-1**) and 35 Ind Accounting Standards (**Table-2**) issued by Accounting Standard Board of India (ASB) and 41 International Financial Reporting Standards (**Table-3**) including International Accounting Standards issued by International Financial Reporting Standards (IASB). These accounting standards are downloaded from the websites of Institute of Chartered Accountants' of India (ICAI) and IASB in pdf format. These pdf format accounting standards are converted into word for parsing. The parsing was an important activity before applying readability indices to get the score. As part of manual parsing, list of contents, abbreviations table, tables, figures, pictures, headings, header and footer, appendix, annexure and examples have been deleted from each accounting standards. The parsing improves the accuracy of readability scores.

Fog index, Flesch Reading Ease index (FREI), and Flesch-Kincaid Grade Level (FKGL) are used as three different parameters to study the readability of different text. In this study, we use Fog index as main readability indicator. We also use FREI and FKGL as alternative measures of readability to check the robustness of the results. Recent examples of papers using the Fog Index include Li (2008), Biddle, Hilary, and Verdi (2009), Miller (2010), Leavy, Li, and Merkley (2011), Dougal et al. (2012), and Lawrence (2013). The Lingua Fathom software is used to calculate the readability scores. The formulas for computation of three different indices and their interpretation is as follow:

The formula for computation of Fog index is as follows:

$$Fog = (words\ per\ sentence + percent\ of\ complex\ words) \times 0.4 \quad \dots (1)$$

Table 4: Fog index description and Interpretation

Fog Index	Reading ease
≥ 18	Unreadable
14-18	Difficult
12-14	Ideal
10-12	Acceptable
8-10	Childish

Flesch Reading Ease index is calculated as follows (Flesch Index).

$$\begin{aligned}
 & \textit{Flesch Reading Ease} \\
 & = 206.8 - (1.015 \times words\ per\ sentence) \\
 & \quad - (84.6 \times syllables\ per\ word) \quad \dots (2)
 \end{aligned}$$

Table 5: Flesch Reading Ease Index scores description (FRES) and Interpretation

FRES	General reading ease scale
Below 30	Very difficult
30 - 50	Difficult
50 - 60	Fairly difficult
60 - 70	Standard
70- 80	Fairly easy
80 - 90	Easy

90 - 100	Very easy
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Source: Flesch (1948)

Flesch-Kincaid Grade level is computed as follow.

$$Flesch - Kincaid Index = 0.39 \left(\frac{total\ words}{total\ sentences} \right) + 11.8 \left(\frac{total\ syllables}{total\ words} \right) - 15.59 \quad \dots (3)$$

Table 6: Flesch-Kincaid grade level (FKGL) and Interpretation

FRES	School level
90 - 100	5 th grade
80 – 90	6 th grade
70 – 80	7 th grade
60 – 70	8 th and 9 th grade
70 – 60	10 th to 12 th grade
30 – 50	13 th to 15 th grade
Below 30	16 th to 17 th grade and above

4. Results and Analysis:

In this section, the analysis is based on the readability of 28 accounting standards (AS) and 35 Indian Accounting Standards (Ind AS) issued by Accounting Standard Board of India (ASB) and 41 International Financial Reporting Standards (IFRS) including International Accounting Standards issued by International Accounting Standard Board (IASB). Fog Index is the major index and Flesch and Flesch-Kincaid Indices are the alternative indices to check the robustness.

Readability of Accounting Standards (AS):

Fog Index, Flesch Index and Flesch-Kincaid Index are applied to existing accounting standards (AS) to evaluate the readability. As presented in **Table 7 and 8**, the median Fog Index, Flesch Index and Flesch Kincaid Index of AS are 23.38, 19.00 and 19.11 respectively. The median Fog Index of all the Ind AS is greater than 18. If Fog index is greater than 18, it is interpreted as the text is unreadable. The median Flesch index and Flesch Kincaid index are smaller than 30. If Flesch index and Flesch-Kincaid index are smaller than 30, it is described as the text is very difficult to read. Thus, the mean and median of Fog, Flesch and Flesch-Kincaid indices of the existing accounting standards indicate that these accounting standards are written in very difficult English language and very difficult to understand and interpret.

Based on Fog Index, accounting Standard-5 related to net profit or loss for the period, prior period items and changes in accounting policies is the easiest accounting standard to understand along with Accounting Standard-22 related to accounting for income taxes. Accounting Standards 17 and 24 related to segmenting reporting and discontinuing operations respectively are the most complex in terms of readability based on Fog Index. These findings are surprising because stakeholders perceive accounting for income taxes as most complex accounting standard and accounting for segment reporting as the easiest accounting standard.

Readability of Indian Accounting Standards (Ind AS):

Fog Index, Flesch Index and Flesch-Kincaid Index are also applied to Ind AS to evaluate the readability. As presented in **Table 9 and 10**, the median Fog Index, Flesch Index and Flesch Kincaid Index of Ind AS are 25.31, 14.59 and 20.44 respectively. The median Fog Index of all the Ind AS is greater than 18. If Fog index is greater than 18, it is interpreted as the text is very difficult to read. The median Flesch index and Flesch Kincaid index are smaller than 30. If Flesch index and Flesch-Kincaid index are smaller than 30, it is described as the text is very difficult to read. Thus, the mean and median of Fog, Flesch and Flesch-Kincaid indices of Ind AS indicate that these accounting standards are written in very difficult English language and very difficult to understand and interpret.

As predicted, Indian Accounting Standard-2 related to accounting for inventories is the easiest accounting standard to read based on Fog Index. Indian Accounting Standard-39 and 107 related to accounting for financial instruments and investments in associates are the most complex to read based on Fog Index. These findings are in the line of perception of different stakeholders involved in financial statements.

Readability of International Financial Reporting Standards (IFRS):

We also apply Fog Index, Flesch Index and Flesch-Kincaid Index to International Financial Reporting Standards (IFRS) to evaluate the readability. As presented in **Table 11 and 12**, the median Fog Index, Flesch Index and Flesch Kincaid Index of IFRS are 24.15, 16.29 and 19.19 respectively. The median Fog Index of all International Financial Reporting Standards is greater than 18. If Fog index is greater than 18, it is interpreted as the text is very difficult to read. The median Flesch index and Flesch Kincaid index are smaller than 30. If Flesch index and Flesch-Kincaid index are smaller than 30, it is described as the text is very difficult to read. Thus, the mean and median of Fog, Flesch and Flesch-Kincaid indices of the International

Financial Reporting Standards indicate that these accounting standards are written in very difficult English language and very difficult to understand and interpret.

In contrast to our prediction, the International Financial Reporting Standards-9 related to accounting for financial instruments is the easiest standard to read along with International Accounting Standard-2 related to accounting for inventories based on Fog Index. The International Financial Reporting Standard-12 related to disclosure of interests in other entities is the most complex accounting standard to read based on Fog Index.

6. Conclusion:

The purpose of this study is to evaluate the readability of accounting standards issued in India by Accounting Standard Board (ASB) and international financial reporting standards (IFRS) issued by International Accounting Standard Board (IASB). Fog Index, Flesch Index and Flesch Kincaid Index are applied as different proxies of readability of accounting standards.

The median Fog Index of accounting standards (AS) and Indian Accounting Standards (Ind AS) issued by ASB in India and median Fog Index International Financial Reporting Standards issued by IASB are greater than 18. This indicates that all the accounting standards are unreadable. The median Flesch index and Flesch Kincaid index of AS, Ind AS and IFRS are smaller than 30. If Flesch index and Flesch-Kincaid index are smaller than 30, it is described as the text is very difficult to read. Thus, based on all the indices the Indian accounting standards as well as international accounting standards are written in very difficult English language and very difficult to understand and interpret. The empirical evidence ¹suggest the accounting regulators to simplify the accounting standards as suggested by McIntyre¹

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Table 1: List of Indian Accounting Standards (IAS)

S. No.	Standar d No.	Title of accounting standard
1	AS 1	Disclosure of Accounting Policies
2	AS 2	Valuation of Inventories
3	AS 3	Cash Flow Statements
4	AS 4	Contingencies and Events Occurring after the Balance Sheet Date Net Profit or Loss for the period, Prior Period Items and Changes in
5	AS 5	Accounting Policies
6	AS 6	Depreciation Accounting
7	AS 7	Construction Contracts (revised 2002)
8	AS 9	Revenue Recognition
9	AS 10	Accounting for Fixed Assets
10	AS 11	The Effects of Changes in Foreign Exchange Rates (revised 2003),
11	AS 12	Accounting for Government Grants
12	AS 13	Accounting for Investments
13	AS 14	Accounting for Amalgamations
14	AS 15	Employee Benefits (revised 2005)
15	AS 16	Borrowing Costs
16	AS 17	Segment Reporting

17	AS 18	Related Party Disclosures
18	AS 19	Leases
19	AS 20	Earnings Per Share
20	AS 21	Consolidated Financial Statements
21	AS 22	Accounting for Taxes on Income. Accounting for Investments in Associates in Consolidated Financial
22	AS 23	Statements
23	AS 24	Discontinuing Operations
24	AS 25	Interim Financial Reporting
25	AS 26	Intangible Assets
26	AS 27	Financial Reporting of Interests in Joint Ventures
27	AS 28	Impairment of Assets
28	AS 29	Provisions, Contingent` Liabilities and Contingent Assets

Table 2: List of Ind Accounting Standards (Ind AS)

Synod.	Standard No.	Title of Accounting Standard
	Ind AS	
1	101	First-time Adoption of Indian Accounting Standards
	Ind AS	
2	102	Share based Payment
	Ind AS	
3	103	Business Combinations
	Ind AS	
4	104	Insurance Contracts
	Ind AS	
5	105	Non-current Assets Held for Sale and Discontinued Operations
	Ind AS	
6	106	Exploration for and Evaluation of Mineral Resources
	Ind AS	
7	107	Financial Instruments
	Ind AS	
8	108	Operating Segments
9	Ind AS 1	Presentation of Financial Statements
10	Ind AS 2	Inventories
11	Ind AS 7	Statement of Cash Flows
12	Ind AS 8	Accounting Policies, Changes in Accounting Estimate
13	Ind AS 10	Events after the Reporting Period
14	Ind AS 11	Construction Contracts
15	Ind AS 12	Income Taxes
16	Ind AS 16	Property, Plant and Equipment
17	Ind AS 17	Leases
18	Ind AS 18	Revenue
19	Ind AS 19	Employee Benefits
		Accounting for Government Grants and Disclosure of Government
20	Ind AS 20	Assistance
21	Ind AS 21	The Effects of Changes in Foreign Exchange Rates
22	Ind AS 23	Borrowing Costs

23	Ind AS 24	Related Party Disclosures
24	Ind AS 27	Consolidated and Separate Financial Statements
25	Ind AS 28	Investments in Associates
26	Ind AS 29	Financial Reporting in Hyperinflationary Financial Economies
27	Ind AS 31	Interests in Joint Ventures
28	Ind AS 32	Financial Instruments
29	Ind AS 33	Earnings per Share
30	Ind AS 34	Interim Financial Reporting
31	Ind AS 36	Impairment of Assets
32	Ind AS 37	Provisions, Contingent Liabilities and Contingent
33	Ind AS 38	Intangible Assets
34	Ind AS 39	Financial Instruments
35	Ind AS 40	Investment Property

Table 3: List of International Financial Reporting Standards (IFRS)

S.No.	Standard No.	Title of Accounting Standard
1	IAS 1	Presentation of Financial Statements
2	IAS 2	Inventories
3	IAS 7	Statement of Cash Flows
4	IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
5	IAS 10	Events after the Reporting Period
6	IAS 12	Income Taxes
7	IAS 16	Property, Plant and Equipment
8	IAS 17	Leases
9	IAS 19	Employee Benefits
10	IAS 20	Accounting for Government Grants and Disclosure of Government Assistance
11	IAS 21	The Effects of Changes in Foreign Exchange Rates
12	IAS 23	Borrowing Costs
13	IAS 24	Related Party Disclosures
14	IAS 26	Accounting and Reporting by Retirement Benefit Plans
15	IAS 27	Separate Financial Statements
16	IAS 28	Investments in Associates and Joint Ventures
17	IAS 29	Financial Reporting in Hyperinflationary Economies
18	IAS 32	Financial Instruments: Presentation
19	IAS 33	Earnings per Share
20	IAS 34	Interim Financial Reporting
21	IAS 36	Impairment of Assets
22	IAS 37	Provisions, Contingent Liabilities and Contingent Assets
23	IAS 38	Intangible Assets
24	IAS 39	Financial Instruments: Recognition and Measurement
25	IAS 40	Investment Property
26	IAS 41	Agriculture
27	IFRS 1	First-time Adoption of International Financial Reporting Standards

28	IFRS 2	Share-based Payment
29	IFRS 3	Business Combinations
30	IFRS 4	Insurance Contracts
31	IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
32	IFRS 6	Exploration for and Evaluation of Mineral Resources
33	IFRS 7	Financial Instruments: Disclosures
34	IFRS 8	Operating Segments
35	IFRS 9	Financial Instruments
36	IFRS 10	Consolidated Financial Statements
37	IFRS 11	Joint Arrangements
38	IFRS 12	Disclosure of Interests in Other Entities
39	IFRS 13	Fair Value Measurement
40	IFRS 14	Regulatory Deferral Accounts
41	IFRS 15	Revenue from Contracts with Customers

Table 7: Readability indices of existing Indian Accounting Standards

S.No.	Standard No.	Fog Index	Flesch Index	Flesch-Kincaid Index
1	AS 1	21.9156	22.5282	16.0523
2	AS 2	20.8481	25.2944	16.7303
3	AS 3	24.1103	19.1419	19.0721
4	AS 4	22.046	25.6735	17.2205
5	AS 5	19.4758	30.7217	14.5103
6	AS 6	22.3807	18.8615	18.1443
7	AS 7	22.0043	26.7773	17.7747
8	AS 9	22.2164	25.2632	17.227
9	AS 10	21.1309	27.2231	17.2072
10	AS 11	25.8778	12.3588	21.3084
11	AS 12	21.8579	26.3246	17.1751
12	AS 13	20.7885	27.5646	16.3437
13	AS 14	24.0964	13.9685	19.4623
14	AS 15	25.4477	12.8665	21.128
15	AS 16	23.276	19.3095	18.1342
16	AS 17	27.1092	4.9597	22.5259
17	AS 18	25.686	10.9934	20.5961
18	AS 19	23.0078	26.0268	19.3863
19	AS 20	25.7632	14.1972	20.8619
20	AS 21	26.4419	9.9743	21.2358
21	AS 22	20.5985	28.7131	16.8035
22	AS 23	24.8686	15.3013	19.1939
23	AS 24	28.5637	3.5031	23.1679
24	AS 25	26.9537	8.401	20.673
25	AS 26	23.4903	15.306	19.3312
26	AS 27	24.2131	17.1896	19.1545

27	AS 28	23.623	16.9428	20.5819
28	AS 29	20.7671	25.3925	16.2808

Table 8: Descriptive statistics of Readability of current Indian Accounting Standards

	Fog Index	Flesch Index	Flesch-Kincaid Index
Mean	23.52	18.96	18.83
Median	23.38	19.00	19.11
Standard Deviation	2.33	7.63	2.15
Minimum	19.48	3.50	14.51
Maximum	28.56	30.72	23.17

Table 9: Readability indices of Ind Accounting Standards (Ind AS)

S.No.	File name	Fog Index	Flesch Index	Flesch-Kincaid Index
1	Ind AS 1	25.8783	10.8201	20.6839
2	Ind AS 2	19.6553	28.8505	15.7515
3	Ind AS 7	24.284	19.007	19.2026
4	Ind AS 8	26.6701	9.4121	21.0347
5	Ind AS 10	27.1386	9.6211	21.6788
6	Ind AS 11	21.8321	27.0749	17.564
7	Ind AS 12	26.4898	9.9437	22.0152
8	Ind AS 16	21.4427	25.839	17.2895
9	Ind AS 17	21.1013	30.7568	17.4533
10	Ind AS 18	22.7735	23.4909	17.4549
11	Ind AS 19	24.8923	14.9522	20.4627
12	Ind AS 20	21.083	31.4015	15.7467
13	Ind AS 21	25.911	12.3991	20.4461
14	Ind AS 23	23.4526	19.2809	18.4532
15	Ind AS 24	26.093	9.3848	20.7406
16	Ind AS 27	26.3604	8.7968	21.4492
17	Ind AS 28	27.2969	9.4177	21.8713
18	Ind AS 29	21.0335	24.7563	16.5922
19	Ind AS 31	22.7416	22.5184	17.9792
20	Ind AS 32	27.0914	11.59	21.7549
21	Ind AS 33	25.5019	11.8057	20.9623
22	Ind AS 34	26.7367	9.5555	20.4808
23	Ind AS 36	22.7915	18.9839	19.7391
24	Ind AS 37	22.6466	22.3978	18.0677
25	Ind AS 38	22.5891	18.3777	18.6155
26	Ind AS 39	28.7744	7.3607	24.0091
27	Ind AS 40	23.825	18.9647	18.8466

28	Ind AS 101	26.6484	14.5965	20.925
29	Ind AS 102	25.4363	16.2458	20.7204
30	Ind AS 103	25.5871	7.2788	20.8738
31	Ind AS 104	25.3166	11.5676	20.2903
32	Ind AS 105	24.7313	20.8111	20.1575
33	Ind AS 106	24.8585	4.8534	19.7652
34	Ind AS 107	31.7277	-1.8817	27.0434
35	Ind AS 108	25.3692	8.6389	20.4661

Table 10: Descriptive statistics of Readability of Ind AS

	Fog Index	Flesch Index	Flesch-Kincaid Index
Mean	24.73605	15.68201	19.90249
Median	25.3166	14.5965	20.4461
Std Deviation	2.520005	7.98584	2.270307
Min	19.6553	-1.8817	15.7467
Max	31.7277	31.4015	27.0434

Table 11: Readability indices of IFRS

Standard No.	Accounting Standard Title	Fog	Flesch	Flesch-Kincaid
IAS 1	Presentation of Financial Statements	25.35	11.24	20.06

IAS 2	Inventories	19.93	27.76	15.94
IAS 7	Statement of Cash Flows	23.26	21.37	18.15
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	26.76	8.06	21.09
IAS 10	Events after the Reporting Period	25.55	12.58	19.95
IAS 12	Income Taxes	25.74	11.45	21.24
IAS 16	Property, Plant and Equipment	21.24	25.75	16.89
IAS 17	Leases	20.77	30.95	17.09
IAS 19	Employee Benefits	24.27	16.29	19.81
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	20.70	30.94	15.41
IAS 21	The Effects of Changes in Foreign Exchange Rates	24.71	14.56	19.19
IAS 23	Borrowing Costs	21.90	21.19	17.01
IAS 24	Related Party Disclosures	25.65	10.72	20.24
IAS 26	Accounting and Reporting by Retirement Benefit Plans	24.45	13.73	19.74
IAS 27	Separate Financial Statements	26.56	12.37	20.25
IAS 28	Investments in Associates and Joint Ventures	25.58	15.48	20.48
IAS 29	Financial Reporting in Hyperinflationary Economies	21.48	22.91	16.87
IAS 32	Financial Instruments: Presentation	24.92	16.63	19.71
IAS 33	Earnings per Share	24.32	14.20	19.89
IAS 34	Interim Financial Reporting	24.80	13.58	18.56
IAS 36	Impairment of Assets	22.06	19.92	18.97
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	22.64	21.50	17.96
IAS 38	Intangible Assets	22.34	18.72	18.28
IAS 39	Financial Instruments: Recognition and Measurement	23.99	19.33	19.11
IAS 40	Investment Property	23.53	20.33	18.43
IAS 41	Agriculture	21.55	18.18	17.87
IFRS 1	First-time Adoption of International Financial Reporting Standards	23.02	23.12	16.43
IFRS 2	Share-based Payment	24.15	18.69	19.39
IFRS 3	Business Combinations	23.30	14.71	18.63
IFRS 4	Insurance Contracts	23.87	15.11	18.80
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	22.48	25.92	17.87
IFRS 6	Exploration for and Evaluation of Mineral Resources	24.01	5.33	19.30
IFRS 7	Financial Instruments: Disclosures	22.04	22.07	16.96
IFRS 8	Operating Segments	24.71	10.74	19.76
IFRS 9	Financial Instruments	16.61	38.20	12.05
IFRS 10	Consolidated Financial Statements	25.84	12.01	20.57
IFRS 11	Joint Arrangements	24.41	21.33	19.42
IFRS 12	Disclosure of Interests in Other Entities	32.38	-7.06	26.89
IFRS 13	Fair Value Measurement	26.45	7.92	22.83
IFRS 14	Regulatory Deferral Accounts	32.22	-9.66	27.03
IFRS 15	Revenue from Contracts with Customers	29.81	4.45	24.92

Table 12: Descriptive statistics of Readability of IFRS

	Fog Index	Flesch Index	Flesch-Kincaid Index
Mean	24.13	16.41	19.24
Median	24.15	16.29	19.19
Standard Deviation	2.93	9.09	2.74
Minimum	16.61	-9.66	12.05
Maximum	32.38	38.20	27.03

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