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Impacto de las Normas Internacionales de Información Financiera en las Unidades Educativas Particulares

Impact of International Financial Reporting Standards on Private Educational Units

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RESUMEN

La presente investigación toma como referencia la implementación de la normativa internacional en el sector educativo, con el objetivo de dimensionar los beneficios que ha tenido la Unidad Educativa Sudamericano al aplicar las Normas Internacionales de Información Financiera (NIIF) en la elaboración de sus estados financieros. El estudio tuvo un enfoque mixto, la fase cualitativa permitió identificar las características y procesos de la normativa NIIF aplicados a la unidad de análisis, mientras que la fase cuantitativa permitió analizar la información contable de los períodos 2014 - 2018 mediante herramientas financieras. Como resultado del presente análisis a nivel general se evidenció que la adopción de las NIIF trajo dificultad desde su inicio, no obstante, al realizar el análisis financiero de los rubros más importantes de los estados financieros, se logró determinar que para el año 2018 la entidad educativa presentó una imagen fiel de sus operaciones y situación financiera.

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Descriptores: Normalización; contabilidad de costes; industria y educación; escuela. (Palabras tomadas del Tesauro UNESCO).

ABSTRACT

This research takes as a reference the implementation of international regulations in the education sector, with the aim of measuring the benefits that the South American School has had when applying International Financial Reporting Standards (IFRS) in the preparation of its financial statements. The study had a mixed-methods approach; the qualitative phase allowed identifying the characteristics and processes of the IFRS regulations applied to the analysis unit, while the quantitative phase allowed analyzing the accounting information during the 2014-2018 period using financial tools. As a result of this general analysis, it was evident that the adoption of IFRS brought difficulties from its inception, however, when performing the budgetary analysis of the most important items in the monetary statements, it was determined that the educational entity presented a faithful image of its operations and its financial situation in 2018.

Descriptors: Standardization; cost accounting; industry and education; schools. (Words taken from the UNESCO Thesaurus).

INTRODUCTION

It is indisputable that the accounting management of different organizations requires the standardization of their financial statements, to ensure that they are comparable with those of other entities. In this sense, Educational Institutions constituted as Limited or Limited Companies are not exempt from this homogenization of financial-accounting information, since they also require financial statements that contain comparable, transparent and quality information supported by articulated principles that facilitate their analysis and interpretation as well as help investors and other users in making financial decisions.

The **International Financial Reporting Standards (IFRS)** focus their usefulness on the presentation of consolidated information in the financial statements. They appear as a result of the economy and trade internalization; consequently, accounting harmonization processes are applied in order to contribute to the generation of normative parameters that regulate the economic activities of all nations. These

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norms intervene within all the social, economic, educational, business sectors, among others, to publicize the level of involvement of all these aspects (Aguirre, 2017).

The application of IFRS carries a series of impacts within the business culture, providing new practices for structuring financial information, adjustments in communication systems, training of human resources, risk analysis, management of financial indicators, analysis of tax incidence and evaluation of strategies for financial and investment decisions (Aguirre, 2017). However, its adoption has created a controversy derived from the positive and negative effects that such implementation has caused on the financial situation of companies. Therefore, this article aims to determine the financial impact on the South American School from the implementation of IFRS.

METHOD

The study was descriptive and non- experimental. The methodological approach was based on mixed-methods, that is, qualitative and quantitative (Hernández Sampieri, Fernández Collado, & Baptista Lucio, 2014). The first one, specifically, analyzed the education activity, starting from an interpretive perspective and the quantitative method allowed analyzing the information of the financial statements through the development of financial indexes and the accounting analysis of the IFRS applied in the entity (Zamora-Cabrera, Narváez-Zurita & Erazo-Álvarez, 2019).

For the investigation, a survey was applied to the personnel of the accounting and administrative area of the South American Educational Institution, to identify important aspects related to the implementation of IFRS in the entity's situation. Additionally, the accounting and financial analysis was performed to determine the effects of IFRS on the entity. The universe of study was made up of the 6 employees of the accounting area belonging to the South American Educational Institution.

RESULTS

This section shows the responses of those in charge of the accounting and administrative areas who were involved in the adoption of the IFRS of the South

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American Technological Institute. The purpose of the accounting area is not only to model the flows of components and products but also the financial flows in order to provide information on the budgetary situation of the company, to help decision-making with timely economic data.

Personnel related to the accounting area have little knowledge of IFRS, a fact that should be considered by the entity's management to take corrective measures such as staff training, since in this way; they will have a broader view of the benefits of the rules and they will also know how to act in different situations.

Regarding accounting management, it is evident that the company uses software to record all accounting activities, which is an important fact because they have more control over the income and expenses incurred in addition to timely information for decision-making when necessary.

With respect to the costs for training, 50% indicated that they were medium cost, 33% low and the rest did not answer the question, these results show the little concern of the entity to train staff when implementing the regulations.

Besides, 83% of respondents indicated that the training requirements for the implementation of IFRS were not planned. It reveals the little knowledge that staff has about the regulations.

On the other hand, 50% of respondents indicated that they receive little training on IFRS, while only 17% indicated that they have received a lot of training from the entity. Based on these results, it is necessary to maintain the accounting area staff updated due to it will provide transparent information without errors. Regarding the training hours, 33% responded that they took courses from 9 to 16 hours, while 17% from 17 to 32 hours, 17% from 1 to 8 hours, and the remaining 33% did not respond. Most respondents say that the workload was moderate when applying the regulation for the first time, 17% indicated that it was normal and the remaining 17% did not respond.

In relation to the inadequate application of the regulations, 67% of respondents indicated that the inadequate application of IFRS did generate significant impacts, on the other hand, 17% indicated that the impacts were not representative, it should be noted that the inadequate application of the regulations generate negative impacts

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respect to the presentation of information in the financial statements, making it difficult to read accounting, financial and tax information.

When evaluating the perception of those surveyed about the benefits that IFRS have in the institution, it was evident that the revaluation of the entity is placed at the end, followed by the optimization of processes, the improvement of internal reports and, finally, the anticipation of future inconveniences that affect the entity.

PROPOSAL

Now a proposal is presented taking into account the evaluation of the balance movements in the most representative accounts of the financial statements at South American Technological Institute ICOPS Cía. Ltd. during the 2014-2018 period, considering that the company prepared the financial statements in accordance with IFRS as of 2012 under the historical cost criterion.

1st. Phase. Determination of the asset accounts related to Cash and its equivalents.

Under IAS 7 cash flow statements, cash and its equivalents correspond to available funds and highly liquid investments, whether short or long term, which means that they are securities to be converted into amounts recognized in cash and they are not subject to any significant risk. It should be noted that the institution does not make loans with maturities of 3 months or less during the remaining periods.

2nd. Phase. Determination of financial instruments

According to IAS 32, accounts receivable correspond to balances receivable from related companies, therefore, they are values in favor of the entity pending collection and they should be classified according to their origin and nature.

In the case of the South American educational Institution, the accounts are treated differently since they correspond to amounts owed by the students for pensions.

In 2014, the entity's classification of accounts was as follows:

- Customers
- Loans
- Taxes
- Various advances

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- Accounts receivable

As of 2016, the entity classifies its accounts in students and also other accounts receivable.

Within the category of clients, the amounts owed by the students of the institution were recorded. Regarding IAS 32 financial instruments, the entity must classify accounts payable according to the defined terms, to establish whether they are part of equity. The entity's financial liability is mainly made up of service acquisitions; the balances of these accounts do not accrue interests and have a maturity of 30 days. On the other hand, the amount of the partners' debt was used for the construction of the institution's infrastructure.

3rd. Phase. Recognition of assets related to Property, Plant and Equipment

With respect to IAS 16 property, plant and equipment, the recognition will be at historical cost less the accumulated depreciation, using rates based on the estimated usefulness of the assets. Taking into account the straight-line method, the entity was based on the following criteria:

- Buildings: 20 years
- Furniture and fixtures: 10 years
- Vehicles: 5 years
- Computer equipment: 3 years
- Machinery and equipment: 10 years

The useful lives for each asset used by the entity were the same as those established in IFRS, therefore, no temporary differences were recorded for deferred taxes.

4th. Phase. Determination of income items (IAS18) and ordinary expenses

According to IAS, the concept of ordinary income comprises the income from activities and the profits of the entity.

The income of the institution is calculated at the fair value of the consideration for the service received or to be received, taking into account the estimated amount of any discount.

The entity's ordinary expenses are generated with the purpose of increasing ordinary income. Within the administrative expenditure items, the following aspects are

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included: the salaries of the personnel, office supplies and taxes, the sales' costs referred to the advertising carried out by the entity and financial accounts that come from the indebtedness of the business line. Expenses are variable from one period to another, with salary being the most representative. As of the year 2017, the number of students increased, generating the largest outlay of money for wages and salaries.

Among the items adapted by the application of the standard, the IFRS were adopted for first time, therefore, no variations were recorded in the account and the institution's balance was \$ 145,741.96 dollars at the end of 2018. This result has a strong weight within the assets of the company since they represented 110% of the total assets by the end of 2018. As a result, the adoption of international regulations favored the increase of equity with favorable values for the partners of the entity.

5th. Phase: Analysis of the financial statements

For the development of this section, a horizontal and vertical analysis of the financial statements for the periods 2014 - 2018 was used. Additional financial indicators were calculated to measure the impact of the application of IFRS in the unit of analysis.

The horizontal analysis allowed observing the variations of the main accounts of from one period to another. In the case of current assets during the years 2015 and 2018 there were negative variations, especially, due to the decrease in accounts receivable and current liabilities explained by accounts payable.

The company classifies financial assets according to the following categories; financial assets at fair value through profit or loss, assets held for sale until maturity, loans and accounts receivable, financial asset at the date it undertakes to sell an asset. With respect to accounts receivable, it refers to the amounts owed by clients in the normal course of their operations, due to the company's business and the services it provides. The amounts receivable have a term of 45 days.

In 2014, property, plant and equipment accounted for \$ 17,411.65, equivalent to 1.35% of total assets. At the end of 2014, the company registered \$ 10,102.88 dollars for accounts receivable which represented 1.64% of total assets; however, by 2015 this value increased to 30,654.52 dollars, that is, in 202, 53% from one period to another, which means that during these years the management of the

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administration for the recovery of accounts was not efficient. With respect to 2016, the amount of this item decreased to \$ 19,373.45 dollars representing the 1.5% of total assets. Then at the end of 2018, a considerable decline was observed as the company closed with \$ 11,203.48 dollars for accounts receivable, representing the decrease of 63% compared to 2015. This means a good management of collection, since by reducing this item the liquidity of the institution was favored.

With regard to the benefits of the company's workers, they mainly correspond to the employee profit sharing about thirteenth or fourteenth salaries as well as long-term benefits such as employer retirement and eviction. With respect to the provision, the company annually carries out the actuarial study.

For the periods 2014 - 2015, the value for employer retirement was \$ 38,278.59, decreasing by 6% for 2016, and remaining constant until 2018 with a value of \$ 36,103.09. Analyzing the obligations with the IESS, it is observed that during 2014, it was \$ 7,763.79, representing 0.70% of total assets. It increased in 2015 by 6.83%, but at the end of 2018, this account decreased by 5, 94% due to the reduction of personnel since the expenses for wages and salaries also decreased.

6th. Phase. Financial indicators

The amounts of the financial statements give an insight into the nature of the company and the results of the implementation of IFRS.

The company showed better ability to meet obligations in short term because in 2014, for every dollar the company had 0.27 cents as a support of current assets while, in 2018, it increased to 0.88 cents, which means that during the last period, the company under study had a greater capacity to face its debts. Hence, during 2018 the institution generated the highest amount of income with respect to the previous periods.

Regarding the management indexes, they made it possible to measure the effectiveness of the entity to use the available resources, the portfolio rotation presents a significant variation from one period to another due to it is 53.14% in 2018, mainly influenced by the users' lack of payment of the services provided by the company.

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Profitability indices measure the effectiveness of the company's administration to manage costs, expenses and profitability levels. In this respect, the company presented losses for the years 2014 to 2016, resulting in a negative gross margin, unlike, in 2018, the company earns a profit of \$ 2,465.82 and a profit margin of 0.0038.

DISCUSSION

The research arose due to the lack of studies related to educational institutions, whose purpose is to satisfy a set of society's needs, therefore, the information presented in the financial statements must report on the fulfillment of institutional objectives, efficiency and effectiveness of activities.

In this sense, (Orobio-Montaña, Rodríguez-Rodríguez & Acosta-Quevedo, 2019), analyzed the implementation of IFRS in SMEs in Colombia. For this, they used an information collection instrument for evaluating the level of training of personnel accountant. It was based on a scale of 1 to 5 in which the staff indicated that the level of training was between 1 and 2, being a low level. Likewise, the results obtained in this research were not satisfactory since only 40% of the staff of the educational institution indicated that they received qualification regarding the regulations.

On the other hand, (Patiño, Valero, Plata & González, 2017), when evaluating the application of the standards in higher education institutions in Colombia, they determined that, although the entities had time to train in IFRS, they did not do it. It had a great impact on the process, since it became slower due to ignorance of the regulations. On the other hand, they pointed out that the application of IFRS contributed to increase the confidence and comparability of financial information. Regarding this research, the professionals expressed that the revaluation of the entity and the anticipation of future changes that affect the economic entities are the benefits of applying the regulations.

After the South American educational Institution went through the implementation process, it had these results in the accounts such as: property, plant and equipment,

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accounting for them at fair value, maintenance and repair costs were charged to the value of operating expenses, plus accumulated depreciation and impairment items.

At a general level, it is evident that the adoption of IFRS provided the company with greater security regarding the information in the financial statements. In relation to the tax impacts, these have been low because they have not largely affected the tax items, since the company did not recognize deferred tax assets or liabilities.

Taking into consideration accounts receivable, they underwent a reclassification process according to the operating activities of the entity; however, the South American Institute does not maintain significant accounts receivable with its interested parties. The initial measurement was carried out according to value reasonable plus the costs attributed to the transaction; on the other hand, the subsequent measurement was made at amortized cost applying the effective interest method.

The financial profitability of the educational institution during the period 2014 to 2017 showed negative results due to the losses obtained in all these years, while in 2018 it recovered slightly, which suggests that education activities are not so profitable, because of private competition. Similar results found (Gavilanes, 2019) when evaluating the profitability of a private educational institution, showing that the entity loses 0.06 USD for every dollar of sales. Such result evidences that the existence of competition in the market directly affects the educational institution.

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Non- monetary.

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