

FAIR VALUE HIERARCHY PRACTICES IN INFOSYS TECH LTD AND WIPRO LTD

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DOI: <https://doi.org/10.5281/zenodo.10212466>

Published Date: 28-November-2023

Abstract: IASB has defined the concept of fair value measurement under the IFRS 13; in India MCA has defined this concept under Standard Ind- AS 113 as “fair value measurement” which would be the set of disclosures that a company must make regarding the fair value measurement practice being used. The fair value hierarchy concept, introduced under the standard of IFRS 7 in 2009, classifies the data used in the measurement according to three levels, in which two levels introduce some subjectivity in the measurement. IFRS 13 defines fair value, sets out a single framework for measuring fair value, and requires disclosures about fair value measurements. Hence, this research aims to study the disclosure of fair value measurement of the financial instruments, required by Ind AS 113, of Infosys and Wipro companies listed in the BSE Index in the year 2021. The purpose of the study is to understand the level of fair value hierarchy practices in sample companies and find the disclosure level in form of financial instruments and monetary value. The results of the study allow us to conclude that Infosys and Wipro companies listed in the BSE 30 Index companies adopt the fair value measurement principle and disclosed financial instruments based on the fair value hierarchy required by IFRS 13. It was also concluded that most financial instruments measured at fair value are classified at level 2 of the fair value hierarchy, which limits the degree of certainty about their values.

Key words: Fair value, financial instruments, Fair value hierarchy, IASB, IFRS.

1. INTRODUCTION

In a globalized era, most countries either adopt the IFRS issued by international Accounting Standards Board (IASB) or converge their country standards to the IFRS. It is expected to bring comparability and uniformity across the accounting practices. India has adopted converge IFRS as Ind AS. MCA has notified that an Ind AS shall be adopted by specific classes of companies based on their net worth and listing status. MCA has notified 41 Ind AS to apply for companies in India and phase-wise convergence to Ind AS from current accounting standards. Fair value measurements have been explained under Ind AS 113 and IFRS 13.

IFRS 13 on fair value measurement which defines fair value, which set out in one single IFRS frame work for measuring fair value. Fair value means it is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity specific measurement and its beneficial to the companies to report the amount of asset and liabilities more accurately, timely and comparable than the amounts that would be reported under the traditional accounting system. It reports updated market value of financial instruments on a regular basis so its limits to manipulation of their net income by companies.

The IASB created IFRS 13 fair value hierarchy that includes three levels:

Level 1 (Quoted market price): Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Typical examples of Level 1 inputs are prices of financial assets and liabilities traded on stock exchanges that meet the definition of an active market. An active market is a market in

which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market provides the most reliable evidence of fair value and should be used without adjustment to measure fair value whenever available.

Level 2 (Observable Inputs): The entity may not find an active market for identical assets or liabilities or even where it is to find such a market, it may not be active. The nature of measurement may be required to make adjustment to the quoted market price, of the macro-economic factors, such as interest rates, exchange rates, credit spreads, volatilities in the available market data, etc. Observable Inputs are usually available in public space and used as an aid to Level 1 input for ascertaining the measurement more accurately. Such an adjustment may be necessitated on account of Location of the Asset, limited comparability of the similar assets/liabilities in quoted markets, differentiation due to level of activity. It is important to note here that Level 2 adjustment, while important, cannot be significant to entire measurement exercise. It is expected that Level 2 inputs shall play secondary role in arriving at the fair value, mostly for the purpose of adjustment to level 1 input. However, if it observed that the Level 2 input is domineering in the entire exercise of valuation, then such a valuation would fall in the premise of lower level of input in the hierarchy.

Level 3(unobservable inputs): The most important part of these inputs is that they are usually not available on the public domain. In some cases, the data set is a derived value, existing to the imaginative reporting minds, but supported by enough evidence to substantiate that imagination. Thus, there is a lot of requirements to make the necessary assumption, collect relevant data and only then an unobservable input can be arrived at. The entity would even use its own transaction and historic data to arrive at the input. Typical examples of Level 3 inputs are long dated Currency Swaps, Decommissioning liability arising out of a Business Combination, etc. Financial forecasts, historic volatility, mid-market consensus is some of the factors which lead to Level 3 inputs.

2. LITERATURE REVIEW

Landsman W. R. (2007) this study examines the relationship between the level 2 and level 3 fair value inputs. These levels contain more measurement errors and allow managers to use their earnings management practices compared to level 1 inputs. The study is based on the descriptive method. And the researcher uses qualitative factors to study the earnings persistence of fair value hierarchy. This study finds that level 1 fair value inputs have more reliability and relevance in financial reporting. In higher proportion of level 2 and level 3 inputs in financial reporting leads to increase earnings volatility.

David Procházka (2011) This study is focused to contribute to the actual debate whether fair value accounting played the role of a messenger or a mover in the recent financial crunch and subsequent economic recession and to analyze the characteristics of fair value accounting from the economic point of view.

Dr Jasmine kaur (2013) the study stated the mutual interaction between IASB and FASB. And decided to recognize fair value accounting (FVA) over historical cost wherever possible. A Fair value accounting helps us to provide with relevant information of financial reports, and it also help investors and regulators to take decisions and the study is a conceptual frame work of fair value accounting and explain the usage of fair value is been in various accounting standards set by the IASB.

Samaddar Tarun kumar (2014) the study investigates the fair value measurement provides an appropriate accounting base for financial instruments measurement. The objective of the present study is to examine critically the existing fair value measurement in IFRS and their application while preparing financial statements of business entities in relation to financial and non-financial assets and liabilities. The research endeavour is made to examine as how to fair value accounting provide transparency in financial statements and efforts have been made to see how fair value accounting helps to achieve this goal. The study basically descriptive research and it describes phenomena as they exist which prevails in current accounting practices in India. The study is based on a qualitative one. A major part of the data collected and used by conducting research is qualitative nature.

Skoda M., & Slavikova G. (2015) this study stated that historical cost and fair value accounting not be considered as competitors both serve different purposes. This this study mainly focused on whether fair value accounting played the role of a mover in the recent financial crunch and subsequent economic recession. This study concludes that fair value measurement is not the reason for the financial crunch. Fair value measurement is an important tool to distinguish healthy companies from unhealthy companies with consideration of reliability and relevance in accounting disclosure.

Kavya I.D & Noorbasha A. (2017) the study stated the valuation practices adopted by companies as per accounting policies and reveals permission by reporting standards to use fair value measurement for non-financial assets among listed companies. The study exhibits IFRS has been increased permission for fair value measurement but it's not increased fair valuation practice among sample organization. The study found IFRS has more fair value measurement compared to Indian GAAP.

3. OBJECTIVES OF THE STUDY

- ❖ To examine the requirements of Ind AS 113 for reporting of fair value practices.
- ❖ To analyse the fair value hierarchy practices.
- ❖ To examine the Stake holder's awareness and perception about fair value hierarchy practices.

4. HYPOTHESIS OF THE STUDY

Hypothesis-1: There is no significance difference between number of financial instruments disclosed in level 1 by Infosys technologies ltd and Wipro ltd.

Hypothesis-2: There is no significance difference between number of financial instruments disclosed in level 2 by Infosys technologies ltd and Wipro ltd.

Hypothesis-3: There is no significance difference between number of financial instruments disclosed in level 3 by Infosys technologies ltd and Wipro ltd.

Hypothesis-4: There is no significance difference between number of financial instruments disclosed in level 3 by Infosys technologies ltd and Wipro ltd.

Hypothesis-5: There is no significance difference between in monetary value of financial instruments disclosed under level 2 by Infosys technologies ltd and Wipro ltd.

Hypothesis-6: There is no significance difference between in monetary value of financial instruments disclosed under level 3 by Infosys technologies ltd and Wipro ltd.

Hypothesis-7: There is no significant difference in the level of perception of Fair Value hierarchy practices among students.

5. RESEARCH METHODOLOGY

This chapter describes the research methodology framework underpinning the investigations taken up in the study. Two methods of data collection process are involved to carry out the objectives of the study - collection of primary and secondary data. Secondary data was collected to examine the level of compliance with fair value accounting guidelines in the annual reports of information technologies companies and for the purpose of identifying the information needs of users of accounting for fair value, primary data collection method was adopted. The unit describes the research procedures used in the study.

5.1 Scope of the study: The present study has focused on only two information technology companies listed in BSE 30 Index that are Infosys and Wipro companies. And study concentrate only on those who adopt Ind AS in their financial reporting. And the research period is based on the availability of time and resources, and the period of study consists of one year (2021).

5.2 Population and Sample: The description of the population and sample for both primary and secondary data included in the study is discussed in detail in the following section.

5.3 Population of Respondents: The population for collection of primary data consists of users of fair value hierarchy information in the annual reports of sample companies. Population for the study includes information technology companies listed in BSE 30 index.

5.4 Sample of respondents: fair value concept has high scope in financial reporting of companies and it provides relevant and reliable information to users of companies' financial statements. Users of accounting disclosure information are investors, shareholders, lenders accounting professionals and students. Due to availability of time and resources the study

has chosen students as respondents to examine the perception about fair value hierarchy practices in listed companies. The sample respondents for this study restricted to 50 students who are perusing master of commerce.

5.5 Sample of information technology companies: out of the population of 30 BSE index companies, researcher has chosen Infosys and Wipro companies by using convenience sampling method.

SL NO	COMPANY NAME
1	Infosys technologies ltd
2	Wipro ltd

5.6 Research instruments: the research instruments will collect the qualitative data from user of fair value accounting information through a questionnaire. The questionnaires consist dichotomous questions.

5.7 Content analysis: Content analysis is a research tool used to determine the presence of certain words, themes, or concepts within some given qualitative data (i.e., text). Using content analysis, researchers can quantify and analyze the presence, meanings and relationships of such certain words, themes, or concepts. To examine the requirements for recognition, measurement and disclosure of fair value under Ind AS 113. And to examine the student’s perception of Fair Value hierarchy information. The data has collected from annual reports of sample companie

5.8 Data collection:

Primary data: primary data has been collected from the sample of individual respondent using research instruments

Secondary data: secondary data has been collected from accounting standards which are Ind AS, IFRS and other different accounting standards. Fair value of hierarchy disclosure information of sample companies’ information has collected from annual report of in the year 2021.

6. DATA ANALYSIS AND INTERPRETATION

Table 1: company financial Instrument which is comes under Level -1 of hierarchy

HIERARCHY LEVEL		Level 1		
SL NO	Financial Instruments	Infosys ltd	Wipro ltd	Total
1	Investment in mutual funds	1	1	2
2	Investment in government bonds	1	0	1
3	Investment in equity Instruments	0	1	1
4	Investment in certificate deposit/commercial paper	0	1	1
5	Investment in non- convertible debenture	1	0	1
6	Investment in tax free bonds	1	0	1
7	Corporate bonds	0	0	0
8	Investment carried at fair value through profit and loss	0	0	0
9	Investment in preference securities	0	0	0
10	Investment in fixed maturity plan securities	0	0	0
11	Investment in government securities	1	0	1
12	Investment in compulsory convertible debenture	0	0	0
13	Other investment	0	0	0
14	Forward and option contract	0	0	0
15	Short term mutual funds	0	1	1
16	Cash flow hedges	1	0	1
17	Equity instrument other than subsidiaries	0	0	0

(Source: Author Calculation)

Table 2: Company financial instruments which are comes under Level-2

HIERARCHY LEVEL		Level 2		
SL NO	Financial Instruments	Infosys ltd	Wipro	Total
1	Investment in mutual funds	0	0	0
2	Investment in government bonds/securities/treasury bonds	1	0	1
3	Investment in equity Instruments	0	0	0
4	Investment in certificate deposit/commercial paper	1	1	2
5	Investment in non- convertible debenture	1	1	2
6	Investment in tax free bonds	1	0	1
7	Corporate bonds	0	0	0
8	Investment carried at fair value through profit and loss	0	0	0
9	Investment in preference securities	0	0	0
10	Investment in fixed maturity plan securities	1	0	1
11	Investment in government securities	0	0	0
12	Investment in compulsory convertible debenture	0	0	0
13	Other investment	0	0	0
14	Forward and option contract	1	0	1
15	Short term mutual funds	0	0	0
16	Cash flow hedges	0	1	1
17	Equity instruments other than subsidiaries	0	0	0

(Source: Author Calculation)

Table 3: Companies financial instruments which are comes under Level-3

		Level 3		
SL NO	Financial Instruments	Infosys ltd	Wipro	Total
1	Investment in mutual funds	0	1	1
2	Investment in government bonds	0	0	0
3	Investment in equity Instruments	1	1	2
4	Investment in certificate deposit/commercial paper	0	0	0
5	Investment in non- convertible debenture	0	0	0
6	Investment in tax free bonds	0	0	0
7	Corporate bonds	0	0	0
8	Investment carried at fair value through profit and loss	0	0	0
9	Investment in preference securities	1	0	1
10	Investment in fixed maturity plan securities	0	0	0
11	Investment in government securities	0	0	0
12	Investment in compulsory convertible debenture	1	0	1
13	Other investment	1	0	1
14	Forward and option contract	0	0	0
15	Short term mutual funds	0	0	0
16	Cash flow hedges	0	0	0
17	Equity instruments other than subsidiaries	1	0	1

(Source: Author Calculation)

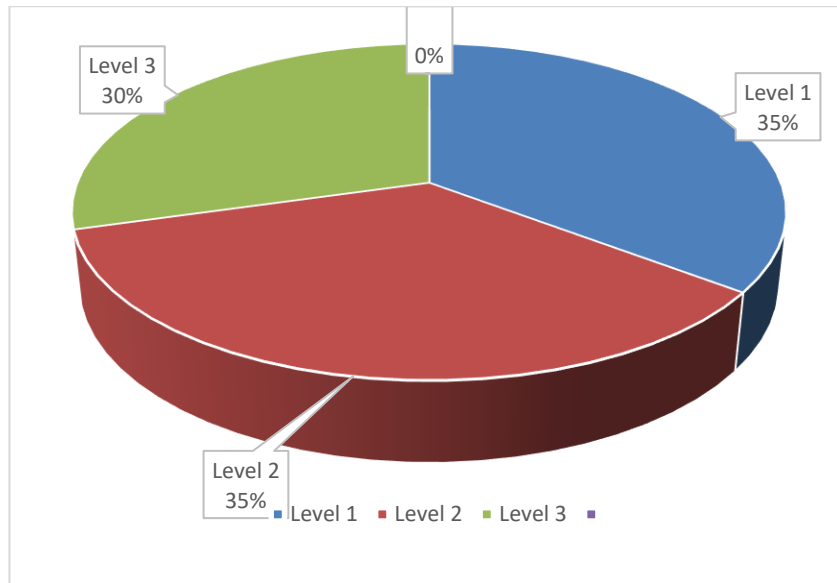
Table 4: Companies financial instruments which are comes under level 1, 2, 3

Particular	Infosys Technologies ltd		Wipro ltd	
	F.I	%	F.I	%
Level 1	6	35.29%	4	44.44%
Level 2	6	35.29%	3	33.33%
Level 3	5	29.41%	2	22.22%
Total	17	100%	9	100%

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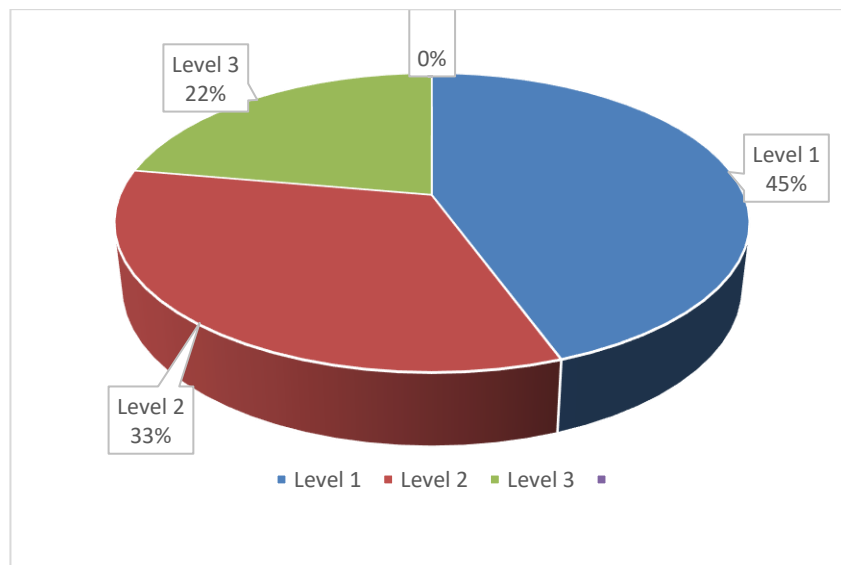
FI- FINANCIAL INSTRUMENTS

Fig: 1. Fair value hierarchies of financial instruments disclosed by Infosys technology ltd



From the above Figure 1 it shows that Infosys technologies ltd is disclosed around 35% of the financial instruments in level 1, 35% of the financial instruments have been disclosed under level 2 and remaining 30% of financial instruments disclosed under level 3 fair value hierarchy.

Fig: 2. Fair value hierarchies of financial instruments disclosed by Wipro ltd



From the above Figure 2 it shows that Wipro ltd is disclosed around 45% of the financial instruments in level 1, 33% of the financial instruments have been disclosed under level 2 and remaining 22% of financial instruments disclosed under level 3 fair value hierarchy.

Table No 5: Two Sample T test results based on total financial instruments disclosed by Infosys technologies limited and Wipro ltd in level 1 fair value hierarchy.

Company	Mean	Standard Deviation	Mean Difference	standard Deviation	Standard Error mean	T	Degree of freedom	P value
Infosys technologies ltd	0.3529	0.49259						
			0.11765	0.69663	0.16896	0.696	16	0.496
Wipro ltd	0.2353	0.43724						

There is significance evidence to conclude that there is a significance difference between financial instruments disclosed by Infosys technologies limited and Wipro ltd in level 1 fair value hierarchy at 0.496% level of significance therefore null hypothesis rejected and alternative hypothesis accepted.

Table No 6: Two Sample T test results based on total financial instruments disclosed by Infosys technologies limited and Wipro ltd in level 2 fair value hierarchy.

Company	Mean	Standard Deviation	Mean Difference	standard Deviation	Standard Error mean	T	Degree of freedom	P value
Infosys technologies ltd	0.3529	0.49259						
			0.17647	0.52859	0.12820	1.376	16	0.188
Wipro ltd	0.1765	0.39295						

There is significance evidence to conclude that there is a significance difference between financial instruments disclosed by Infosys technologies limited and Wipro ltd in level 1 fair value hierarchy at 0.188% level of significance therefore null hypothesis rejected and alternative hypothesis accepted.

Table No 7: Two Sample T test results based on total financial instruments disclosed by Infosys technologies limited and Wipro ltd in level 3 fair value hierarchy.

Company	Mean	Standard Deviation	Mean Difference	standard Deviation	Standard Error mean	T	Degree of freedom	P value
Infosys technologies ltd	0.4697	0.11391						
			0.17647	0.52859	0.12820	1.376	16	0.188
Wipro ltd	0.33211	0.08055						

There is significance evidence to conclude that there is a significance difference between financial instruments disclosed by Infosys technologies limited and Wipro ltd in level 3 fair value hierarchy at 0.188% level of significance therefore null hypothesis rejected and alternative hypothesis accepted.

Table No 8: The fair value hierarchy of assets & liabilities as at March 31, 2021 are as follows

In ₹ Crore

SL NO	Financial Instruments	Level 1	
		Company	
		Infosys technologies ltd	Wipro ltd
1	Investment in mutual funds	1326	-
2	Investment in government bonds	14	-
3	Investment in equity Instruments	-	-
4	Investment in certificate deposit/commercial paper	-	-
5	Investment in non- convertible debenture	4085	-
6	Investment in tax free bonds	1352	-
7	Corporate bonds	-	-
8	Investment carried at fair value through profit and loss	-	-
9	Investment in preference securities	-	-
10	Investment in fixed maturity plan securities	-	-
11	Investment in government securities	5302	-
12	Investment in compulsory convertible debenture	-	-
13	Other investment	-	-
14	Forward and option contract	-	-
15	Short term mutual funds	-	22750
16	Cash flow hedges	100	-
17	Equity instruments other than subsidiaries	-	26
	Total	12179	22776

(Source: Author Calculation)

Table No 9: The fair value hierarchy of assets & liabilities as at March 31, 2021 are as follows

In ₹ Crore

SL NO	Financial Instruments	Level 2	
		Company	
		Infosys technologies ltd	Wipro ltd
1	Investment in mutual funds	-	-
2	Investment in government bonds	-	-
3	Investment in equity Instruments	-	-
4	Investment in certificate deposit/commercial paper	-	-
5	Investment in non- convertible debenture	295	-
6	Investment in tax free bonds	1161	-
7	Corporate bonds	-	-
8	Investment carried at fair value through profit and loss	-	-
9	Investment in preference securities	-	-
10	Investment in fixed maturity plan securities	-	-
11	Investment in government securities	-	-
12	Investment in compulsory convertible debenture	-	-

13	Other investment	-	-
14	Forward and option contract	178	-
15	Short term mutual funds	-	-
16	Cash flow hedges	-	4065
17	Equity instruments other than subsidiaries	-	-
	Total	1634	4065

(Source: Author Calculation)

Table No 10: The fair value hierarchy of assets & liabilities as at March 31, 2021 are as follows

In ₹ Crore

SL NO	Financial Instruments	Level 3	
		Company	
		Infosys technologies ltd	Wipro ltd
1	Investment in mutual funds	-	-
2	Investment in government bonds	-	-
3	Investment in equity Instruments	2	-
4	Investment in certificate deposit/commercial paper	-	-
5	Investment in non- convertible debenture	-	-
6	Investment in tax free bonds	-	-
7	Corporate bonds	-	-
8	Investment carried at fair value through profit and loss	-	-
9	Investment in preference securities	165	-
10	Investment in fixed maturity plan securities	-	-
11	Investment in government securities	-	-
12	Investment in compulsory convertible debenture	-	-
13	Other investment	42	-
14	Forward and option contract	-	-
15	Short term mutual funds	-	-
16	Cash flow hedges	-	-
17	Equity instruments other than subsidiaries	-	117
	Total	216	117

(Source: Author Calculation)

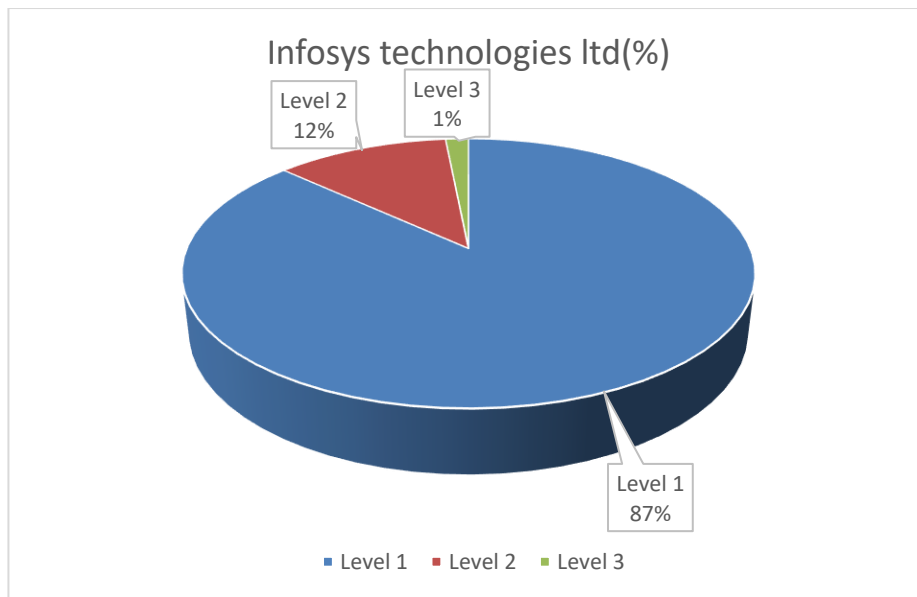
Table No 11: The fair value hierarchy of assets & liabilities as at March 31, 2021

₹ In crores

Particular	Infosys Technologies ltd		Wipro ltd	
	AMT ₹	%	AMT ₹	%
Level 1	12179	86.81%	22776	84.49%
Level 2	1634	11.65%	4065	15.08%
Level 3	216	1.54%	117	0.43%
Total	14029	100%	26958	100%

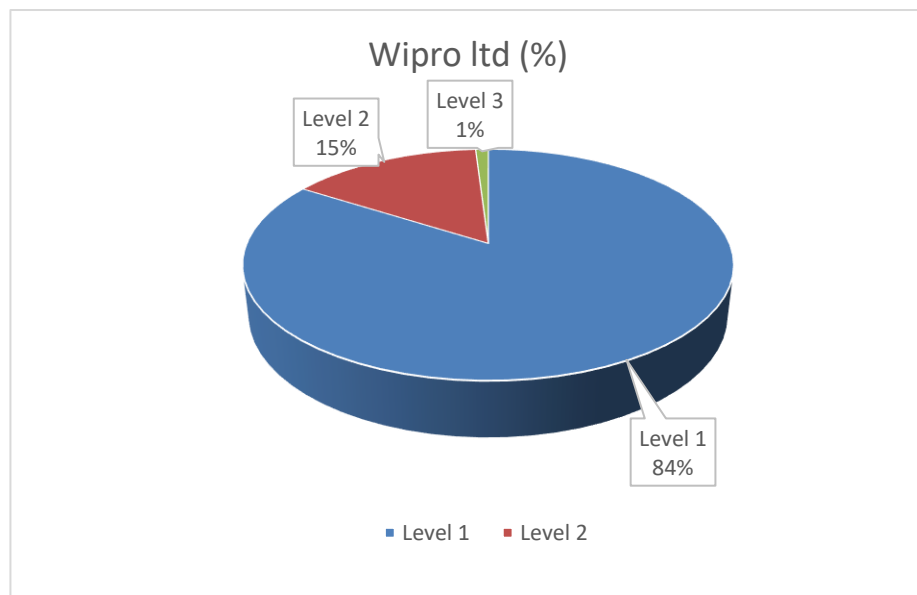
INDEX: AMT= AMOUNT

FIG No 3: The fair value hierarchy of assets & liabilities as at March 31, 2021



From the above figure 3 it shows that Infosys technologies ltd is disclosed ₹ 12179 Crore (87%) of the financial instruments in level 1, ₹ 1634 Crore (12 %) of the financial instruments have been disclosed under level 2 and remaining ₹ 216 crore (1%) of financial instruments disclosed under level 3 fair value hierarchy.

FIG No 4: The fair value hierarchy of assets & liabilities as at March 31, 2021



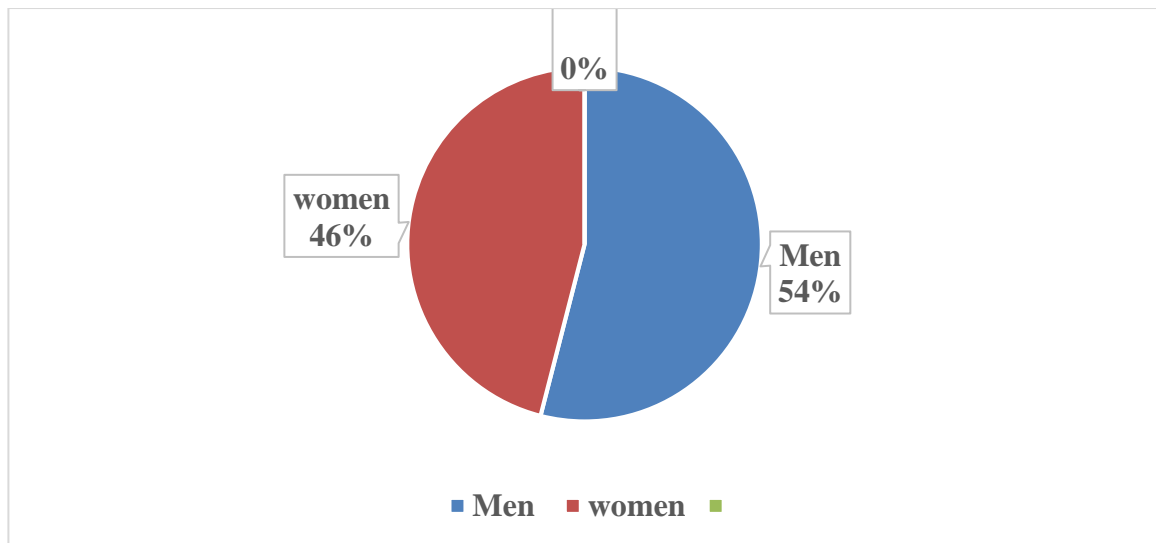
From the above figure 4 it shows that Wipro ltd is disclosed ₹ 22776 Crore (84%) of the financial instruments in level 1, ₹ 4065 Crore (15 %) of the financial instruments have been disclosed under level 2 and remaining ₹ 117 crore (1%) of financial instruments disclosed under level 3 fair value hierarchy.

ANALYSIS AND INTERPRETATION OF MASTER OF COMMERCE STUDENTS PERCEPTION ABOUT FAIR VALUE HIERARCHY PRACTICES

Table No 12: GENDER WISE CLASIFICATION OF RESPONDENTS

Particulars	No of respondents	percentage
Men	27	54%
women	23	46%
Total	50	100%

FIG No 5: GENDER WISE CLASIFICATION OF RESPONDENTS

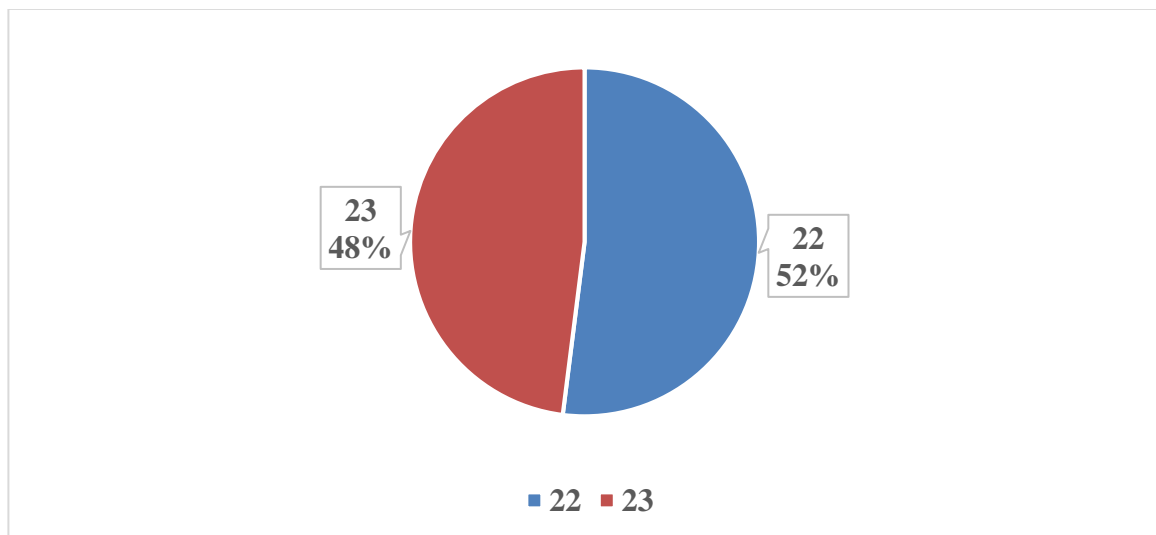


The above figure 5 shows that, out of 50 respondents 27 (54%) are male and rest of the sample 23 (46%) are from female.

TABLE NO-13 AGE WISE CLASIFICATION OF RESPONDENTS

Particulars	No of respondents	percentage
22	26	52%
23	24	48%
Total	50	100%

Fig No 6: AGE WISE CLASIFICATION OF RESPONDENTS

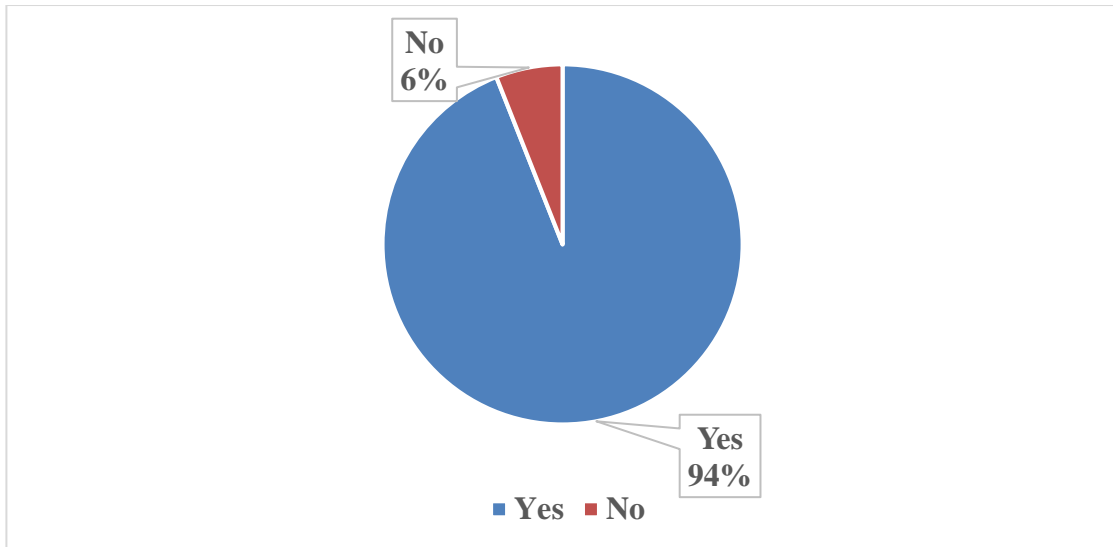


From the Figure 6 shows that out of 50 respondents 22 (52%) are 22 years old and 23 (48%) respondents are 23 years old.

TABLE NO 14: Do you think Ind AS 113 has larger scope than other Ind AS?

Particulars	No of respondents	percentage
Yes	47	94%
No	03	06%
Total	50	100%

Fig No 7: Ind AS 113 has larger scope than other Ind AS

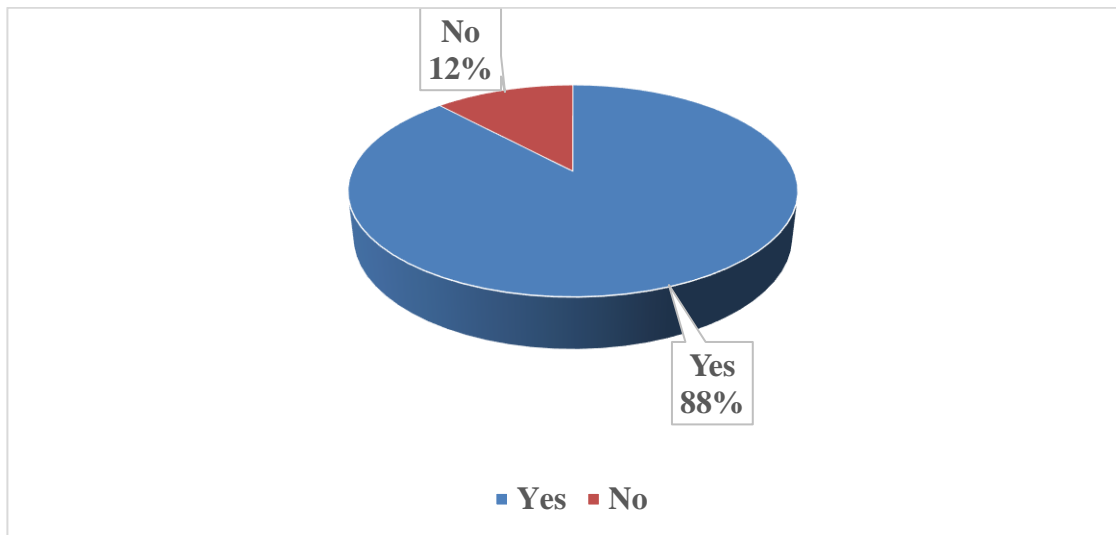


From the above figure 7 shows that, out of 50 respondents 47(94%) respondents have said that Ind AS 113 has larger scope than other Ind AS. and remaining 03(06%) said “No” it means Ind AS 113 is not having much scope other Ind AS.

TABLE NO 15: Fair value measurements is principle-based accounting

Particulars	No of respondents	percentage
Yes	44	88%
No	06	12%
Total	50	100%

Fig No 8: fair value measurement is principle-based accounting

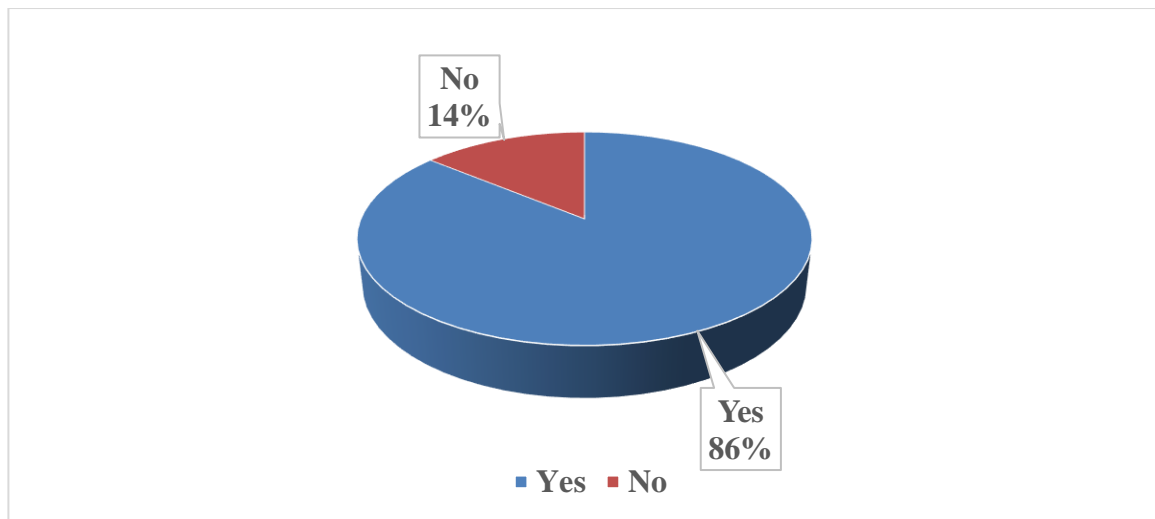


The above figure 8 shows that, among 50 respondents 44 (88%) respondents have said that Fair value measurement is principle-based accounting. and remaining respondents 06 (12%) said “No” it means Fair value measurement is not principle-based accounting.

TABLE NO 16: Fair value is a market-based measurement not an entity specific measurement

Particulars	No of respondents	percentage
Yes	43	86%
No	07	14%
Total	50	100%

Fig No 9: Fair values are a market-based measurement not an entity specific measurement

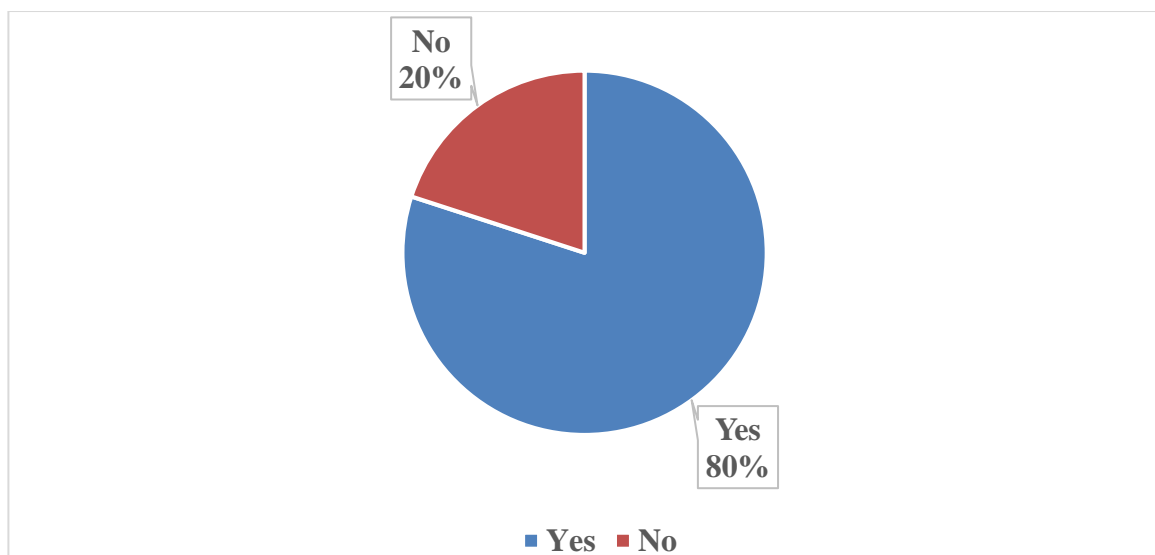


The above figure 9 shows that, among 50 respondents 43 (86%) respondents have said that Fair value is a market-based measurement not an entity specific measurement. And remaining respondents 07 (14%) said “No” it means Fair value is not a market-based measurement it is an entity specific measurement.

Table No 17: Do you think listed companies in India follow the requirements of Ind AS 113?

Particulars	No of respondents	Percentage
Yes	40	80%
No	10	20%
Total	50	100%

Fig No 10: listed companies in India follow the requirements of Ind AS 113

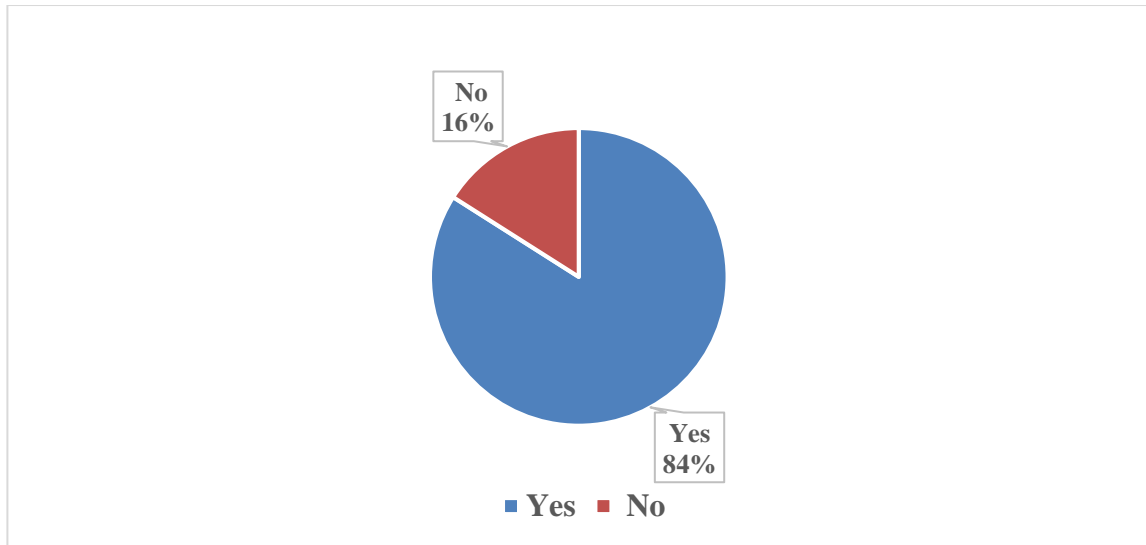


The above figure 10 shows that, among 50 respondents 40 (80%) respondents have said that Indian listed companies follow the requirements of Ind AS 113 and remaining respondents 10 (20%) are not accepting that Indian listed companies are following the requirements of Ind AS 113.

Table No 18: Fair value hierarchy gives reliable and relevant information to the users

Particular	No of respondents	percentage
Yes	42	84%
No	08	16%
Total	50	100%

Fig No 11: Fair value hierarchy gives reliable and relevant information to the users

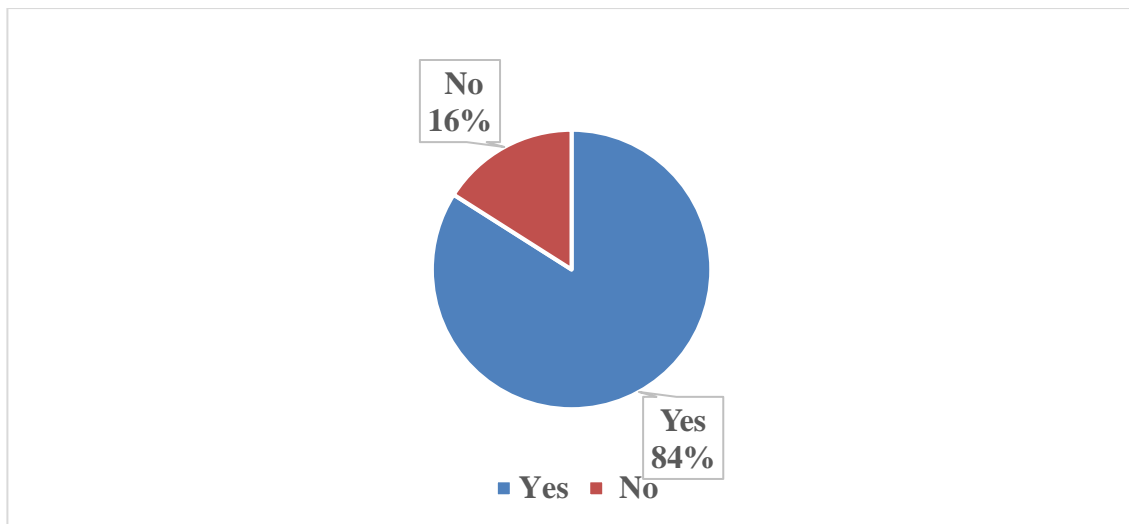


The above figure 11 shows that, among 50 respondents 42 (84%) respondents have said that Fair value hierarchy gives more reliable and relevant information to the users. And remaining respondents 08 (16%) are not accepting that Fair value hierarchy gives more reliable and relevant information to the users.

Table No 19: Do you think adoption of fair value increases the scalability?

Particular	No of respondents	percentage
Yes	42	84%
No	08	16%
Total	50	100%

Fig No 12: Adoption of fair value increases the scalability

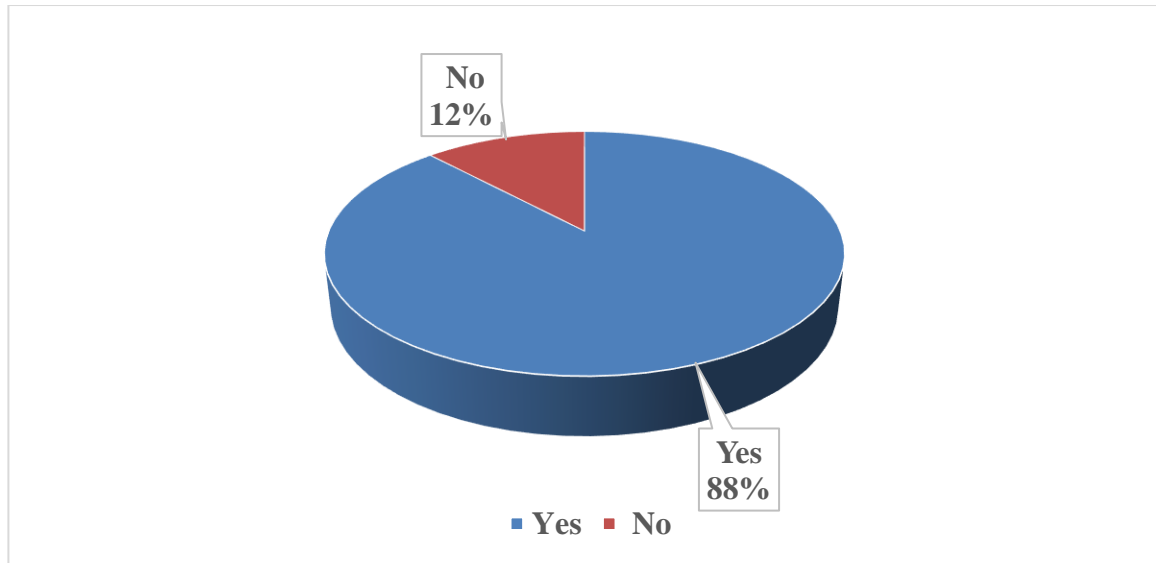


The above figure 12 shows that, among 50 respondents 42 (84%) respondents have said that adoption of fair value increases the scalability and remaining respondents 08 (16%) said “No” for the statement that is the adoption of fair value increases the scalability.

Table No 20: Is there is any difference among levels of fair value hierarchy system.

Particular	No of respondents	percentage
Yes	44	88%
No	06	12%
Total	50	100%

Fig No 13: If there is any difference among levels of fair value hierarchy system.

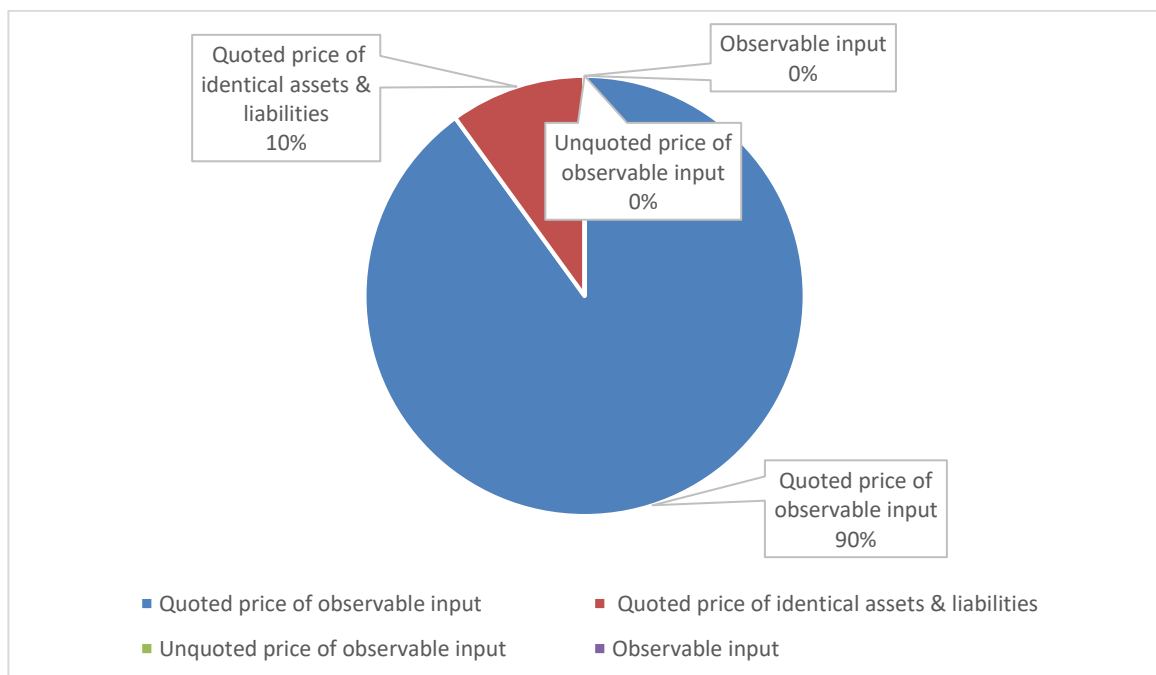


The above figure 13 shows that, among 50 respondents 44 (86%) respondents have said that there is a difference between levels of fair value hierarchy system. And remaining respondents 06 (14%) did not accept that there is a difference between levels of fair value hierarchy system.

Table No 21: If yes, level one is based on

Particular	No of respondents	percentage
Quoted price of observable input	45	90%
Quoted price of identical assets & liabilities	05	10%
Unquoted price of observable input	00	00%
Observable input	00	00%
Total	50	100%

Fig No 14: Level one is based on

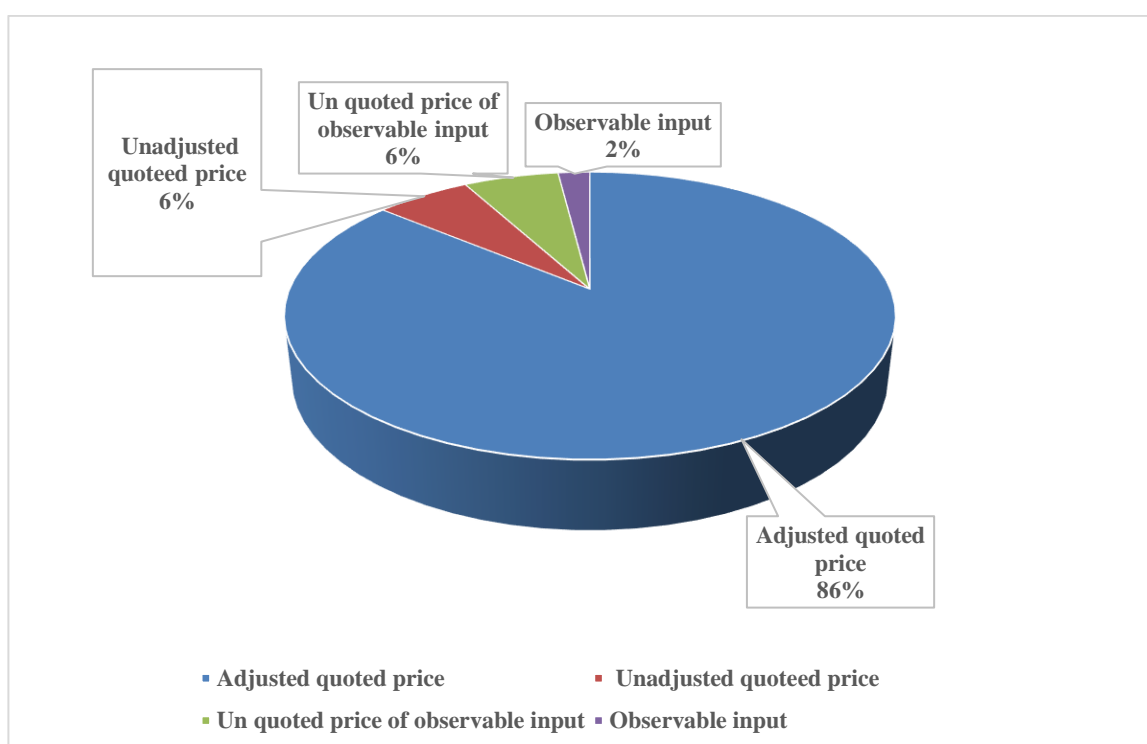


The above figure 14 shows that, among 50 respondents 45(90%) respondents have said that level one is based on quoted price observable input , 05 (10%) respondents have said level one is based on Quoted price of identical assets & liabilities and no one respondents have chosen further remaining options such as Unquoted price of observable inputs and observable inputs.

Table No 22: If yes, level two is based on

Particular	No of respondents	percentage
Adjusted quoted price	43	86%
Unadjusted quoted price	03	06%
Un quoted price of observable input	03	06%
Observable input	01	02%
Total	50	100%

Fig No 15: Level two is based on

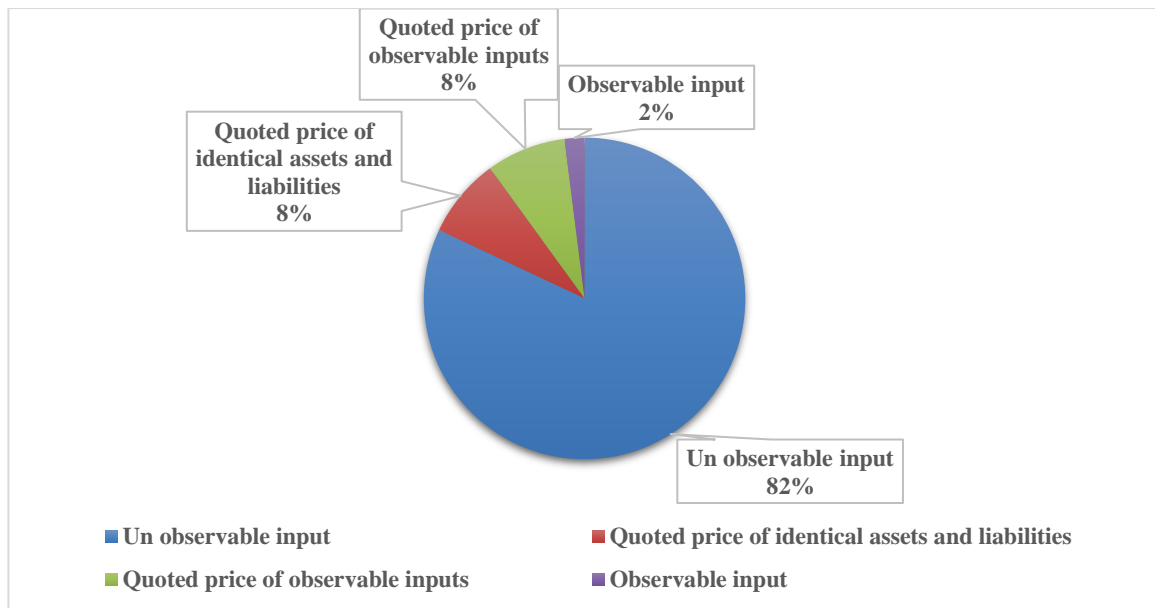


The above figure 15 shows that, among 50 respondents 43(86%) respondents have said that level two is based on Adjusted quoted price, 03 (06%) respondents have said level two is based on Unadjusted quoted price and 03 (06%) respondents have said that level two is based on Un quoted price of observable input and remaining 01 (02%) respondents have said that level two is based on Observable input.

Table No 23: If yes, level three is based on

Particular	No of respondents	percentage
Un observable input	41	82%
Quoted price of identical assets and liabilities	04	08%
Quoted price of observable inputs	04	08%
Observable input	01	02%
Total	50	100%

Fig No 16: If yes, level three is based on



From The above figure 16 shows that, among 50 respondents 41(82%) respondents have said that level three is based on Un observable input, 04 (08%) respondents have said level three is based on Quoted price of identical assets and liabilities. And 04 (08%) respondents have said level three is based on Quoted price of observable inputs. And remaining 01 (02%) respondents have said the level three is based on Observable input.

Table No 24: Computation of majority perception from the respondent’s average percentage

Questions	Majority perception of The respondents (%)
Do you think Ind AS 113 has larger scope than other Ind AS.	94%
Fair value measurement is principle-based accounting.	88%
Fair value is a market-based measurement not an entity specific measurement.	86%
Do you think listed companies in India follow the requirements of Ind AS 113.	80%
Fair value hierarchy gives reliable and relevant information to the users.	84%
Do you think adoption of fair value increases the scalability?	84%
If there is any difference among levels of fair value hierarchy system.	88%
If yes, level one is based on	90%
If yes, level two is based on	86%
If yes, level three is based on	82%
Total	862%
Average percentage	86.2%

7. FINDINGS

- There a considerable difference between number of financial instruments disclosed under level 1 by Infosys technologies ltd and Wipro ltd.
- There a considerable difference between number of financial instruments disclosed under level 2 by Infosys technologies ltd and Wipro ltd.
- There a considerable difference between number of financial instruments disclosed under level 3 by Infosys technologies ltd and Wipro ltd.
- There a significance difference between monetary value of financial instruments disclosed under level 1 by Infosys technologies ltd and Wipro ltd. Therefore, out of ₹14029 crores of total monetary value of financial instruments Infosys

technologies ltd has disclosed ₹12179 crores in level 1 fair value hierarchy. In Wipro ltd out of ₹26958 crores of total monetary value of financial instruments Wipro ltd has disclosed ₹22776 crores in level 1. Hence Infosys technologies ltd has disclosed more financial instruments disclosed in level 1 fair value hierarchy.

- There a significance difference between monetary value of financial instruments disclosed under level 2 by Infosys technologies ltd and Wipro ltd. Therefore, out of ₹14029 crores of total monetary value of financial instruments Infosys technologies ltd has disclosed ₹1634 crores in level 2 fair value hierarchy. In Wipro ltd out of ₹26958 crores of total monetary value of financial instruments Wipro ltd has disclosed ₹4065crores in level 2. Hence Wipro ltd has disclosed more financial instruments disclosed in level 2 fair value hierarchy.
- There a significance difference between monetary value of financial instruments disclosed under level 3 by Infosys technologies ltd and Wipro ltd. Therefore, out of ₹14029 crores of total monetary value of financial instruments Infosys technologies ltd has disclosed ₹216 crores in level 3 fair value hierarchy. In Wipro ltd out of ₹26958 crores of total monetary value of financial instruments Wipro ltd has disclosed ₹117crores in level 3. Hence Wipro ltd has disclosed less financial instruments disclosed in level 3 fair value hierarchy.
- Out of 50 respondents 27 (54%) are male and rest of the sample 23 (46%) are from female.
- Out of 50 respondents 22 (52%) are 22 years old and 23 (48%) respondents are 23 years old.
- Out of 50 respondents 47(94%) respondents have said that Ind AS 113 has larger scope than other Ind AS. And remaining 03(06%) said “No” it means Ind AS 113 is not having much scope other Ind AS.
- Among 50 respondents 44 (88%) respondents have said that Fair value measurement is principle-based accounting. And remaining respondents 06 (12%) said “No” it means Fair value measurement is not principle-based accounting.
- Among 50 respondents 43 (86%) respondents have said that Fair value is a market-based measurement not an entity specific measurement. And remaining respondents 07 (14%) said “No” it means Fair value is not a market-based measurement it is an entity specific measurement. Among 50 respondents 41(82%) respondents have said that level three is based on Un observable input, 04 (08%) respondents have said level three is based on Quoted price of identical assets and liabilities. And 04 (08%) respondents have said level three is based on Quoted price of observable inputs. And remaining 01 (02%) respondents have said the level three is based on Observable input.
- Among 50 respondents 40 (80%) respondents have said that Indian listed companies follow the requirements of Ind AS 113 and remaining respondents 10 (20%) are not accepting that Indian listed companies are following the requirements of Ind AS 113.
- Among 50 respondents 42 (84%) respondents have said that Fair value hierarchy gives more reliable and relevant information to the users. And remaining respondents 08 (16%) are not accepting that Fair value hierarchy gives more reliable and relevant information to the users.
- Among 50 respondents 42 (84%) respondents have said that adoption of fair value increases the scalability and remaining respondents 08 (16%) said “No” for the statement that is the adoption of fair value increases the scalability.
- Among 50 respondents 44 (86%) respondents have said that there is a difference between levels of fair value hierarchy system. And remaining respondents 06 (14%) did not accept that there is a difference between levels of fair value hierarchy system.
- Among 50 respondents 45(90%) respondents have said that level one is based on quoted price observable input, 05 (10%) respondents have said level one is based on Quoted price of identical assets & liabilities and no one respondents have chosen further remaining options such as unquoted price of observable inputs and observable inputs.
- Among 50 respondents 43(86%) respondents have said that level two is based on Adjusted quoted price, 03 (06%) respondents have said level two is based on Unadjusted quoted price and 03 (06%) respondents have said that level

two is based on Un quoted price of observable input and remaining 01 (02%) respondents have said that level two is based on Observable input.

- Among 50 respondents 41(82%) respondents have said that level three is based on Un observable input, 04 (08%) respondents have said level three is based on Quoted price of identical assets and liabilities. And 04 (08%) respondents have said level three is based on Quoted price of observable inputs. And remaining 01 (02%) respondents have said the level three is based on Observable input.
- Through all the questions we have asked to the master of commerce students we found that 86.2% of students are aware about fair value hierarchy.

8. SUGGESTIONS

Companies must adopt Ind AS 113 Fair value measurement. And in the case of adoption of fair value hierarchy there are three levels of fair value hierarchy so, most of the companies should disclose their all-financial instruments in level 1 fair value hierarchy therefore it increases transference and reliability of the financial statements of the company. Researcher also suggest that companies to disclose more monetary value in level 1 fair value hierarchy so, it shows the real worth of the asset as of that date or relevant information on time. Compare to level 2 and level 3 of fair value hierarchy it's better to disclose more financial instruments in level 2 fair value hierarchy. In terms of monetary value level 2 is better than level 3 so companies should try to disclose monetary value in level 2 fair value hierarchy. Companies should try to less disclosing financial instruments in level 3 fair value hierarchy, so this could bring more reliable-Ness towards the company's financial statements that could be helpful for attract investors. There should less disclosing monetary value in level 3 fair value hierarchy in the financial statements of the company so, this could bring more reliable-Ness towards the company's financial statements that could be helpful for attract investors.

9. CONCLUSION

Today's world economy requires greater use of fair value measurement in reporting because it is perceived that fair value information is more relevant to investor than historical information. So now a day's most of the companies are adopting Ind AS 113 to measure financial instruments at fair value, by practicing fair value hierarchy companies classified their financial instrument based on inputs used so it increases reliability of financial disclosure of respected companies.

As the researcher found in this study based on the two major leading information technology companies in India i.e, Infosys technologies limited and Wipro limited has been practices of fair value accounting principle in their financial reporting under three levels i.e., level 1, level 2 and level 3, so for as a result shown that both of the companies following level 1& level 2 than showing in level 3 in their financial disclosure of financial instruments. Results more accurate, transparency, and reliable to the stakeholder and the management.

As in the awareness study, the found the 86.2%of master of commerce students were aware of fair value hierarchy practices of fair value measurement. However, there are most of the studies need to be conducted to make shower that not only academicians and professionals and also every stake holder & publics need to be understood. This piece of study considers the two companies and as of researcher knowledge considering many companies and taking ten- and more-year data will results quality of research.

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