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# Abstrakt

**Zweck:** Ziel dieser Studie ist es, zu erläutern, wie österreichische und deutsche Unternehmen ihren Kontenplan entwickeln und pflegen, um die nationalen Rechnungslegungsvorschriften (GAAP) sowie die internationalen Rechnungslegungsstandards (IFRS) einzuhalten.

**Aufbau/Methodik/Vorgehensweise:** Aus der Perspektive der Prozesstheorie führten wir eine interpretative Interviewstudie mit sechsundzwanzig Teilnehmenden durch.

**Ergebnisse:** Unsere Forschung erweitert die bestehende Literatur zum Kontenplan in zweierlei Hinsicht. Erstens zeigen wir, dass die Pflege kompakter und nachhaltiger Kontenpläne eine kontinuierliche Überprüfung und Anpassung im Rahmen zentral gesteuerter Prozesse erfordert, in denen unterschiedliche Stakeholder-Interessen ausbalanciert werden. Zweitens identifizieren wir acht Kernaktivitäten, die üblicherweise in einer IFRS-Umstellung vorliegen. Zu diesen zählen Planungs- und Projektmanagement, Einbindung externer Expertise, Koordination mit Stakeholdern, IT-abhängige Überleitungsmethoden, Entwicklung eines Unternehmensverständnisses, Identifikation von GAAP-Unterschieden, Anpassungen des Kontenplans sowie Unterstützung bei der praktischen Anwendung. Trotz der Unterschiede zwischen nationalem GAAP und IFRS führen diese nicht zwangsläufig zu Anpassungen.

**Beschränkung/Implikationen:** Aufgrund des branchenübergreifenden Ansatzes bildet die Studie überwiegend allgemeine Trends ab, während branchenspezifische Details nur eingeschränkt berücksichtigt werden. Zukünftige Forschung kann sich auf ausgewählte Branchen konzentrieren, um branchenspezifische Dynamiken zu untersuchen. Zudem limitieren unterschiedliche IT-Softwareanbieter und die Beschränkung auf Österreich und Deutschland die Übertragbarkeit der Ergebnisse. Der Forschungsrahmen zukünftiger Studien kann um zusätzliche GAAPs oder einheitlichen IT-Systemumgebungen erweitert werden. Schließlich könnte eine gleichmäßige Verteilung von Praktiker:innen sowie Berater:innen eine ausgewogene Repräsentation interner und externer Expertise gewährleisten.

**Originalität/Wert:** Unsere Forschung liefert Einblicke in ein bislang wenig erforschtes Thema mit Schwerpunkt auf unternehmensübergreifende Prozesse und Muster in der Entwicklung und Pflege von Kontenplänen. Darüber hinaus identifiziert sie potenzielle Anpassungen eines Kontenplans, die sich aus Unterschieden zwischen UGB oder HGB und IFRS ergeben.

**Schlüsselwörter:** Kontenplan, internationale Rechnungslegungsstandards (IAS/IFRS), österreichisches Unternehmensgesetzbuch (UGB), deutsches Handelsgesetzbuch (HGB)

# Abstract

**Purpose:** The purpose of this study is to elucidate how Austrian and German companies develop and maintain their accounting chart to comply with national Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS).

**Design/methodology/approach:** From the perspective of process theory, we conducted an interpretative interview study with twenty-six participants.

**Findings:** Our research offers a twofold extension of the accounting chart literature. First, we show that maintaining a lean and durable accounting chart requires continuous review and adjustment within centrally governed processes that balance diverse stakeholder interests. Second, we identify eight core activities that are typically involved in IFRS transitions, including planning and project management, inclusion of external expertise, stakeholder coordination, IT-based reconciliation, development of a corporate understanding, identification of GAAP differences, accounting chart adjustments, and support in the application. Despite differences between national GAAP and IFRS, these do not necessarily require adjustments.

**Research limitations/implications:** This study is limited by its cross-industry focus, which captures overall trends rather than industry-specific details. Future research could examine single industries to explore industry-specific dynamics. The inclusion of firms using different IT software providers and the restriction to participants from Austria and Germany may further limit the transferability of our findings. Thus, the research framework of future studies can include additional GAAPs or a uniform IT system. Finally, although both practitioners and advisers were included, future research could ensure an equal distribution of both parties to provide a balanced representation of internal and external knowledge.

**Originality/value:** Our research provides insights into an under-researched topic with an emphasis on cross-company processes and patterns in accounting chart development and maintenance. Additionally, it identifies potential adjustments to an accounting chart resulting from differences between UGB or HGB and IFRS.

**Keywords:** Accounting charts, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Austrian Commercial Code (UGB), German Commercial Code (HGB)

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# Table of Contents

|          |                                                                                |           |
|----------|--------------------------------------------------------------------------------|-----------|
| <b>1</b> | <b>Introduction (Florian Fischer)</b>                                          | <b>8</b>  |
| <b>2</b> | <b>Research background</b>                                                     | <b>11</b> |
| 2.1      | <i>Process theory (Florian Fischer)</i>                                        | 11        |
| 2.2      | <i>Purpose of accounting charts (Florian Fischer)</i>                          | 12        |
| 2.3      | <i>Standardised accounting charts in Austria and Germany (Florian Fischer)</i> | 12        |
| 2.4      | <i>Maintenance of accounting charts (Florian Fischer)</i>                      | 15        |
| 2.5      | <i>Purpose of IFRS (Caroline Waczek)</i>                                       | 15        |
| 2.6      | <i>Transition to IFRS reporting (Caroline Waczek)</i>                          | 16        |
| 2.7      | <i>Regulatory differences between national GAAP and IFRS (Caroline Waczek)</i> | 19        |
| <b>3</b> | <b>Methodological approach (Florian Fischer)</b>                               | <b>25</b> |
| 3.1      | <i>Sample and data collection</i>                                              | 25        |
| 3.2      | <i>Data analysis</i>                                                           | 27        |
| <b>4</b> | <b>Presentation and discussion of findings</b>                                 | <b>31</b> |
| 4.1      | <i>Common accounting chart issues (Florian Fischer)</i>                        | 31        |
| 4.2      | <i>Accounting charts for IFRS (Caroline Waczek)</i>                            | 36        |
| 4.3      | <i>Examples of IFRS bookkeeping (Florian Fischer)</i>                          | 48        |
| <b>5</b> | <b>Conclusions (Caroline Waczek)</b>                                           | <b>55</b> |
| 5.1      | <i>Managerial Relevance</i>                                                    | 57        |
| 5.2      | <i>Limitations and Future Research</i>                                         | 58        |
| <b>6</b> | <b>References</b>                                                              | <b>59</b> |
| <b>7</b> | <b>Appendix</b>                                                                | <b>70</b> |

## II. List of Tables

|                                                                                     |    |
|-------------------------------------------------------------------------------------|----|
| <b>Table 1</b> Structure of Austrian and German standardised accounting charts..... | 14 |
| <b>Table 2</b> Phases within the process of an IFRS transition.....                 | 18 |
| <b>Table 3</b> Participant recruitment procedure.....                               | 26 |
| <b>Table 4</b> List of interview participants. ....                                 | 28 |
| <b>Table 5</b> Calculation of revenue. ....                                         | 48 |
| <b>Table 6</b> Calculation of lease liability. ....                                 | 53 |

## III. List of Figures

|                                                         |    |
|---------------------------------------------------------|----|
| <b>Figure 1</b> Multiple GAAP reporting approaches..... | 20 |
| <b>Figure 2</b> Data structure with examples. ....      | 30 |
| <b>Figure 3</b> Interview guide.....                    | 70 |

## IV. List of Abbreviations

|            |                                                          |
|------------|----------------------------------------------------------|
| EKR .....  | <i>Austrian Standardised Accounting Chart</i>            |
| ERP .....  | <i>Enterprise Resource Planning</i>                      |
| GAAP ..... | <i>Generally Accepted Accounting Principles</i>          |
| GKR .....  | <i>Joint Accounting Chart of Industrial Associations</i> |
| HGB .....  | <i>German Commercial Code</i>                            |
| IAS .....  | <i>International Accounting Standards</i>                |
| IASB ..... | <i>International Accounting Standards Board</i>          |
| IASC ..... | <i>International Accounting Standards Committee</i>      |
| IFRS ..... | <i>International Financial Reporting Standards</i>       |
| IKR .....  | <i>Industrial Accounting Chart</i>                       |
| OCI .....  | <i>Other Comprehensive Income</i>                        |
| UGB .....  | <i>Austrian Commercial Code</i>                          |

# 1 Introduction

Many countries have adopted International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) over the past decades. Since 1989, when the first IAS was published by the International Accounting Standards Committee (IASC), IFRS have expanded globally and are now applied by companies in more than 140 countries (IFRS Foundation, 2025). While still adhering to national law, entities listed on European stock markets have been required to publish consolidated financial statements in accordance with IFRS since 2005. These standards represent a single set of accounting principles (Cordazzo, 2013) that impact the recognition, measurement, presentation and disclosure of financial information (Delvaille et al., 2005; Napier & Stadler, 2020). Although overlaps exist between national and international Generally Accepted Accounting Principles (GAAP), deviations between regulations remain (Buchwald & Hoffmann, 2024; Cordazzo, 2013; Fülbier et al., 2017; Haller & Wehrfritz, 2013). These differences must, therefore, be recorded to comply with the diverging requirements. To this purpose, it may be necessary to adjust the company accounting chart, herein referred to as ‘accounting chart’ (Vanhoof et al., 2014, 2016; Vanhoof & Aerts, 2014).

Although IFRS standards have been in use for more than two decades (Cordazzo, 2013), we are yet to fully understand how companies manage the transition to IFRS and what impacts it has on their accounting practices. Most IFRS transition literature focuses on the implications of IFRS reconciliation on value relevance (e.g., Beckman et al., 2007; Hung & Subramanyam, 2007; Kouki, 2018). To the best of our knowledge, scholarly research has so far been silent on how accounting charts are affected when transitioning to IFRS. Enhancing our understanding of accounting charts and IFRS adoption allows us to derive meaningful implications for research and practice regarding IFRS transition.

Accounting charts are essential in preparing financial statements by organising financial data (Bechtel, 1995; Cooper & Pattanayak, 2011; Gröjer, 2001; Hayes & Silva, 1992). Regulatory differences between IFRS and national GAAPs, such as the Austrian Commercial Code (*Unternehmensgesetzbuch*, UGB) and the German Commercial Code (*Handelsgesetzbuch*, HGB), require reconciliations between the accounting frameworks (Fifield et al., 2011; Fülbier et al., 2017; Haller et al., 2009). Accounting transactions that must be presented differently under IFRS may affect the development and maintenance of accounting charts. However, most research so far focuses on accounting chart evolution (e.g., Bechtel,

1995; Mattessich & Küpper, 2003; Richard, 1995), integration of accounting charts into broader IT systems (e.g., Sánchez-Rodríguez & Spraakman, 2012; Spraakman et al., 2018; Wang et al., 2009), and public sector accounting charts (e.g., S. Jorge et al., 2022; S. M. Jorge et al., 2019). It is therefore imperative to examine how companies develop and maintain their accounting chart to ensure compliance with both national GAAP and IFRS requirements.

The aim of this study is therefore to elucidate procedures of Austrian and German companies for developing and maintaining their accounting charts to comply with IFRS. By considering multiple perspectives, we are able to develop a comprehensive understanding (Cheney, 2000) that captures practitioners' firm-specific insights and advisers' experiences across multiple organisations. We employ a qualitative interview research aimed at answering the following research question: *How do Austrian and German companies develop and maintain their IFRS accounting chart?* To this purpose, we employ an interpretative approach that seeks to understand current situations by exploring how organisations and their members perceive and make sense of their experiences. This approach examines organisational perspectives and viewpoints, which are analysed and synthesised into broader conceptual categories that reflect a shared understanding of reality. It acknowledges that interpretations may differ across organisations and highlights their capacity to construct and adopt their own understandings of the worlds in which they operate (Burrell & Morgan, 1979).

The contribution of this study is twofold. First, we extend the accounting chart literature by identifying actions required to maintain an accounting chart and retain its lean and durable structure. Accounting charts require regular reviews and occasional revisions in response to diverse internal and external developments. The maintenance of accounting charts is usually a standardised and centrally governed process that considers the interests of various stakeholders and seeks to mitigate the challenges of a lean, distinct, and durable accounting chart. Second, we contribute to the IFRS accounting chart literature by identifying eight core activities to consider when transitioning to IFRS. A successful transition relies on thorough planning and project management to address administrative tasks. External advisers can be involved to support developing an IFRS accounting chart and to help minimising errors in the resulting financial statements. In addition, conversations with relevant internal stakeholders are essential to ensure that the accounting chart meets the differing requirements. The chosen IT system determines approaches for reconciling multiple GAAPs, which, in turn, directly affects the accounting chart. To identify differences between national GAAP and IFRS and to accurately record them, practitioners need a profound understanding of the company and its environment. The GAAP differences, however, do not always require an adjustment to the accounting chart.

For example, segment reporting and revenue recognition for most industries can often be addressed with supplementary information. However, Other Comprehensive Income, goodwill, and leases usually require new IFRS accounts to be created. These IFRS adjustments are typically made to an existing accounting chart rather than creating a new one. To support proper use of the accounting chart, companies can provide an accounting manual and offer IFRS trainings. While accounting harmonisation is generally supported in practice, the mandatory introduction of a standardised IFRS accounting chart would contradict the principles-based nature of IFRS and could not capture all company- and sector-specific characteristics. A preferred alternative to this is provided by IFRS 18, which offers a structural framework while avoiding excessive restrictions on companies' existing accounting charts.

The remainder of this study is organised as follows. Section two outlines the research background, and the underlying theoretical lens for this research. Section three addresses the interpretative approach employed for both data collection and data analysis. The findings derived from the Austrian and German contexts are discussed in section four together with bookkeeping examples. Finally, section five offers concluding remarks, elaborates on the managerial significance, and addresses limitations as well as future research agendas.

## 2 Research background

### 2.1 Process theory

The aim of this study is to understand how Austrian and German companies develop and maintain their IFRS accounting chart. We therefore adopt Van de Ven & Poole's (1995) process theory as a theoretical lens to investigate this process. In the context of our research, process theory explains 'how and why an organizational entity changes and develops' (Van de Ven & Poole, 1995, p. 512). This framework comprises four process theories that offer different explanations of event progression. These are life-cycle, teleological, dialectical and evolutionary theory. We apply the teleological theory, according to which the 'purpose or goal is the final cause for guiding movement of an entity' (Van de Ven & Poole, 1995, pp. 515).

The appropriateness of this theory is supported by prior studies that adopted the same framework in contexts such as IFRS transition and Enterprise Resource Planning (ERP) system implementation (e.g., Maradona & Chand, 2018; Peng & van der Laan Smith, 2010; J. Williams et al., 2013). Maradona & Chand (2018) and Peng & van der Laan Smith (2010) investigate the convergence processes of national GAAPs with IFRS using teleological theory. These articles advocate that this framework is useful for analysing development towards IFRS convergence by considering different patterns and practices. Further, J. Williams et al. (2013) examine organisational processes in developing and implementing ERP systems, while highlighting the role of actors. The study shows that the teleological theory is also useful for researching the change process of IT systems by considering the actors' principles and values.

We opted to frame our analysis with Van de Ven & Poole's (1995) teleological process theory. This theory emphasises the functions, accomplishments, or components needed to develop towards a defined end state, without prescribing any series of events or development paths. In this study, we argue that an entity strives to design its accounting chart for proper application, thereby complying with legal accounting requirements (Bechtel, 1995; Cooper & Pattanayak, 2011). Accordingly, companies operating under multiple GAAPs must adapt their accounting chart to incorporate differences between legal frameworks (Vanhoof et al., 2014, 2016; Vanhoof & Aerts, 2014). Teleological process theory thus enables our study to reveal how a company changes and develops towards its defined goal (Van de Ven & Poole, 1995) of an IFRS accounting chart. Its adoption also allows us to capture the challenges that arose during the process of adjusting the accounting chart.

## 2.2 Purpose of accounting charts

The general purpose of accounting charts is to organise financial data in preparation for financial statements (Bechtel, 1995; Cooper & Pattanayak, 2011; Gröjer, 2001; Hayes & Silva, 1992). Accounting charts list all accounts, each consisting of a title and a number. The accounts are classified into the categories revenue, expenses, assets, liabilities and equity (Hayes & Silva, 1992; Vanhoof et al., 2014). Business transactions are recorded by posting them to the respective accounts within these categories. Collectively, the postings constitute the ledger (Vanhoof et al., 2014), from which a trial balance is prepared. The trial balance shows the accounts with their debit and credit amounts. Further, it serves as a basis for preparing the balance sheet and the income statement (Kuter et al., 2017; Peragallo, 1956).

Accounting charts serve several purposes, including recording and reporting transactions, evaluating resource consumption and measuring performance. Organisations also use their accounting chart in budgeting and resource allocations for future operations (Carroll, 2013). Furthermore, drawing on Cooper & Pattanayak (2011), additional purposes include managing cash, assets, and liabilities as well as preparing statistical reports. Beyond these operational functions, accounting charts enhance the comparability of financial information, which allows greater consistency in accounting practices (S. M. Jorge et al., 2019).

Accounting chart literature distinguishes between accounting charts and standardised accounting charts (e.g., Bechtel, 1995; Carroll, 2013; Coenenberg & Schoenfeld, 1990; Hayes & Silva, 1992; Mattessich & Küpper, 2003). Standardised accounting charts at a national level can enhance the comparability, reliability, and quality of financial statements. However, standardised accounting charts at the EU level do not provide enough flexibility for individual country regulations (Eurostat, 2017; S. Jorge et al., 2022). While both Austria and Germany provide at least one standardised accounting chart, their application is not mandatory (Bechtel, 1995; Wagenhofer, 1995). The standardised accounting charts often serve as a basis for the accounting charts, which can be individually tailored ‘to the nature, size, organizational structure and legal form of the company’ (Bechtel, 1995, p. 284).

## 2.3 Standardised accounting charts in Austria and Germany

Early forms of accounting charts were introduced when double-entry bookkeeping initially appeared. However, the first standardised accounting charts were established at the end of the 19<sup>th</sup> century. The focus was on the standardisation of financial statements and emerged from

the need to harmonise the presentation of corporate accounts and enhance the comprehensibility for auditors. A revolution in the standardised accounting charts is Eugen Schmalenbach's model from 1927. It presents a ten-class accounting system that combines the single-circle system with the circuit principle. According to the single-circle system, accounts of both financial and operational accounting are integrated (Richard, 1995).<sup>1</sup> Under the circuit principle, the account classes get organised while considering the degrees of 'the order in which the goods circulate in the different phases of the economic process' (Richard, 1995, p. 88). Further, accounting chart literature recognises Schmalenbach's model as an archetype for subsequent developments of standardised accounting charts in Europe (e.g., Käfer, 1965; Mueller, 1965; Richard, 1995; von Colbe, 1996).

Among those accounting charts was the mandatory Reich's accounting chart, introduced in Germany under National Socialist leadership (Richard, 1995). Thereafter, the Reich's accounting chart served as the basis for the Joint Accounting Chart of Industrial Associations (*Gemeinschaftskontenrahmen industrieller Verbände*, GKR). The GKR comprises ten classes and follows the single-circle system. Also, it aligns with the process classification, which organises the account classes by the phases of the production process. While classes 0 to 3 are used for financial accounting issues, classes 4 to 8 serve operational accounting, and class 9 is used to combine results from financial and operational accounting. Although the GKR was widely applied in the German industry at that time, it was intended to be replaced by the Industrial Accounting Chart (*Industriekontenrahmen*, IKR). However, companies initially continued to use the GKR because of the costs associated with the change and the internal requirements of their parent entities (Bechtel, 1995).

In contrast to the GKR, the IKR follows the dual-circle system. This consists of two individual accounting circles, where data must be recorded separately. The first accounting circle is used for financial accounting and comprises account classes 0 to 8. Thus, it should be organised in line with the financial statement classification, which groups those accounts into account classes that are reported under the same or related items in the financial statements. For example, revenue accounts are grouped into class 5, which aggregates to the earnings of the income statement. The second accounting circle comprises account class 9 and is intended for operational accounting. (Bechtel, 1995).

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<sup>1</sup> The terms financial accounting and operational accounting are not defined by Richard (1995). However, according to Coenenberg & Schoenfeld (1990), financial accounting serves external reporting, while operational accounting serves internal control.

In Austria, the Austrian Standardised Accounting Chart (*Österreichischer Einheitskontenrahmen*, EKR) is published by the Austrian Chamber of Tax Advisors and Public Accountants. It was initially developed in 1947 by the Austrian Committee for Economic Efficiency. Following the Accounting Amendment Act, the accounting chart was extensively revised in 2016. In contrast to the German accounting charts, the EKR is intended only for financial accounting. Thus, it aligns with the structure of the balance sheet and the income statement. (Austrian Chamber of Tax Advisors and Public Accountants, 2017). Table 1 presents an overview of the standardised accounting chart structures of the GKR, IKR and EKR.

**Table 1**

Structure of Austrian and German standardised accounting charts.

| Account Class | GKR <sup>a</sup>                                    | IKR <sup>b</sup>                | EKR <sup>c</sup>                                                             |
|---------------|-----------------------------------------------------|---------------------------------|------------------------------------------------------------------------------|
| 0             | Fixed assets and long-term capital                  | Intangible and tangible assets  | Fixed assets                                                                 |
| 1             | Current financial assets and short-term liabilities | Financial assets                | Inventories                                                                  |
| 2             | Neutral expenditure and revenues                    | Current assets and prepayments  | Other current assets and prepaid expenses, deferred tax assets               |
| 3             | Materials                                           | Equity and provisions           | Provisions, liabilities, accruals and deferred income                        |
| 4             | Consumption of goods in production                  | Liabilities and deferred income | Operating income                                                             |
| 5             | Cost centres                                        | Revenues                        | Cost of materials and other purchased manufacturing services                 |
| 6             |                                                     | Operating expenses              | Personnel expenses                                                           |
| 7             |                                                     | Further expenses                | Depreciation and other expenses                                              |
| 8             | Cost units and revenues                             | Profit and loss account         | Financial income and financial expenses, income taxes, movement in reserves  |
| 9             | Financial statement                                 | Operational accounting issues   | Equity, contributions of unreal silent partners, closing and record accounts |

*Notes:* The table is based on the Austrian Chamber of Tax Advisors and Public Accountants (2017, p. 41) and Bechtel (1995, pp. 291, 295).

<sup>a</sup> Account classes 0 to 3 are used for financial accounting, 4 to 8 for operational accounting and account class 9 for the results of financial and operational accounting.

<sup>b</sup> Account classes 0 to 8 are used for financial accounting, and account class 9 is used for operational accounting.

<sup>c</sup> All account classes are used solely for financial accounting.

## 2.4 Maintenance of accounting charts

Few studies in the accounting chart literature investigate the maintenance of accounting charts. Although maintaining an accounting chart is essential for retaining its purposes (Cooper & Pattanayak, 2011), research so far has focused on different research paths. These include the evolution of accounting charts (e.g., Bechtel, 1995; Mattessich & Küpper, 2003; Richard, 1995), the integration of accounting charts in broader IT systems (e.g., Sánchez-Rodríguez & Spraakman, 2012; Spraakman et al., 2018; Wang et al., 2009), and the development of public sector accounting charts (e.g., S. Jorge et al., 2022a; S. M. Jorge et al., 2019).

Accounting charts should be reviewed and adjusted over time to meet the requirements from different stakeholders (Carroll, 2013; Cooper & Pattanayak, 2011). For example, hierarchical changes resulting from mergers and acquisitions can trigger adjustments to accounting charts. Specifically, the acquired or merged company should adopt the parent company's accounting chart and provide a conversion table with historical data to allow integration into the parent company's reporting. In addition, product and market developments can create a need for adjusting an accounting chart (Carroll, 2013). These planned adjustments should be announced and approved by all relevant stakeholders (Cooper & Pattanayak, 2011).

When adjusting an accounting chart, it should be ensured that accounts for all relevant business matters are included. Their account classes also need to be sufficiently detailed to fulfil report and control purposes, while remaining clearly distinguishable from each other and avoiding redundancy. The structure should remain internally consistent, with a coherent numbering logic that enhances user friendliness and reduces potential mistakes. Also, an accounting chart should retain its flexibility to provide 'room for growth, change and future reporting requirements' (Cooper & Pattanayak, 2011, p. 11). Further, companies with an excessive number of unnecessary accounts should consider eliminating them, while retaining historical data (Cooper & Pattanayak, 2011) to satisfy statutory retention obligations (Bechtel, 1995).

## 2.5 Purpose of IFRS

The purpose of IFRS, according to the IFRS Foundation, is to establish a standardised accounting language that contributes to the transparency, accountability, and efficiency in global financial markets (IFRS Foundation, 2025). IFRS provides a single set of internationally applicable accounting standards that aims to achieve global accounting harmonisation

(Cordazzo, 2013). Transparency, as defined by the IFRS Foundation, increases under IFRS by making financial information more qualitative and comparable for decisions of different stakeholders (Hoogervorst & Prada, n.d.). A review of the empirical literature generally supports the increase in transparency (Daske et al., 2008; De George et al., 2016; Masoud, 2024). This, in turn, allows external parties to gain greater insights into a company's financial situation (Daske et al., 2008). Accountability is described by the IFRS Foundation as the reduction of the information gap between the preparer and the user of financial statements, thereby holding management responsible (Hoogervorst & Prada, n.d.). This aligns with the concept of Stewardship, which emphasises that a key objective of financial statements is to inform those who provide resources about how these resources are controlled and used by those responsible (Gjesdal, 1981). Empirical evidence from Masoud (2024) shows that greater accountability mitigates corruption and promotes fairer allocation of resources. Moreover, economic efficiency, according to the IFRS Foundation, increases since applying IFRS helps investors identify opportunities and risks (Hoogervorst & Prada, n.d.). Drawing on the literature review, the increase in efficiency is generally supported (Chen et al., 2013; Mohsin et al., 2020; Schleicher et al., 2010).

To date, IFRS is applied in more than 140 different countries worldwide, highlighting its role as accounting language (IFRS Foundation, 2025). Its mandatory adoption for listed companies in the European Union in January 2005 marked a major milestone, making it one of the most significant changes in recent financial reporting history (Fifield et al., 2011).

## 2.6 Transition to IFRS reporting

For the initial transition to IFRS reporting, the International Accounting Standards Board (IASB) has issued IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The standard sets out requirements for how a company should prepare and present its first set of IFRS financial statements.<sup>2</sup> This includes requirements to prepare an opening IFRS statement of financial position, as well as to retrospectively disclose comparative information from previous periods for all statements (IFRS 1 First-Time Adoption of International Financial Reporting Standards, 2022). In contrast to this detailed regulatory guidance, academic research takes a different perspective on the IFRS transition.

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<sup>2</sup> The set of financial statements comprises a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity, a statement of cash flows, and notes (IAS 1 Presentation of Financial Statements, 2024).

Existing accounting literature generally acknowledges the transition to IFRS reporting as a process (e.g., Bengtsson & Argento, 2023; De George et al., 2013, 2016; Jermakowicz & Gornik-Tomaszewski, 2006; Judge et al., 2010; Weaver, 2014). Yet, a fine-grained analysis of the IFRS literature shows that we currently have limited knowledge of the actions required to move to IFRS reporting. To date, most studies focus on the effects of an IFRS transition (e.g., Golubeva, 2023; Hung & Subramanyam, 2004; Iatridis & Rouvolis, 2010; Kouki, 2018; Kvaal & Nobes, 2011). To the best of our knowledge, only two publications address the sequence of procedural steps when transitioning to IFRS.

Among these publications are Jermakowicz & Gornik-Tomaszewski (2006), who use KPMG's original phases of a transition project. This model was later revised by KPMG International (2009) into three core phases, yet with a focus on the IT system. In the first phase, differences between national GAAP and IFRS are identified, and the potential impacts of the transition on accounting, reporting, IT systems, and stakeholders are assessed. In the second phase, decisions on accounting and reporting issues are made, and accounting manuals, system blueprints and staff training plans are developed. In the third phase, reporting packages and guidelines are released, employees are trained to use the adapted IT systems, and financial statements are prepared (KPMG International, 2009). Weaver (2014) shares a similar logic and also divides the process into three phases. In this approach, the differences between national GAAP and IFRS are also identified in the first phase through a line-by-line analysis. Emphasis should, in particular, be placed on differences that potentially affect the company's profit. However, the actual impact assessment of the differences is conducted in the second step and helps identify areas where accounting policies need to be developed.<sup>3</sup> Thereby, companies tend to choose accounting treatments that minimise GAAP differences (Vanhoof et al., 2014). In the third phase, external auditors are involved to verify that all accounting policies have been correctly developed and implemented, ensuring the accuracy of the resulting IFRS financial statements (Weaver, 2014).

Beyond the findings from KPMG International (2009) and Weaver (2014), further studies emphasise the importance of accounting knowledge when transitioning to IFRS (De George et al., 2013; Hellmann et al., 2010; Kim et al., 2012). Accordingly, employees should be familiar with both national and international accounting standards when reporting under multiple GAAPs. It is therefore necessary to train staff in accounting regulations and hire experienced employees (Hellmann et al., 2010). Despite the company's internal knowledge, it may be

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<sup>3</sup> Accounting policies comprise models, measurement and disclosure requirements applied in corporate financial reporting (May & Sundem, 1976).

necessary to also involve external expertise, given the complexity of IFRS (De George et al., 2013; Kim et al., 2012). Throughout all phases, sufficient time and effort should generally be devoted to the IFRS transition process. Additionally, when companies source external expertise, they may do so from large accounting firms, either by relying on their published information or by consulting their advisers. Alternatively, companies may draw on the practices of industry peers to guide their individual IFRS transitions (Weaver, 2014). Table 2 presents the three phases of each IFRS transition approach.

**Table 2**

Phases within the process of an IFRS transition.

| <b>Phases</b> | <b>Weaver (2014)</b>                                         | <b>KPMG International (2009)</b>                                                                                            |
|---------------|--------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| First phase   | Identification of differences between national GAAP and IFRS | Identification of differences between national GAAP and IFRS; impact assessment; project management                         |
| Second phase  | Impact assessment; development of accounting policies        | Decisions on accounting and reporting issues; development of accounting manuals, system blueprints and staff training plans |
| Third phase   | Involvement of external auditors                             | Preparation of financial statements; training of staff                                                                      |

Vanhoof et al. (2014) identify three reconciliation approaches for reporting GAAP differences, each affecting the accounting chart by requiring different accounts. First, under the parallel accounts approach, the accounts are either duplicated (variant 1a) or assigned to different account areas (variant 1b). Variant 1a contains each account twice, once for each GAAP, whereas variant 1b involves separate account areas for each GAAP and a common area comprising accounts applicable to all GAAPs. Both variants rely on a single accounting chart yet differ in the manner in which accounts are organised. Second, the parallel ledgers approach contains a single company code with separate ledgers for each GAAP, all based on a single accounting chart. Accounts are created once at the system level and can be used by a single ledger or collectively by all ledgers, allowing simultaneous postings across multiple GAAPs. Third, the company codes approach requires separate company codes for each GAAP.<sup>4</sup> This approach allows different methods to be applied in practice. A company can either use a single

<sup>4</sup> A company code represents an independent accounting entity, which is usually assigned to a legal entity (SAP SE, 2023).

accounting chart for all company codes (variant 3a) or use different ones (variant 3b). When a single accounting chart is used, accounts need to be created only once, whereas with multiple accounting charts, accounts must be set up for each company code in the respective accounting chart. In contrast to the parallel ledgers approach, the company codes approach requires transactions that need to be recorded under multiple GAAPs to be entered manually in each company code (Vanhoof et al., 2014; Vanhoof & Aerts, 2014). Figure 1 presents the reconciliation approaches for reporting under multiple GAAP.

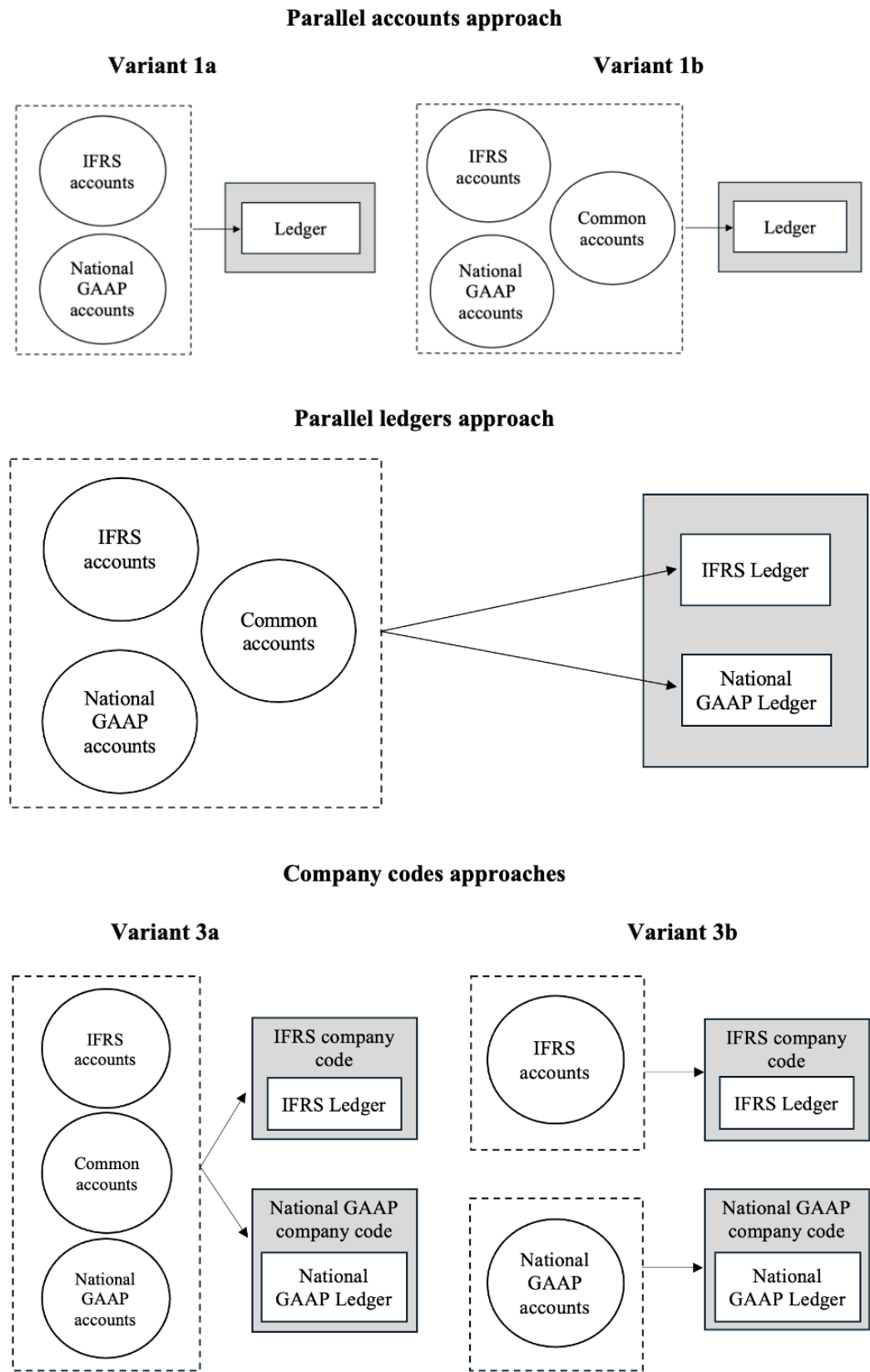
## 2.7 Regulatory differences between national GAAP and IFRS

Country-specific studies often address regulatory differences between national GAAP and IFRS (d'Arcy & Tarca, 2018). For instance, while UGB and HGB follow a prudent approach (Fülbier et al., 2017), IFRS are based on the true and fair view principle. These divergent approaches significantly affect the allowed accounting choices permitted under each system (Hung & Subramanyam, 2007). In line with this, the transition to IFRS can result in modifications to recognition, measurement, presentation and disclosure of financial information. For example, the leasing standard under national GAAP might not require on-balance-sheet reporting, leading to its amended recognition under IFRS. Also, the revenue standard prescribes a method for measuring items that might differ from the measurement approach under national GAAP. Additionally, IFRS can alter presentation, such as the treatment of Other Comprehensive Income. Finally, segment reporting under IFRS might amend disclosure requirements compared to national GAAP (Napier & Stadler, 2020). Furthermore, accounting literature considers goodwill a complex standard that requires significant knowledge and experience to implement (e.g., Mazzi et al., 2018; Petersen & Plenborg, 2010).

### 2.7.1 IFRS 15 Revenue from contracts with customers

With the introduction of IFRS 15 *Revenue from contracts with customers*, the IASB intends to establish a 'comprehensive and robust framework for the recognition, measurement and disclosure of revenue' (Boujelben & Kobbi-Fakhfakh, 2020, p. 709). The standard increases the comparability of a company's financial statements by providing a five-step procedure with requirements for measuring and recognising revenue (Boujelben & Kobbi-Fakhfakh, 2020).

**Figure 1**  
Multiple GAAP reporting approaches.



*Note:*      = Company codes        = Ledgers  
  = Accounting charts       $\rightarrow$  = Journal entries

First, IFRS 15.9 et seq. requires the identification of the revenue-generating contract. This is fulfilled if certain conditions are met, namely (a) mutual agreement, (b) clearly allocated rights, (c) recognisable payment terms, (d) commercial substance and (e) the buyer's ability and intention to fulfil the contract. Second, performance obligations must be identified, which IFRS 15.22 et seq. sets to be either distinct goods or services or a bundle thereof. Third, IFRS 15.47 et seq. requires determining the transaction price as the amount the company expects to receive for its goods and services. Fourth, according to IFRS 15.73 et seq., the transaction price is allocated to the respective performance obligations based on their stand-alone selling prices at which the goods or services are separately sold. Fifth, IFRS 15.31 et seq. requires the performance obligations to be recognised over time or at a point in time. Revenue is to be recognised over time when the customer simultaneously receives and uses the benefits of the company's performance, when the company creates or improves an asset that is controlled by the customer at the same time, or when the company is entitled to payment for services performed to date (IFRS 15 Revenue from Contracts with Customers, 2018). Particularly influenced by this standard are the industries of engineering, construction, and telecommunications (Boujelben & Kobbi-Fakhfakh, 2020; Usurelu et al., 2021). Kohler et al. (2021) find that applying the five-step procedure requires significant managerial judgments, which could impact the comparability of financial reports. To meet these IASB requirements under IFRS 15, companies may also need to adjust their IT systems.

In contrast, revenue under UGB and HGB is generally to be realised at a point in time. Specifically, the realisation principle under §201 UGB and §252 HGB requires revenue recognition upon fulfilment of the contract (Austrian Commercial Code, 2024; German Commercial Code, 2025; Hommel & Zicke, 2016; Kühle et al., 2021).

### 2.7.2 IAS 36 Impairment of assets (Goodwill)

Goodwill is an intangible asset generally governed by IFRS 3 *Business Combinations*, while its subsequent measurement is accounted for under IAS 36 *Impairment of assets*. IFRS distinguishes between internally generated goodwill and purchased goodwill (Bloom, 2009), with the latter hereinafter referred to as 'goodwill'. Internally generated goodwill refers to additional economic benefits created by the business itself (Labunska et al., 2023). In contrast, goodwill results from business combinations, where the aggregate of the consideration transferred, non-controlling interest, and previously held equity interest of the acquirer exceeds the fair value of identifiable net assets at the acquisition date (IFRS 3 Business Combinations, 2022). In line with this, Petersen & Plenborg (2010) define goodwill as the difference between

the purchase value and the fair value of the net assets. Goodwill is to be measured and recognised as a separate intangible asset in the balance sheet. For the subsequent accounting of goodwill, IFRS 3 refers to IAS 38 *Intangible assets* and IAS 36 (IFRS 3 Business Combinations, 2022), with IAS 36 requiring an annual impairment test for goodwill. Impairment tests compare the recoverable amount with the carrying amount of assets. Any impairment losses on goodwill are recognised in the income statement in accordance with IAS 36.60. However, IAS 36.124 et seq. restricts any reversal of an increase in the recoverable amount of goodwill, as such increases are typically the result of internally generated goodwill, which is not permitted to be recognised under IFRS (IAS 36 Impairment of Assets, 2014). Austrian and German legislation likewise prohibit the recognition of internally generated goodwill, while prescribing the recognition of goodwill (Sahut et al., 2011). In contrast to IFRS, however, UGB and HGB require the continuous amortisation of goodwill over its useful life, unless an impairment loss is recognised. When the useful life cannot be estimated reliably, goodwill is subject to a ten-year amortisation period (Fülbier et al., 2017).

Goodwill is one of the largest balance sheet items and represents a highly debated and controversial topic in the academic literature (Amel-Zadeh et al., 2023; EFRAG, 2016; Mazzi et al., 2018). Under IFRS, goodwill is evaluated using the fair value approach, which requires professional judgement from management. The judgment is subjective and complex, which can lead to valuation failures and potentially impact financial reporting (Amel-Zadeh et al., 2023; Detzen, 2016). When assessing the impairment of goodwill, a forecast estimate is used, which creates opportunities for manipulation due to its subjectivity. Hence, it cannot be fully verified during an audit (Bloom, 2009). Consequently, goodwill accounting is considered particularly challenging and time-consuming (d’Arcy & Tarca, 2018).

### 2.7.3 IAS 1 Presentation of financial statements (Other Comprehensive Income)

Other Comprehensive Income (OCI) is defined in IAS 1 *Presentation of financial statements* as a collection of income and expense items, including reclassification adjustments, that are not recognised in the income statement. Instead, these items are presented in the statement of profit or loss and other comprehensive income, which may be presented as a single statement or as two separate statements in accordance with IAS 1.10A. Together with profit or loss, the OCI forms the total comprehensive income. In line with IAS 1.106, the total comprehensive income for the period is reflected in the statement of changes in equity through movements in the respective equity components, including separate components for OCI items. IAS 1.82A requires that OCI must be presented using line items classified by their nature. These items

must be grouped in those that will not be reclassified to profit or loss and those that will be reclassified to profit or loss when certain conditions are met. Additionally, the share of OCI from equity method investments must be presented separately with the same distinction between items that are and are not subject to subsequent reclassification (IAS 1 Presentation of Financial Statements, 2024).

The major components of OCI include asset revaluation surplus, foreign currency translation reserve, and cash-flow hedge reserve (Bradbury, 2016; Khan & Bradbury, 2015). When the option of reclassifying an OCI item from equity to profit or loss is exercised, accounting literature terms this ‘recycling’ (e.g., Bradbury, 2016; Detzen, 2016; Hodgson & Russell, 2014; Rees & Shane, 2012). While the foreign currency translation reserve and the cash-flow hedge reserve are recyclable, asset revaluation surpluses cannot be recycled as they are transferred to retained earnings whenever assets are sold (Bradbury, 2016).

#### 2.7.4 IFRS 8 Operating segments

IFRS 8 *Operating segments* requires the disclosure of information on products and services, geographical areas and main customers. The operating segments must be disclosed in accordance with the company’s internal structure and the decisions of the chief operating decision maker. As IFRS 8 enables users of financial statements to view segments from an internal perspective, segment reports provide an important source of information (Aleksanyan & Danbolt, 2015). Thus, information asymmetry between the preparer and the user of financial statements is reduced and users are supported in their future economic decisions (Kajüter & Nienhaus, 2017).

An operating segment presents the distinct components of a company and meets the criteria set in IFRS 8.5 et seq. Specifically, it generates revenue or expenses, its operating results are regularly reviewed by the chief operating decision maker, and discrete financial information on the segment is available. However, not every component or department qualifies as operating segments, such as headquarters and functional departments. These may produce revenues of marginal significance to the entity’s core activities or generate no revenues at all. According to IFRS 8.21, information on a disclosed segment includes general information, information on segment profit or loss, including revenues and expenses, on segment assets and liabilities, as well as information on the basis of measurements. In addition, reconciliations of their totals to the corresponding entity amounts must be disclosed (IFRS 8 Operating Segments, 2014).

### 2.7.5 IFRS 16 Leases

Following a decade of development, IFRS 16 *Leases* came into effect at the beginning of 2019 and includes distinct regulations for lessees and lessors (Peprníčková, 2018). According to Hoogervorst (2016), the IASB chairman at that time, the global leasing volume amounted to around three trillion (3,000,000,000,000,000) euros in the year 2016, of which over 85% were classified as operating leases. In contrast to finance leases, operating leases are treated as an off-balance sheet item, hence do not appear in the statement of financial position. Consequently, financial statements may be presented in a disguised manner (Duke et al., 2009). IFRS 16, therefore, eliminates the distinction between operating and finance leases for the lessees by requiring the recognition of all lease transactions on-balance sheet (Delgado-Vaquero et al., 2022; Hladika & Valenta, 2018). Thus, the standard only changes the accounting treatment for lessees, while lessors continue to distinguish between finance and operating leases (Hladika & Valenta, 2018).

Accounting for leases begins with determining if a contract qualifies as a lease under IFRS 16.9. A lease exists when the contract grants the lessee the right to control the use of an asset in exchange for consideration. IFRS 16.22 requires the lessee to recognise a right-of-use asset and a lease liability at the commencement date. Whereas the lessor must distinguish between operating and finance leases according to IFRS 16.61 et seq. A lease is classified as a finance lease when risks and rewards incidental to ownership of an asset are transferred to the lessee, otherwise it is classified as an operating lease. IFRS 16 requires lessors to recognise finance leases as receivables, according to IFRS 16.67, and operating leases as income, according to IFRS 16.81 (IFRS 16 Leases, 2024). In contrast, UGB and HGB do not provide specific regulations on leasing issues (Fülbier et al., 2017).

## 3 Methodological approach

### 3.1 Sample and data collection

In this study, we collected data from professionals with expertise in accounting, such as Chief Financial Officers, Heads of Accounting, and advisers to obtain insights into how companies develop and maintain their IFRS accounting charts. The primary information source constitutes of interviews with twenty-six professionals from distinct fields of financial management and four professionals working in audit and consulting. We opted for semi-structured interviews that allow for conversation and the asking of follow-up questions to gain a comprehensive understanding of participants' perspectives (Rhianon Edgley et al., 2010). This approach enables greater flexibility while allowing exploration of emerging topics (Barbour, 2013; Kuruppu et al., 2019). A purposeful sampling technique was applied to gather data from individually selected participants to ensure the relevance of their insights (Goddard, 2004; Patton, 2015; Welch et al., 2011). For this, three main criteria were set to ensure adequate sampling and informational substance of the interviews. First, we only considered professionals with experience in IFRS accounting (Creswell & Plano Clark, 2017). These experts are currently or were previously employed in an organisation applying IFRS. Second, to obtain further insights into participants' perceptions of IFRS transition, interpretative research was used (Al-Htaybat, 2018), enabling an analysis of individual perspectives on how IFRS accounting charts are developed and maintained. In alignment with Spender (1996), who states that interpretations of knowledge can vary across sectors, participants from diverse industries were selected. Third, the corresponding entities were based in Austria or Germany, as their commercial codes are historically closely connected (Nowotny & Gruber, 1993). These are relevant as literature considers the German accounting model, with its distinctive features and uniformity, especially appropriate for IFRS-specific research (De George et al., 2016; Hellmann et al., 2010). The tentative list of potential interviewees was compiled from Austrian companies listed on the Vienna Stock Exchange (see [www.wienerborse.at/listing/aktien/unternehmensliste](http://www.wienerborse.at/listing/aktien/unternehmensliste)) and German companies listed on the Frankfurt Stock Exchange (see [www.boerse-frankfurt.de/aktien/suche](http://www.boerse-frankfurt.de/aktien/suche)). Executives from these entities were searched for and contacted via LinkedIn, resulting in a total of seventy-two enquiries sent to forty-nine distinct companies, with multiple professionals from a single company being contacted whenever possible. This led to five commitments and seven rejections, while no response was received from the remaining fifty-nine recipients. The non-responses refer to thirty-eight companies that were subsequently contacted via their official

email address designated for public and investor relations. As this did not result in any commitments, further IFRS experts were specifically searched for via LinkedIn. Thirty-one additional experts were contacted, of whom five accepted. Additionally, this preliminary list was expanded by sixteen personal connections, including acquaintances and university-affiliated individuals. A final list of twenty-six suitable experts was identified. In some interviews, participants were joined by colleagues to elicit more detailed responses, resulting in thirty-one individuals participating. Table 3 presents the distinct recruitment phases of this sample profile.

**Table 3**  
Participant recruitment procedure.

| Phases of participant recruitment                   | Enquiries  | Commitments | Rejections | Non-responses   |
|-----------------------------------------------------|------------|-------------|------------|-----------------|
| LinkedIn requests to executives of listed companies | 72         | 5           | 7          | 59 <sup>a</sup> |
| Contacting public relations                         | 38         | 0           | 10         | 28              |
| Contacting further IFRS experts                     | 31         | 5           | 1          | 25              |
| Personal connections                                | 23         | 16          | 3          | 4               |
| <b>Total</b>                                        | <b>164</b> | <b>26</b>   | <b>21</b>  | <b>117</b>      |

*Note:*

<sup>a</sup> The fifty-nine non-responses relate to executives from thirty-eight listed companies.

The interview guide consisted of three main parts and are generally identical for practitioners and advisers. In the first part, we asked the participants about their employment situation, industrial sector and their approval for recording and processing the data. Part two dealt with procedural aspects of developing and maintaining an accounting chart. The third part addressed examples of bookkeeping matters related to specific IFRS requirements. Also, we asked the interviewees to thoroughly explain their perceptions and experiences, while keeping the focus on the accounting chart. In line with this, questions such as ‘Could you explain this in more detail?’ or ‘What does this mean for the accounting chart?’ were asked. Although the interview guide’s thematic structure was consistent, the questions were slightly modified for advisers to capture the experiences with their clients. Furthermore, the interview guide underwent a trial run to eliminate potential misunderstandings. Also, the first six interview participants were asked for their opinion on the interview guide, who confirmed that it was comprehensible, appropriate, and complete, indicating that adjustments were not necessary. Upon request, the interview guide was sent to the participants in advance, allowing them to prepare well for the interview and to answer more detailed. Figure 3 presents the interview guide.

Data collection was performed by two researchers from November 2024 to March 2025. While initial contacting was via LinkedIn or email, appointment scheduling was entirely via email. Most interviews were conducted via Microsoft Teams or Zoom, depending on the participant's preference, and two meetings were held in person. The interviews were held in German, lasted forty-seven minutes on average and were audio recorded, in line with common practice in interpretive research (e.g., Stoian et al., 2018). Subsequently, they were translated into English and transcribed verbatim, totalling 305 single-spaced pages. The interviews were discussed afterwards to obtain a shared understanding of the empirical data. Before the data analysis was conducted, a complete database was generated. Table 4 presents information on the sample of participants interviewed for this study.

### 3.2 Data analysis

The process of data analysis was designed to support constant comparison between empirical findings and theoretical knowledge (Isabella, 1990). In line with previous interpretative studies (Lamb et al., 2011; Shinkle & Spencer, 2012; Stoian et al., 2018), we followed specific steps to understand how Austrian and German companies develop and maintain their IFRS accounting chart. Aligning with the interpretative research tradition, we repeatedly reread the interview transcripts and reinterpreted the information at each step. Similar to Stoian et al. (2018) and Gioia et al. (2013), we first defined first-order concepts from the transcripts. Then, we grouped these concepts into second-order themes. Finally, we further integrated these themes into third-order aggregate dimensions. Data management was conducted in the coding software MAXQDA, which facilitated tracing data and integrating memos for codes and text passages. Below, we present the steps involved in the data analysis.

First, we read each transcript several times to familiarise ourselves with corporate requirements for transitioning to IFRS. This also involved writing summaries to document our understanding of interviewees' statements. In addition, we prepared memos to provide guidance on coding statements and to record our understanding of individual text passages. As we intend to gather new insights into IFRS accounting charts rather than investigate existing theories (Gioia et al., 2013), we opted for a posterior coding strategy. This led to the identification of twenty-three first-order concepts from our empirical dataset that extend the existing literature.

**Table 4**

List of interview participants.

| <b>Participants</b> | <b>Industrial Sector</b>     | <b>Company</b>                             | <b>Position of Interviewees</b>                                                                                  | <b>Interview Duration</b> |
|---------------------|------------------------------|--------------------------------------------|------------------------------------------------------------------------------------------------------------------|---------------------------|
| P1.                 | Audit, consulting, tax       | EKWP Wirtschaftsprüfungs GmbH              | Chief Executive Officer                                                                                          | 49 minutes                |
| P2.                 | Audit, consulting, tax       | Deloitte Services Wirtschaftsprüfungs GmbH | Director                                                                                                         | 85 minutes                |
| P3.                 | Audit, consulting, tax       | Deloitte Services Wirtschaftsprüfungs GmbH | Partner IFRS consulting                                                                                          | 54 minutes                |
| P4.                 | Aviation                     | Anonymised                                 | Head of Accounting                                                                                               | 50 minutes                |
| P5.                 | Construction                 | Anonymised                                 | Group Finance Transformation Lead                                                                                | 35 minutes                |
| P6.                 | Energy and raw materials     | Anonymised                                 | Head of Accounting                                                                                               | 21 minutes                |
| P7.                 | Energy and raw materials     | Anonymised                                 | IFRS expert, UGB expert <sup>a</sup>                                                                             | 31 minutes                |
| P8.                 | Energy production            | Anonymised                                 | Head of Accounting                                                                                               | 32 minutes                |
| P9.                 | Energy production            | Verbund AG                                 | Head of Financial Accounting                                                                                     | 55 minutes                |
| P10.                | Energy production            | Anonymised                                 | IFRS expert                                                                                                      | 37 minutes                |
| P11.                | Finance and insurance        | Wüstenrot-Gruppe                           | Chief Financial Officer                                                                                          | 53 minutes                |
| P12.                | Manufacturing and production | Anonymised                                 | Head of Accounting                                                                                               | 26 minutes                |
| P13.                | Nutrition                    | Anonymised                                 | Chief Financial Officer, Head of Controlling, external tax director <sup>b</sup>                                 | 31 minutes                |
| P14.                | Nutrition                    | Spar Österreichische Warenhandels-AG       | Head of Accounting                                                                                               | 37 minutes                |
| P15.                | Technology engineering       | Anonymised                                 | Head of Corporate Accounting                                                                                     | 24 minutes                |
| P16.                | Renting and leasing          | Anonymised                                 | Head of Group Accounting                                                                                         | 59 minutes                |
| P17.                | Telecommunications           | A1 Telekom Austria AG                      | Director of Accounting                                                                                           | 30 minutes                |
| P18.                | Tourism                      | Anonymised                                 | Head of Accounting                                                                                               | 42 minutes                |
| P19.                | Transport infrastructure     | Siemens Mobility Austria GmbH              | Head of Accounting                                                                                               | 77 minutes                |
| P20.                | Transport management         | Anonymised                                 | IFRS expert                                                                                                      | 40 minutes                |
| P21.                | Audit, consulting, tax       | Lichtenstern und Partner mbB               | Tax consultant                                                                                                   | 56 minutes                |
| P22.                | E-Commerce and retail        | Zalando SE                                 | Head of Corporate Accounting                                                                                     | 75 minutes                |
| P23.                | Medical technology           | Anonymised                                 | Head of Corporate Accounting                                                                                     | 57 minutes                |
| P24.                | Pharmaceuticals              | Anonymised                                 | Chief Financial Officer                                                                                          | 33 minutes                |
| P25.                | Pharmaceuticals              | Anonymised                                 | Head of Accounting                                                                                               | 34 minutes                |
| P26.                | Telecommunications           | Anonymised                                 | Team Lead Financial Master Data, Senior Expert Data Management, Senior Expert Financial Controlling <sup>c</sup> | 104 minutes               |

*Notes:* The corresponding companies from participants P1-P20 are based in Austria, whereas those from P21-P26 are based in Germany.

<sup>a</sup> Two experts participated in interview P7.

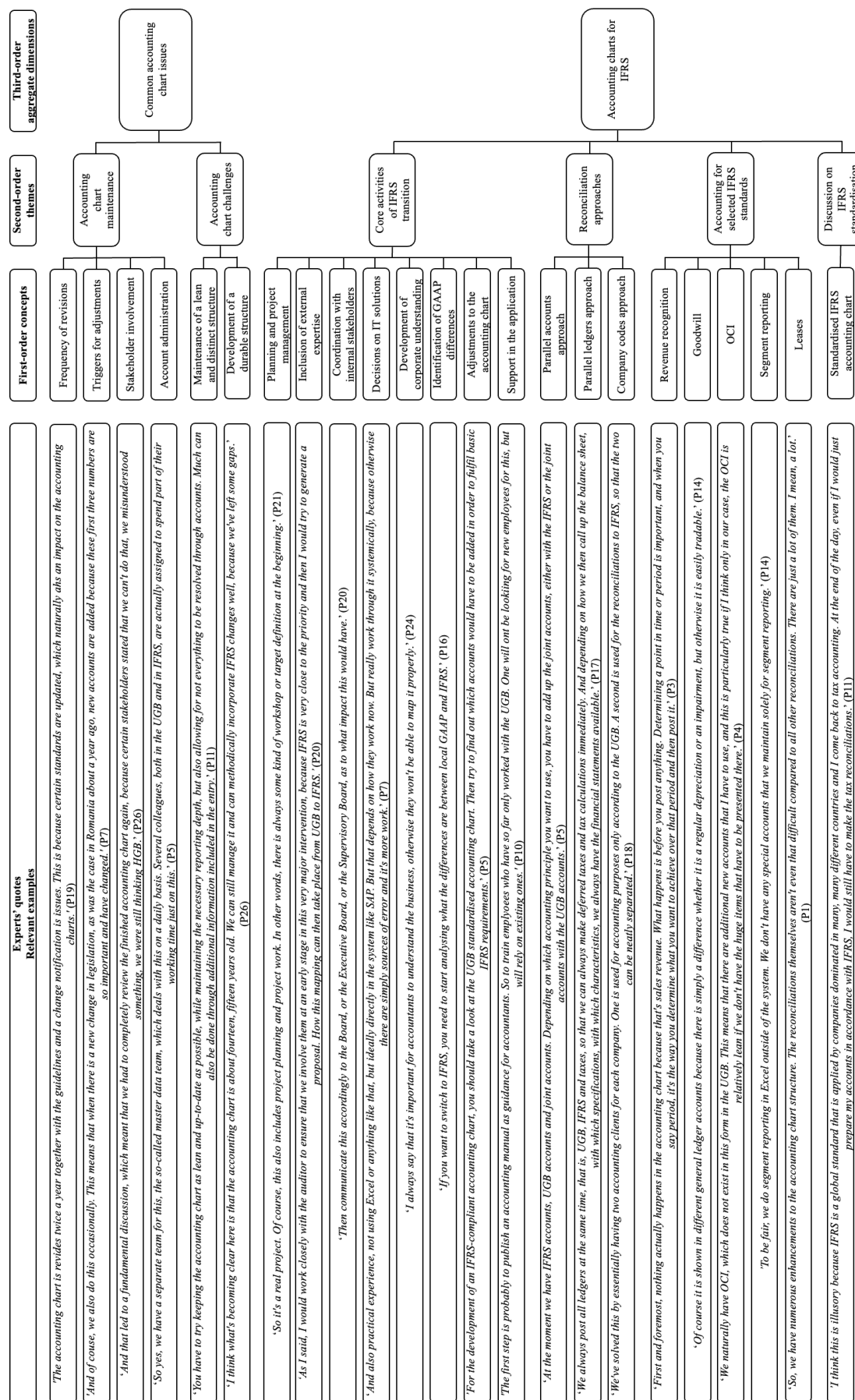
<sup>b</sup> Three experts participated in interview P13.

<sup>c</sup> Three experts participated in interview P26.

Second, in alignment with Gioia et al. (2013), we reread the transcripts and merged the twenty-three first-order concepts into six broader second-order themes: *accounting chart maintenance*, *accounting chart challenges*, *core activities of IFRS transition*, *reconciliation approaches*, *accounting for selected IFRS standards*, and *discussion on IFRS standardisation*.

In the third step, we again read the transcripts and focused on understanding the contexts in which interviewees expressed and organised their insights on accounting charts, particularly whether each insight addressed common accounting chart issues or IFRS-specific ones. Thus, we could further group the second-order themes into two third-order aggregate dimensions (Gioia et al., 2013), namely *common accounting chart issues* and *accounting charts for IFRS*. We cross-checked our interpretations until these aggregate dimensions reached stability and a clear formulation. Figure 2 presents an overview of the data structure with examples.

**Figure 2**  
Data structure with examples.



## 4 Presentation and discussion of findings

This research aims to discover the development and maintenance of IFRS accounting charts across different Austrian and German companies. From the perspective of teleological process theory of Van de Ven & Poole (1995), companies fulfil prerequisite functions, accomplishments, and components to achieve the defined end state of an IFRS accounting chart. As shown in our data analysis (Figure 2), two aggregate dimensions emerged, namely *common accounting chart issues* and *accounting charts for IFRS*, which address these prerequisites in either a GAAP-independent or in an IFRS context.

### 4.1 Common accounting chart issues

Common accounting chart issues involve several aspects that are independent of GAAPs, such as maintaining the accounting chart and challenges that may arise during its development and maintenance. Regarding *accounting chart maintenance*, experts interviewed for this study generally shared the opinion that accounting charts need to be revised (Carroll, 2013; Cooper & Pattanayak, 2011), yet they differ in their opinions on the *frequency of revision*. Specifically, they distinguish between an event-driven and a time-driven approach:

‘I am in favour of lean accounting charts and an annual review.’ (P11)

‘And this group accounting chart, I would say, is reviewed rather irregularly.’ (P15)

Based on our evidence, *triggers for adjustments* to the accounting chart can stem from mergers and acquisitions. Consequently, the acquired or merged company should integrate the parent company’s accounting chart. In addition to these hierarchical changes, product and market developments can also create a need for adjusting an accounting chart (Carroll, 2013). Interviewees further state new or adapting IFRS standards, changes in legislation, requirements from the parent company or auditors, and changing IT systems as potential triggers:

‘Well, that is, of course, always the intention when you acquire a company, that you then introduce the corporate accounting chart at some point. [...] On the one hand, you have various triggers that essentially trigger changes to the accounting charts. One is the standard-setter, and everything associated with it, the legislators, who, of course, constantly produce new requirements. [...] Then you have a second source that triggers changes, which is internal reporting. If you say that you need additional information in controlling, for

example, regarding certain cost types that you have not previously recorded separately, then this also triggers additional accounts.’ (P23)

‘There is a need to create a new account because a new business transaction is occurring.’ (P26)

Participants of this study emphasised *stakeholder involvement*, as planned adjustments are to be communicated and approved by the companies’ key stakeholders (Cooper & Pattanayak, 2011):

‘There are several approval steps involved, for example, if we consider an expense or income account. This involves three or four departments, which then review and approve it. In such a large corporation, communication is always important. This means that stakeholders or affected individuals must also be informed.’ (P7)

Many interviewees described *account administration* as a standardised and centrally governed process. New accounts can only be created through clearly defined approval steps, involving multiple stakeholders to ensure compliance with internal requirements:

‘The processes then also have to approve it. And I then practically bring this amendment to the board and present it there. As my colleague has already said, all stakeholders are involved. They listen to it, take it on board and then have ten days to consider it for their own interests. Does it fit, doesn't it fit and so on. And then we have a decision date from the board. And as a rule, this is then approved. And then the next step follows. Then comes the implementation in the systems. Once in the consolidation system and reporting system or in the individual financial statements as well. [...] Then we also have a so-called Design Authority. And the Design Authority is the body that ultimately makes the decision. If the individual stakeholders cannot agree, then we are also staffed in such a way that a decision has to be reached with the Design Authority. [...] And the ad hoc process then allows this requirement to be recognised immediately and brought to a decision outside this Finance-Data-Governance-Board in a circular procedure. [...] In other words, rules have been set for management reporting as to when an application for accounts may be submitted. There are value limits, there are materiality limits, there are upstream committees. I have to defend my account to all other group segments, so to say. Within controlling and only when the central group controlling department says I understand the answer, I support it, can I go to the Finance-Data-Governance-Board.’ (P26)

Further, *account administration* includes managing unused accounts, which may involve deleting these accounts. Nevertheless, historical data must be retained to satisfy statutory retention obligations (Bechtel, 1995; Cooper & Pattanayak, 2011):

‘But there are also processes within the company where the account is no longer needed because the product is being discontinued or the bank account is being closed. In such cases, we mark the account for deletion and also flag it in SAP. If nothing has happened for another year, we freeze the account for posting. We cannot delete it, but we can freeze it.’ (P17)

‘Deleting it is not an option if items have been booked on it. It is not possible because you have a ten-year retention obligation.’ (P22)

Participants generally shared the consensus that transitioning to IFRS entails multiple *accounting chart challenges* related to the development and maintenance. These challenges include the *maintenance of a lean and distinct structure*, which deals with designing an accounting chart for accurate use:

‘Every account that exists potentially poses a risk of being misused. It's not necessarily fraudulent, but you have to try to keep your accounting chart as lean and up to date as possible, while maintaining the necessary depth of reporting, but also making it possible to not solve everything via accounts. A lot can also be done using supplementary information contained in the entry.’ (P11)

Practitioners also stated the *development of a durable structure* as a challenge. A durable structure helps to prevent that the accounting chart needs to be restructured at a later stage to reflect new business circumstances:

‘The challenge at the beginning is to find a structure that can be applied in the future and that is right for my needs.’ (P2)

Within the teleological process theory, organisational change and development are driven towards achieving the company's end state. While this theory does not prescribe specific sequences of events, it identifies certain prerequisites that must be met. These prerequisites concern ‘the functions that must be fulfilled, the accomplishments that must be achieved, or the components that must be built or obtained’ to attain the defined end state (Van de Ven & Poole, 1995, p. 516). In the context of developing towards an IFRS accounting chart, some general prerequisites must be met that apply regardless of whether reporting follows IFRS, UGB, or HGB. Specifically, the functions of *accounting chart maintenance* must be fulfilled, and the *accounting chart challenges* must be accomplished.

Existing research recognises the need to review accounting charts, yet does not address the *frequency of revisions* (Carroll, 2013; Cooper & Pattanayak, 2011). Our empirical evidence indicates that most companies conduct regular reviews of their accounting chart, while only a few companies do so in response to specific events. However, the intervals between regular reviews vary among participants. Most conduct the reviews annually, only a few perform these reviews more frequently, such as semi-annually or quarterly. In contrast, event-driven reviews are conducted only when specific *triggers for adjustments* occur. This finding aligns with Carroll (2013) as it includes the trigger of mergers and acquisitions. Our findings extend this by adding the triggers of new or adapted IFRS standards, changes in legislation, requirements from the parent company or auditors, and changes in IT systems. Regular and occasional revisions can be combined to further enhance the accuracy and reliability of the accounting chart. Stakeholders should be involved in decisions about accounting chart adjustments, as they have different reporting needs, which is consistent with Cooper & Pattanayak (2011). Hence, planned changes to the accounting chart should be communicated to relevant stakeholders and be approved by them. Our empirical evidence brings novel insights into *stakeholder involvement* by specifically identifying the interests of various stakeholders. For instance, management requests an additional account class with new revenue accounts to enhance the transparency of management reporting. Also, the controlling department imposes specific requirements on the accounting chart, seeking more granular information. Consequently, the controlling department may file for the creation of additional accounts, for example for individual products. However, these requests are not always met as such data inquiries can also be conducted through other posting attributes, such as cost centres, or other elements provided by SAP. Moreover, specific technical accounts are required to ensure proper functioning of the accounting system and to enable automated posting processes. Divergent requirements for the accounting chart may also arise in corporations that operate across different countries while sharing a single accounting chart. Particularly when merging country-specific accounting charts within a multinational corporation, issues may arise due to differing legal frameworks. Statutory regulations of certain jurisdictions, such as Romania, prescribe a mandatory standardised accounting chart that dictates both the accounts and the first three digits of their account numbers. In the context of *account administration*, involving the creation of new accounts and the management of unused accounts, our empirical evidence shows that this is a standardised and centrally governed process in many companies. When a new account is required, the process usually starts with submitting an account request to the account administrators. The request is then evaluated based on legal requirements and internal policies.

During this evaluation, possible alternatives to creating new accounts are considered, such as posting to existing accounts or using additional posting attributes. If the account request is approved, the account is established, and the accounting manual is updated accordingly. While these general steps are usually followed, the specific procedures can vary between organisations. For instance, in some organisations, the account request must be filed through a formal application, whereas in others, prior approval from several departments is required before submitting the request. The decision-making process can also differ in its duration and individuals involved. In some companies, only selected employees are authorised to decide on new account requests, whereas in others, several committees are involved. Furthermore, one organisation established an oversight authority to make final decisions when stakeholders cannot reach consensus. Besides maintaining a structured account creation process, another way to keep the accounting chart streamlined is to regularly evaluate whether existing accounts are still in use. If dormant accounts are identified, meaning those no longer in use, they should be frozen. Our findings therefore recommend safeguarding historical data while complying with statutory retention obligations, thus aligning with existing literature (Bechtel, 1995; Cooper & Pattanayak, 2011).

Furthermore, our empirical evidence reveals *accounting chart challenges*. A central challenge lies in the *maintenance of a lean and distinct structure*. To address the issue of an overly large accounting chart, companies can rely on alternatives to creating new accounts, such as posting attributes, that provide the necessary level of detail. Despite strict procedures for account administration, organisations still struggle with an excessive number of accounts. When there are too many accounts, the users' understanding of individual accounts cannot be fully ensured. In addition, every additional account increases the risk of errors. To prevent worsening the problem, the *development of a durable structure* should be pursued. Over time, concentration in the numbering system may force practitioners to assign new accounts to arbitrary positions. Often, these do not logically belong there, which undermines the overall clarity of the structure. To prevent this, experts recommend designing the accounting chart with at least six digits, ensuring sufficient flexibility to insert new accounts at appropriate positions without disrupting the structural logic. Some organisations even use nine-digit account numbers to further enhance granularity and promote durable development. Moreover, if the accounting chart structure is not developed durably, it may become necessary to redevelop it, a process that is particularly time- and cost-intensive.

## 4.2 Accounting charts for IFRS

The development of accounting charts for IFRS involves several areas of consideration. These areas include the *core activities of IFRS transition*, the *reconciliation approaches* between national GAAPs and IFRS, and *accounting for selected IFRS standards*. In addition, the *discussion on accounting standardisation* provides insights into how practitioners and advisers would evaluate the mandatory introduction of a *standardised IFRS accounting chart*. Participants interviewed for this study report similar *core activities of IFRS transition*, reflecting a shared understanding of the main considerations involved in this process. These activities include the *planning and project management*, *inclusion of external expertise*, *identification of GAAP differences*, as well as the *support in the application* (KPMG International, 2009; Weaver, 2014). Participants also provide the steps *coordination with internal stakeholders*, *decisions on IT solutions*, *development of a corporate understanding*, and *adjustments to the accounting chart*. The following quotes outline possible processes of companies developing towards an IFRS accounting chart:

'So, going through the IFRS standards themselves and developing an accounting chart yourself would be extremely exhausting. That's because the IFRS standards aren't precise enough for that. One tool we know of and have also used in the background are the reporting checklists from the major auditing firms, some of which are published or used internally. [...] Since these requirements are usually technically driven, it is important that the respective accounting system is in use and that the processes are established. [...] The larger the company, the more stakeholders you have. We are currently noticing this in a group of companies we work with, which are, of course, very large, but this also applies to other groups. These stakeholders include the accountants, accounting and reporting, and controlling. That's why I would always start at a high management level, get a mandate that is supported by top management, and then I have the task of designing an accounting chart and also determining what goals should be pursued with it. [...] And you have to understand that this is a joint project involving everyone who contributes to it.' (P26)

'The first step is always to identify the possible fundamental differences based on the existing UGB financial statements. The second step is trying to quantify the materiality of these differences, then the calculations are made, if not in parallel with the determination of materiality, and this then results in the respective accounting entries so that the conversion can be carried out and later updates can be made so that you can remain in IFRS and claim that your financial statements are now IFRS-compliant and there are still UGB-compliant

financial statements. And in between there are some deltas. That is the basic procedure for a conversion project. They always proceed this and are always mapped this way. Of course, there are various administrative and management tasks involved, such as decisions that need to be made and approved by a steering committee under normal circumstances. This then leads to the development of placement and valuation principles, or accounting policies, as they are known in English, which are laid down in an accounting manual. An accounting manual will have to be written somewhere, some of the sections are already available, some larger sections will have to be rewritten, and that is how such a conversion project develops. At the same time, as I said, the differences are quantified, and if more accounts are needed to reflect this, then this in turn leads to the expansion of a standardised accounting chart or accounting chart.' (P3)

For the actual data reconciliation, participants decide on one of the three possible *reconciliation approaches*. In practice, some companies use the *parallel accounts approach*, where accounts within one accounting chart are assigned to the national GAAP area, IFRS area, or common area (Vanhoof et al., 2014):

‘That means it's a Mickey Mouse system. I have the large circle, then I have the ear with UGB and the ear with IFRS, and then I can mix together what I need. There are the general figures, so to say, and then there are the ones I need in each case to get the figures I want. That means when I run an analysis, I can say I want UGB or I want IFRS.’ (P12)

Under the *parallel ledgers approach*, separate ledgers are established, one for each GAAP, with all ledgers accessing the same accounting chart (Vanhoof et al., 2014):

‘State of the art is the ledger-technique [...]’ (P19)

‘This means that we have been using the Ledger solution ever since and have been able to eliminate all these IFRS accounts and local GAAP accounts. Ideally, we only have one general ledger account to which we post an IFRS value. That is the first entry. Then, in parallel, a local GAAP value is posted, ideally also fully automated, and if necessary, but only if it is legally required or for operational efficiency, a tax value is also posted in the system.’ (P26)

The *company codes approach* is also used in practice, in which a separate company code is created for each GAAP, either with separate accounting charts or with a single one (Vanhoof et al., 2014):

‘We have solved this by having two company codes for each company. One is used purely for UGB accounting, and the other is used for the reconciliation to IFRS, so that everything can be kept separate.’ (P18)

In the context of *accounting for selected IFRS standards*, both advisers and practitioners emphasise organisations’ efforts to minimise differences between national GAAP and IFRS. However, differences cannot be fully avoided and must therefore be properly presented to ensure compliance with the applied GAAPs (Vanhoof et al., 2014). While some participants from the telecommunications and construction industries state that the standard affects their accounting, other interviewees generally agree that *revenue recognition* under IFRS 15 does not lead to changes in the accounting chart:

‘And I remember that when IFRS 15 was introduced, it was a huge challenge for telecommunications companies. The IASB's first draft for the introduction of IFRS 15 was much more stringent than what was ultimately adopted. And the reason for this was that telecommunications companies tried to exert their influence and make a meaningful impact. What is possible and what is simply not feasible of what the IASB had in mind? And where does it reach technical limits because you can't even record something like that or store it in the system.’ (P26)

‘Okay, first of all, nothing really changes in the accounting chart, because these are revenue accounts. What does change happens before you post. It’s important to determine the point in time or period, and if it’s a period, then you need to determine how you want to recognise what will be realised over the period and then make the posting.’ (P3)

Instead, they consider the five-step model as the main difficulty in implementing the standard. In this regard, some companies use specific software solutions to process revenue recognition (Kohler et al., 2021), which allows revenue to be posted in the correct period:

‘We have been provided with a tool from SAP that is somewhat unusual for the construction industry, known as the milestone billing tool. This milestone billing tool is very closely integrated into the invoicing process. [...] Accordingly, this is the tool we use for this purpose. To ensure that IFRS 15 can also be implemented effectively in the five-step model, for example, we have adopted additional reporting requirements for operational purchasers in the form of a guideline.’ (P5)

Participants recognise the need to adapt the accounting chart for *goodwill* matters by introducing additional accounts, namely one for the goodwill itself and one for its impairment.

They argue that this accounting chart adaptation would enhance transparency and support appropriate documentation of related transactions:

‘So, we only have two goodwill accounts, one for the gross value and one for the impairment. There’s nothing else under the goodwill approach. And since we don’t have any at the local GAAP level, it hasn’t played any role so far. We don’t have to post any HGB amortisation or anything like that, because we don’t have any ongoing amortisation. That, in turn, means that goodwill is only recognised at group level. We only create it within the group. There’s a goodwill account and that’s where we record it.’ (P22)

Our findings indicate that organisations adjust their accounting chart to account for *OCI*, as this specification does not exist under UGB and HGB. In practice, the common components of OCI include the foreign currency translation reserve, cash flow hedges, asset revaluation surplus (Bradbury, 2016; Khan & Bradbury, 2015), as well as pensions and other postretirement benefits. To ensure the correct presentation of these components, interviewees create separate accounts or systematically map accounts from local GAAP to IFRS:

‘We’ve set it up so that the OCI accounts start with a unique number, so it’s clearly identifiable when something is booked into the OCI.’ (P13)

Interview participants generally agree that *segment reporting* has no impact on their accounting chart. Instead, segment information is processed through additional posting attributes, such as profit centres, cost centres, or distribution keys. In addition, segmentation can also result from consolidation, as a corporation may comprise multiple entities, each assigned to a single segment:

‘Basically, the basis is the one we get from consolidation. The accounting chart itself isn’t changed. We just try to allocate these accounts to the individual segments, partly through specific cost centres, and partly through allocation keys, such as sales volume share or something similar.’ (P13)

Our findings show that eliminating the distinction between finance and operating leases under IFRS results in the recognition of all *leases* on the balance sheet (Delgado-Vaquero et al., 2022). This, in turn, requires lessees to adjust their accounting chart to ensure proper lease accounting. Specifically, IFRS accounts for right-of-use assets, lease liabilities, depreciation, and interest expenses, need to be established. Given the high volume of leasing assets, companies frequently use IT solutions to manage lease accounting:

‘1.2 billion of our total assets are lease contracts. So, we were affected by IFRS 16, which, unlike IFRS 15, was a standard that had a really strong impact on us. The difference is that we continue to use a purely off-balance sheet approach under UGB. That means we hardly have any finance leases and simply post our rental expenses against the payment, to put it simply. Under IFRS, however, we now have an almost 100% on-balance sheet presentation with right-of-use, liabilities, interest expense, and depreciation. So, it has had a major impact on us and, of course, results in a set of accounts in the accounting chart that only exists for IFRS. Technically, we also had to introduce our own software at the time to handle the accounting.’ (P14)

Interviewees predominantly opposed the introduction of a *standardised IFRS accounting chart*. They argued that a mandatory accounting chart would contradict the principle-based nature of IFRS and would not account for the diversity of industries and company-specific factors. Instead, if an IFRS accounting chart is introduced, it should serve as voluntary guidance. Such an optional solution is considered potentially helpful for smaller or less experienced companies:

‘That means, I think if something like that comes along, it absolutely shouldn’t be introduced in a bureaucratic, mandatory way. If anything, it should be a voluntary option, something more like a guideline or a kind of model that you can follow.’ (P24)

‘From my point of view, that completely contradicts the actual idea of the framework, which basically says that sector-specific characteristics have to be taken into account. [...] And I don’t think you can capture those specificities within one accounting chart. Maybe there’s a different approach, maybe we need to think differently there. [...] But I’d also say that, with the new income statement idea that the IASB has, it’s been somewhat standardised and planned, I think it’s the IFRS 18. The new income statement structure is kind of being paved in that direction. But I don’t think the IASB accounting chart is the right way to go.’ (P22)

Teleological process theory views organisational change and development as movement towards achieving the company’s defined end state (Van de Ven & Poole, 1995). To reach the end state of an IFRS accounting chart, certain prerequisite functions, accomplishments, and components must be met. The following prerequisites are necessary when reporting under multiple GAAPs.

The *core activities of IFRS transition* include a set of functions that must be fulfilled to develop towards an IFRS accounting chart. Although not all activities are mentioned by all interview participants, we identify eight key activities to consider when transitioning to IFRS.

While we focus on accounting charts rather than the overall transition to IFRS, our empirical findings show several similarities with the existing literature regarding the activities involved. While KPMG International (2009) and Weaver (2014) offer insights into the steps of an IFRS transition, they do not provide a uniform sequence of activities, as both models partially assign these activities to different phases. The deviation of the sequences corresponds to the teleological process theory, where no predetermined sequence of activities exists. Instead, organisations can decide in which order the steps are taken and how they prioritise them, aligning with our empirical observations. One essential activity for a successful IFRS transition is *planning and project management*, which includes devoting sufficient time and effort to the transition process (KPMG International, 2009; Weaver, 2014). This aligns with the opinions of our interviewees, who consider such a transition as a project that requires careful planning. Depending on the company's size, such a project can take two to three years and typically involves assembling a project team, developing a project plan, and establishing a timeline. Project activities should always be aligned with the defined goals, while priorities need to be set to avoid getting lost in detail. Since priorities vary across companies, the sequence of activities may differ accordingly. Given the complexity of IFRS, *inclusion of external expertise* may be necessary in addition to internal company knowledge. This supports the development and implementation of accounting policies (De George et al., 2013; Kim et al., 2012; Weaver, 2014). Our empirical findings show that external parties, such as audit and tax advisory firms, not only audit companies but also assist in the development of IFRS accounting charts by providing expertise. This usually takes place at an early stage to prevent potential errors and to minimise the year-end audit effort. Such external assistance can take the form of direct consulting services and checklists for the transition from national GAAP to IFRS. Furthermore, *coordination with internal stakeholders* is another activity emphasised by practitioners. Before contacting relevant internal stakeholders, the project leader obtains a formal mandate for the project and its objectives from top management. Stakeholders from areas, such as accounting, group reporting, and controlling, are then involved. The number of stakeholders involved can increase with company size, which may raise the risk of conflicting interests. Depending on the company, changes and their impacts may need to be reported to the board of management and to the supervisory board. In corporate groups, there is an additional need to coordinate accounts with subsidiary companies, as subsidiaries may influence the corporate-wide accounting chart due to national accounting requirements. For example, in Romania, the first three digits of account numbers are defined by law, which can complicate the alignment of corporate-wide requirements. When disagreements arise among stakeholders in larger organisations, certain

departments have greater decision-making authority and are usually responsible for resolving such conflicts. *Decisions on IT solutions* often result in updates of the current IT system. Consequently, employees need to be trained not only in IFRS but also in the use of the modified IT system, consistent with KPMG International (2009). Our empirical evidence extends this view, indicating that companies should consider how IFRS is integrated into their existing IT systems. Beyond a certain company size, Excel is no longer considered an appropriate option, which is why interviewees advise against its use. When a growth strategy is pursued, even small companies are recommended to implement an accounting system that allows multiple structures in parallel. Working directly in an integrated system, such as SAP, helps avoid errors and additional work. During the transition to IFRS, companies must decide whether their subsidiaries should use the same software system as the parent company and integrate their local accounts into it, or whether a separate software tool should be used for reconciliation purposes. Practitioners note, however, that the second method is very rare in practice. Depending on the organisation, groups may align their accounting chart with those of their subsidiaries rather than vice versa, particularly in countries with strict accounting laws, such as Romania. For the parties involved in accounting and the transition project, the *development of a corporate understanding* is essential. This includes knowledge of the company's industry, company size, areas of activity, influencing factors, and key financial positions. A thorough understanding of operations and workflows is necessary to accurately identify and record transactions in the IT system. External parties, such as auditors and tax advisers may visit companies to observe operational processes. Through this, they can gain an understanding of the value chain and internal processes, supporting an accurate reflection of the company's financial position. The *identification of GAAP differences* is also part of the IFRS transition process and can be conducted through a line-by-line analysis (KPMG International, 2009; Weaver, 2014). In practice, balance sheet and income statement items are reviewed, and the differences between national GAAP and IFRS are identified. For this purpose, practitioners often use the checklists provided by major audit firms that list significant differences between the GAAPs. When differences are identified, companies usually attempt to eliminate them by using available accounting policy options, consistent with Vanhoof et al. (2014). Thereby, the creation of new accounts and the need for complex reconciliations can be avoided. Our empirical evidence indicates two possible scenarios for *adjustments to the accounting chart*. In the first scenario, companies adapt an existing accounting chart by adding new IFRS accounts, without making fundamental structural changes. This scenario is followed by most practitioners as substantial new structures are typically avoided, and existing ones are retained. In line with

this, the national GAAP accounting chart is usually supplemented with IFRS accounts. In the second scenario, companies design their accounting chart from scratch, which allows them to tailor it entirely to their individual needs. This scenario provides greater flexibility regarding the accounting chart structure and the length of account numbers. While practitioners generally recommend account numbers with at least six digits, some corporations use account numbers with up to nine digits. Consistently assigning account numbers creates a clear structure and supports users to find the correct account. Beyond these structural choices, some interviewees, particularly those from large corporations such as Siemens, attach little importance to accounting charts in general and instead prioritise the use of posting attributes. For example, in some organisations, controlling departments want to assign a separate account to each product. This, however, can quickly lead to an overly extensive accounting chart, which is why posting attributes are often used as an alternative. Moreover, we observe that companies provide *support in the application* of IFRS, typically by issuing an accounting manual that sets out the organisation's accounting policies (KPMG International, 2009; Weaver, 2014). Our empirical findings show that this manual serves as a practical guide for accountants and can also function as a training tool for employees who previously only worked under national GAAP. In addition to training existing staff, companies may also consider hiring new staff with IFRS expertise to ensure that the team is well-prepared for the IFRS application. While there is demand for qualified IFRS staff in practice, corporations do not afford to employ an IFRS accountant in all corporate entities, as such accountants are much more expensive than local GAAP accountants.

Depending on the IT solution selected within the transition process, different *reconciliation approaches* for reporting under multiple GAAPs can be applied. Each approach affects the accounting chart by requiring different accounts. First, the *parallel accounts approach* either duplicates accounts for or assigns them to different GAAPs, while using a single accounting chart (Vanhoof et al., 2014). Our empirical results show that the variant involving duplicated accounts is not observed in practice. Instead, only the variant in which accounts are assigned to different GAAPs is applied, for which two methods exist. In the first method, transactions are primarily recorded under national GAAP and only differences to IFRS are reconciled at year-end using specific delta accounts. For this method, it is necessary to create these delta accounts in the accounting chart. To clearly distinguish between the different accounts, companies typically insert an 'I' before the IFRS account number. The second method is referred to by interview participants as the 'Mickey Mouse system', as it can be visualised as one large circle containing common accounts and two smaller circles, containing either national GAAP or IFRS accounts, in which the GAAP differences are recorded. When a business transaction does not

differ between national GAAP and IFRS, only the common account is posted, and no further entries are required. However, when GAAP differences exist, entries must be posted to both national GAAP and IFRS using the respective GAAP accounts. Accordingly, the accounting chart must be adjusted to include all accounts, which are grouped to distinguish common and separate GAAP accounts. Second, in the *parallel ledgers approach*, a separate ledger is created for each GAAP, allowing simultaneous postings under multiple GAAPs, while still relying on a single accounting chart (Vanhoof et al., 2014). Our empirical evidence suggests that this approach represents the state of the art and is most commonly implemented using the software solution SAP S/4HANA. The widespread use of this approach is mainly due to the higher degree of automation that enables simultaneous postings to multiple ledgers. In practice, organisations typically establish three ledgers, one for national GAAP, one for IFRS, and one for tax purposes. However, it may become necessary in the future to maintain a separate sustainability ledger as well. Companies have the flexibility to designate a leading ledger in which entries are primarily posted, a role usually assigned to the IFRS ledger. In contrast to the parallel accounts approach, where GAAP differences are reflected in the accounts, the parallel ledgers approach presents such differences through the ledger-technique. Thereby, the significance of accounting charts is reduced. When an account is created, it can in principle be used across all ledgers. GAAP accounts can be configured to be invisible to other ledgers, so that the account technically exists for all GAAPs but is visible only in the selected ones. Third, in the *company codes approach*, separate company codes are created for each GAAP. This approach can be based on either a single accounting chart or on two accounting charts (Vanhoof et al., 2014). In practice, however, only the variant using a single accounting chart is observed. This is consistent with the advisory perspective, which also reports that the use of separate accounting charts for each company code is rarely encountered. Similar to the ledger-based solution, this approach allows organisations to present the GAAPs clearly separated from one another. However, the accounting entries are recorded manually rather than automatically, as in the case with the ledger accounting of SAP S/4HANA. Consequently, regardless of whether a business transaction differs between the GAAPs, the posting entry must be made twice, once under national GAAP and once under IFRS.

Although organisations strive to minimise valuation discrepancies arising from differences between national GAAP and IFRS (Vanhoof et al., 2014), this cannot always be achieved. In line with this, the GAAP differences identified during the core activities of IFRS transition can result in modifications to the recognition, measurement, presentation, and disclosure of financial information (Napier & Stadler, 2020). To ensure compliance with the respective

GAAPs, such differences must be properly reflected when *accounting for selected IFRS standards*. One standard that particularly requires a modified measurement is *revenue recognition* (Napier & Stadler, 2020). For its implementation, IFRS 15 provides guidance through a five-step procedure (Boujelben & Kobbi-Fakhfakh, 2020). This standard particularly impacts the telecommunications, engineering, and construction industries (Boujelben & Kobbi-Fakhfakh, 2020; Usurelu et al., 2021). Interestingly, our findings suggest that the recognition of revenue under IFRS does not lead to changes in the accounting chart for most industries. Accordingly, the complexity of this standard does not stem from the required accounting treatment, but from the underlying five-step procedure. In this context, interview respondents referred to the fifth step, which addresses the temporal dimension of revenue recognition. While the entire contractual amount is usually recognised upon contract completion under national GAAP, IFRS requires revenue to be measured and recognised over time, based on the stage of completion. In line with the literature, interview participants stated that companies may need to adapt their IT systems accordingly (Kohler et al., 2021). In practice, organisations utilise IT solutions such as posting attributes or other recording functionalities in their accounting system. For example, SAP offers the ‘milestone billing’ tool, which particularly supports the engineering and construction industry throughout the five-step procedure. This tool provides a clear overview of the invoicing process by integrating partial and final invoices that are aligned with the stage of completion. However, the telecommunications industry needs to create new IFRS accounts to properly record telecommunication services, including additional performance obligations. This requires the creation of new accounts for contractual assets, which are not provided for in the UGB and HGB. Another standard that differs generally between national GAAP and IFRS is *Goodwill* (Napier & Stadler, 2020), which often represents a large balance sheet item and is widely debated in the academic literature (Amel-Zadeh et al., 2023; EFRAG, 2016; Mazzi et al., 2018). This debate also arises in practice and primarily relates to the different accounting practices under national GAAP and IFRS. While UGB and HGB require linear amortisation, IFRS mandates impairment testing. To clearly distinguish between regular amortisation and impairment losses, companies usually use separate accounts for each GAAP. Organisations can also record value reductions using a common account, although this requires supplementary documentation to ensure traceability. The valuation differences between these two accounting practices are particularly causal for discussions. Some participants argue for the impairment testing, as they consider the true and fair view approach more truthful and realistic than under national GAAP. However, other interviewees question whether these IFRS requirements actually present goodwill in a transparent and fair

manner. In this context, practitioners also discuss the risks associated with goodwill that has not been impaired for many years. These items are problematic because they no longer reflect the current business model and profitability. Furthermore, these practitioners argue that goodwill requirements are highly subjective and time consuming due to the required professional judgements (Amel-Zadeh et al., 2023; d’Arcy & Tarca, 2018; Detzen, 2016). Another IFRS issue with implications for the accounting chart is *OCI*, which requires a modified presentation of financial information (Napier & Stadler, 2020). The literature discusses several key components of OCI, including asset revaluation surplus, foreign currency translation reserve, and cash-flow hedge reserve (Bradbury, 2016; Khan & Bradbury, 2015). Our empirical findings provide additional insights by demonstrating that IFRS requirements for OCI require substantial modifications to the existing accounting chart. UGB and HGB do not provide for OCI and accordingly, value changes are either not recognised or recognised directly in the income statement. In contrast, IFRS mandates a clear and consistent separation of these items. Some companies record all OCI items on a single account, which significantly diminishes the transparency of financial reporting. In practice, most companies, therefore, record each OCI item in a separate account. However, maintaining numerous accounts increases the risk of errors in the accounting chart, as its clarity is drastically reduced. To retain the clarity, many organisations cluster their OCI accounts into a separate account group and assign them a common numerical prefix. In this context, companies most frequently create new accounts for cash flow hedges such as derivatives, deferred taxes, pensions and postretirement benefits, currency translation differences, and asset revaluation reserves. For OCI items to be reclassified from equity to profit or loss, it is also necessary to create a corresponding recycling account to record the reclassification. An IFRS standard that implicates a modified disclosure is *segment reporting* (Napier & Stadler, 2020). However, our empirical evidence suggests that these IFRS requirements do not result in adjustments to the accounting chart. Instead of presenting different segments through accounts, companies often rely on posting attributes such as profit centres, cost centres and allocation keys to attach the necessary information. Individual entities within a group are typically not affected by segment reporting, as they operate as separate companies within a single segment. These segments may differ by geography or by business area. Consequently, segmentation becomes particularly relevant in the context of consolidation, where organisations can reconcile multiple accounts to a single account at the group level. In group reporting, positions that aggregate one or more national accounts are referred to as ‘nodes’. Another IFRS issue affecting the accounting chart is *leases*, which requires an amended recognition of financial information (Napier & Stadler, 2020). In line with this, the

implementation of IFRS 16 has significant implications for lessees regarding the recognition of lease transactions. This stems from the elimination of lessees' option to classify transactions as operating leases (Delgado-Vaquero et al., 2022; Hladika & Valenta, 2018). Lessees must therefore recognise all lease transactions on the balance sheet, whereas lessors may still distinguish between operating and finance leases (Hladika & Valenta, 2018). Our empirical findings align with the existing research and further extend it with insights on accounting chart adjustments. Interestingly, the lessors' requirements do not affect the accounting chart of our interview participants, as these lease transactions can be recorded using national GAAP accounts or common accounts. Regarding lessees' requirements, UGB and HGB mandate leasing to be recorded as a rental expense directly in the income statement. Under IFRS, a right-of-use asset and a lease liability must be recognised. Ongoing payments are split into repayment and interest, and the right-of-use asset is depreciated over the term. Therefore, new IFRS accounts are needed for right-of-use assets, lease liabilities, depreciation, as well as for interest and repayment expenses. Given the extensive number of lease contracts, companies frequently use additional software tools to support the monthly accounting for lease transactions, which is usually automated.

Existing literature states that the comparability, reliability, and quality of financial statements are enhanced when a standardised accounting chart is used at the national level. At the same time, literature criticises the limited flexibility of standardised accounting charts at the international level when capturing national regulations (Eurostat, 2017; S. Jorge et al., 2022). Most of our respondents share this view and argue that a mandatory introduction of a *standardised IFRS accounting chart* would contradict the principles-based nature of IFRS. In the context of the *discussion on accounting standardisation*, they emphasise that a globally standardised accounting chart could not adequately reflect sector- and company-specific characteristics, size classifications, and organisational structures. Furthermore, organisations have already established accounting charts, which would require a time-consuming and resource-intensive adjustment process. Accordingly, interview participants assume that companies would not implement a mandatory IFRS accounting chart. This aligns with previous experiences, which show that companies are generally hesitant to implement fundamental changes (Bechtel, 1995). However, a few practitioners still supported a standardised IFRS accounting chart. These proponents see its value in guiding small- and medium-sized companies when they first report under IFRS. At the same time, they note that these companies can also obtain templates from large audit firms. Consequently, a standardised IFRS accounting chart should only be introduced as a non-binding basic framework, rather than a mandatory

requirement, to preserve the flexibility of IFRS. While experts are critical of introducing a mandatory standardised accounting chart, developments aimed at creating a uniform framework are viewed positively in practice. One example is the planned introduction of IFRS 18, which defines a standardised structure for an income statement.

## 4.3 Examples of IFRS bookkeeping

For the examples of IFRS bookkeeping, the existing accounts and accounting chart structures of the EKR and IKR were used.

### 4.3.1 IFRS 15 Revenue from contracts with customers

On 1 October 2025, Earth AG enters a binding 24-month contract with Dominik. The monthly fee amounts to 90 EUR. As part of the contract, Dominik receives a phone, which Earth AG also sells separately. The phone's acquisition cost is 800 EUR, and is offered separately for 900 EUR. A contract without the phone would cost 70 EUR per month. Accordingly, the contract contains two performance obligations with a total transaction price of 2,160 (90\*24) EUR.

**Table 5**  
Calculation of revenue.

| <b>Performance obligations</b> | <b>Stand-alone selling price</b> | <b>Allocated transaction price</b> | <b>Monthly allocated transaction price</b> |
|--------------------------------|----------------------------------|------------------------------------|--------------------------------------------|
| Network services               | 70*24= 1,680                     | 1,680/2,580*2,160 = 1,407          | 1,407/24 = 59                              |
| Handy                          | 900                              | 900/2,580*2,160 = 753              | 753/24 = 31                                |
| <b>Total</b>                   | <b>2,580</b>                     | <b>2,160</b>                       | <b>90</b>                                  |

The change in inventory on 1 October 2025 is recognised as follows:

**EKR (Austria)**

5 Cost of goods sold €800 / 1 Inventory €800

**IKR (Germany)**

6 Cost of goods sold €800 / 2 Inventory €800

**IFRS (Austria)**

5 Cost of goods sold €800 / 1 Inventory €800

**IFRS (Germany)**

6 Cost of goods sold €800 / 2 Inventory €800

Earth AG recognises the change in inventory at the purchase price of 800 EUR in the cost of goods sold account under each accounting standard.

Concluding the telecommunications contract on 1 October 2025 is recognised as follows:

|                            |                                                    |                            |                                                    |
|----------------------------|----------------------------------------------------|----------------------------|----------------------------------------------------|
| <b>EKR (Austria)</b>       |                                                    | <b>IKR (Germany)</b>       |                                                    |
| 2 Trade receivables €2,160 | / 4 Revenue from sale of goods and services €2,160 | 2 Trade receivables €2,160 | / 5 Revenue from sale of goods and services €2,160 |
| <b>IFRS (Austria)</b>      |                                                    | <b>IFRS (Germany)</b>      |                                                    |
| 2 Contract assets €753     | / 4 Revenue from sale of goods €753                | 2 Contract assets €753     | / 5 Revenue from sale of goods €753                |

Under §248 HGB, uncovered expenses of the phone resulting from the subsidised sale do not constitute self-created intangible assets. Instead, they are to be recognised as trade receivables (Bertram et al., 2025). Accordingly, Earth AG recognises the uncovered portion entirely in the income statement as of 1 October 2025. The difference between the purchase price (800 EUR) and the allocated transaction price (753 EUR) of the phone, amounting to -47 EUR, reduces the operating result. However, Austrian commercial law does not provide a single solution. Approach 1: The loss from the transfer of the phone is used solely for contract completion, which could allow a deferred expense over the entire contractual term. Approach 2: Upon transferring the phone to Dominik, Earth AG loses economic ownership of the phone. Earth AG can, therefore, follow the German approach and recognise the expense resulting from the subsidised transfer immediately through the income statement. Due to the absence of legal foundations in Austria, Earth AG opts for approach 2 and adopts the German interpretations. In accordance with IFRS 15.107, Earth AG recognises the phone as a contract asset because it transferred the phone to Dominik before he paid the consideration. Earth AG expects to receive 753 EUR in exchange upon transferring the phone to Dominik. Therefore, under IFRS 15.73, this amount is to be allocated as the transaction price for the phone as a distinct performance obligation.

The monthly fee on 1 October 2025 is recognised as follows:

|                             |                                                           |                             |                                                           |
|-----------------------------|-----------------------------------------------------------|-----------------------------|-----------------------------------------------------------|
| <b>EKR (Austria)</b>        |                                                           | <b>IKR (Germany)</b>        |                                                           |
| <i>no bookkeeping entry</i> |                                                           | <i>no bookkeeping entry</i> |                                                           |
| <b>IFRS (Austria)</b>       |                                                           | <b>IFRS (Germany)</b>       |                                                           |
| 2 Trade receivables €90     | / 2 Contract assets €31<br>/ 4 Revenues from services €59 | 2 Trade receivables €90     | / 2 Contract assets €31<br>/ 5 Revenues from services €59 |

Since Earth AG has already recognised the entire contract amount as trade receivables, no further entries are needed under UGB and HGB. In contrast, under IFRS, Earth AG has so far only recognised the transaction price of the phone. The monthly fees of 90 EUR must therefore be recognised in each month, with 31 EUR attributable to the phone as contract asset and 59 EUR recognised as revenue from network services.

The payment of the monthly fee on 31 October 2025 is recognised as follows:

**EKR (Austria)**

2 Bank €90 / 2 Trade receivables €90

**IKR (Germany)**

2 Bank €90 / 2 Trade receivables €90

**IFRS (Austria)**

2 Bank €90 / 2 Trade receivables €90

**IFRS (Germany)**

2 Bank €90 / 2 Trade receivables €90

Earth AG recognises the bank payment of the monthly fee of 90 EUR under each accounting standard.

The following day, Dominik buys a phone case from Earth AG for 50 EUR via bank transfer, independently of the contract.

The change in inventory of phone cases on 2 October 2025 is recognised as follows:

**EKR (Austria)**

5 Cost of goods sold €30 / 1 Inventory phone case €30

**IKR (Germany)**

6 Cost of goods sold €30 / 2 Inventory phone case €30

**IFRS (Austria)**

5 Cost of goods sold €30 / 1 Inventory phone case €30

**IFRS (Germany)**

6 Cost of goods sold €30 / 2 Inventory phone case €30

Earth AG recognises the change in the phone case inventory in the cost of goods sold account at the purchase price of 30 EUR under each accounting standard.

The revenue from the sale of the phone case on 2 October 2025 is recognised as follows:

**EKR (Austria)**

2 Bank €50 / 4 Revenue from sale of goods €50

**IKR (Germany)**

2 Bank €50 / 5 Revenue from sale of goods €50

**IFRS (Austria)**

2 Bank €50 / 4 Revenue from sale of goods €50

**IFRS (Germany)**

2 Bank €50 / 5 Revenue from sale of goods €50

Earth AG recognises the revenue from the sale of the phone case at its selling price of 50 EUR under each accounting standard.

#### 4.3.2 IAS 36 Impairment of assets (Goodwill)

On 1 January 2025, Ocean AG acquires Water GmbH via an asset deal for 600,000 EUR with payment by bank transfer. The fair value of Water GmbH's identifiable net assets at that date is 450,000 EUR. Assume that the useful life of the acquired goodwill is ten years. At the end of 2025, the recoverable amount of the goodwill is determined to be 140,000 EUR. It is assumed that this transaction constitutes a business combination under IFRS 3.

|                                     |             |
|-------------------------------------|-------------|
| Fair value of consideration         | 600,000 EUR |
| - Fair value of net assets acquired | 450,000 EUR |
| = Goodwill                          | 150,000 EUR |

Ocean AG's acquisition of Water GmbH on 1 January 2025 is recognised as follows:

|                                       |                                       |
|---------------------------------------|---------------------------------------|
| <b>EKR (Austria)</b>                  | <b>IKR (Germany)</b>                  |
| 0 Goodwill €150,000 / 2 Bank €150,000 | 0 Goodwill €150,000 / 2 Bank €150,000 |
| <b>IFRS (Austria)</b>                 | <b>IFRS (Germany)</b>                 |
| 0 Goodwill €150,000 / 2 Bank €150,000 | 0 Goodwill €150,000 / 2 Bank €150,000 |

Under §203 (5) UGB und §246 (1) HGB, Ocean AG recognises the difference between the value of the acquired entity's net assets and the consideration paid as goodwill. §203 (5) UGB und §253 (3) HGB classify goodwill as a long-term asset and contain provisions on its amortisation. In accordance with IFRS 3.32, Ocean AG calculates the goodwill as the excess of the consideration transferred over the value of the identifiable net assets acquired. Under IAS 36.81, goodwill is treated as an asset that is expected to generate future economic benefits.

The decrease in the recoverable amount of goodwill on 31 December 2025 is recognised as follows:

|                                                      |                                                      |
|------------------------------------------------------|------------------------------------------------------|
| <b>EKR (Austria)</b>                                 | <b>IKR (Germany)</b>                                 |
| 7 Amortisation goodwill €15,000 / 0 Goodwill €15,000 | 6 Amortisation goodwill €15,000 / 0 Goodwill €15,000 |
| <b>IFRS (Austria)</b>                                | <b>IFRS (Germany)</b>                                |
| 7 Impairment goodwill €10,000 / 0 Goodwill €10,000   | 6 Impairment goodwill €10,000 / 0 Goodwill €10,000   |

In accordance with §203 (5) UGB and §253 (3) HGB, goodwill must be amortised over its useful life. If the useful life cannot be determined reliably, a useful life of ten years must be assumed, over which the goodwill must be written off on a straight-line basis. Ocean AG assumes a ten-year useful life for goodwill and therefore amortises it evenly over this period with an annual amount of 15,000 EUR. Under IFRS, goodwill is also classified as an intangible asset. Intangible assets are generally governed by IAS 38. However, IAS 38.3(f) explicitly excludes goodwill arising from business combinations under IFRS 3 from its scope. Instead, it refers to the accounting provisions of IFRS 3 for such cases. IFRS 3.54 requires Ocean AG to measure and subsequently recognise the goodwill with further guidance provided in IFRS 3.B63. Although IAS 38 does not directly apply to goodwill from business combinations, IFRS 3.B63 specifies that the general provisions for intangible assets under IAS 38 should nevertheless be applied. According to IAS 38.107, intangible assets with an indefinite useful life, which includes goodwill, should not be regularly amortised. Furthermore, IFRS 3.B63

specifies that impairment losses are to be accounted for in accordance with IAS 36. Under IAS 36.88, goodwill must be tested for impairment annually. On 31 December 2025, Ocean AG determines the recoverable amount of goodwill to be 140,000 EUR. Accordingly, the recoverable amount is 10,000 EUR lower than the carrying amount. As a result, the impairment loss must be recognised in the income statement in accordance with IAS 36.10(b).

#### 4.3.3 IAS 1 Presentation of financial statements (Other Comprehensive Income)

On 16 May 2025, Sunshine AG purchases company shares worth 20,000 EUR and pays via bank transfer. The fair value of the shares corresponds to the purchase price on that date. No incidental acquisition costs were incurred. By 31 December of the same year, the value of these shares had increased to 25,000 EUR. Sunshine AG does not plan to sell the shares in the foreseeable future. In this scenario, Sunshine AG is required to present the information in accordance with IAS 1 *Presentation of financial statements* and IFRS 9 *Financial instruments*.

The purchase of the shares on 16 May 2025 is recognised as follows:

##### **EKR (Austria)**

0 Long-term securities €20,000 / 2 Bank €20,000

##### **IKR (Germany)**

1 Long-term securities €20,000 / 2 Bank €20,000

##### **IFRS (Austria)**

0 Long-term securities €20,000 / 2 Bank €20,000

##### **IFRS (Germany)**

1 Long-term securities €20,000 / 2 Bank €20,000

Sunshine AG pays 20,000 EUR via bank transfer for the acquisition of shares. In accordance with §203 (1) UGB und §253 (1) HGB, the shares must be recognised at no more than their acquisition costs, reduced by any value reductions. The shares are presented under long-term securities. Under IFRS 9.4.1.4, Sunshine AG irrevocably elects to present changes in fair value through OCI upon initial recognition. This is permitted under IFRS 9.5.7.5 because the investment is not held for trading and does not arise from a business combination as defined in IFRS 3.

Increase in the value of the security on 31 December 2025 is recognised as follows:

##### **EKR (Austria)**

*no bookkeeping entry*

##### **IKR (Germany)**

*no bookkeeping entry*

##### **IFRS (Austria)**

0 Long-term securities €5,000 / 9 Unrealised gain on long-term securities (OCI) €5,000

##### **IFRS (Germany)**

1 Long-term securities €5,000 / 3 Unrealised gain on long-term securities (OCI) €5,000

According to §201 (2) 4a UGB and §252 (1) 4 HGB, the principle of prudence requires that only profits realised by the reporting date be recognised. Since the shares are not sold but remain held by Sunshine AG, no profit is recognised under national accounting rules. Under

IFRS 9.4.1.4, however, Sunshine AG is required to present changes in fair value through OCI. Thus, the positive difference must be recognised in equity. As neither the EKR nor the IKR contain OCI accounts, new IFRS accounts must be created for this purpose. Sunshine AG decides to allocate all OCI accounts to the existing equity accounts. IAS 1.7 refers to fair value changes of equity instruments that are recognised in OCI components in connection with IFRS 9.5.7.5.

#### 4.3.4 IFRS 16 Leases

On 1 January 2026, Sky AG (lessee) enters into a lease agreement with Horizon AG (lessor) for a production machine for the following two years. Payments of 10,000 EUR are scheduled for 31 December of the respective year, to be made by instant bank transfer. The incremental borrowing rate is 4%. An assessment was carried out to determine the economic owner of the asset, which concluded that Horizon AG is the economic owner of the production machine. Under UGB and HGB, this arrangement is treated as an operating lease. Table 6 presents the calculations for this lease agreement from Sky AG's perspective.

**Table 6**

Calculation of lease liability.

| Year | Lease payments | Present value of lease payments | Cumulated Present value of lease payments |
|------|----------------|---------------------------------|-------------------------------------------|
| 2026 | 10,000         | $10,000/(1+0,04)^1 = 9,615$     | 9,615                                     |
| 2027 | 10,000         | $10,000/(1+0,04)^2 = 9,246$     | $9,615+9,246 = 18,861$                    |

| Date       | Cashflow | Interest            | Lease liability      | Lease liability (carried forward) |
|------------|----------|---------------------|----------------------|-----------------------------------|
| 01.01.2026 | 18,861   |                     |                      | 18,861                            |
| 31.12.2026 | -10,000  | $18,861*0,04 = 754$ | $10,000-754 = 9,246$ | $18,861-9,246 = 9,615$            |
| 31.12.2027 | -10,000  | $9,615*0,04 = 385$  | $10,000-385 = 9,615$ | $9,615-9,615 = 0$                 |

Initial measurement of the lease agreement on 1 January 2026 is recognised as follows:

**EKR (Austria)**  
no bookkeeping entry

**IKR (Germany)**  
no bookkeeping entry

**IFRS (Austria)**  
0 Right-of-use asset €18,861 / 3 Lease liability €18,861

**IFRS (Germany)**  
0 Right-of-use asset €18,861 / 4 Lease liability €18,861

Horizon AG provides Sky AG with the production machine for a contractually agreed period of two years in exchange for lease payments. As the investment risk remains with Horizon AG, it is considered the economic owner of the asset. Under §196a UGB and §246 (1) HGB, the

production machine must be recognised by the economic owner. Accordingly, only Horizon AG has to record the production machine in its balance sheet, whereas Sky AG does not post any asset or liability. Under IFRS 16.22, the lessee must recognise the right-of-use asset and the lease liability at the commencement date. In accordance with IFRS 16.26, the lease liability is measured at the present value of all outstanding payments, discounted at the incremental borrowing rate of 4%. According to IFRS 16.47, the right-of-use asset should be presented separately as an individual asset in the financial statements.

Lease payment on 31 December 2026 is recognised as follows:

|                          |                  |                          |                  |
|--------------------------|------------------|--------------------------|------------------|
| <b>EKR (Austria)</b>     |                  | <b>IKR (Germany)</b>     |                  |
| 7 Lease expense €10,000  | / 2 Bank €10,000 | 6 Lease expense €10,000  | / 2 Bank €10,000 |
| <b>IFRS (Austria)</b>    |                  | <b>IFRS (Germany)</b>    |                  |
| 3 Lease liability €9,246 | / 2 Bank €10,000 | 4 Lease liability €9,246 | / 2 Bank €10,000 |
| 8 Interest expense €754  |                  | 7 Interest expense €754  |                  |

Under UGB and HGB, the lease payments made by Sky AG are recognised in the income statement as other operating expenses and are treated in accordance with the principles applicable to rental agreements (Huber & Schuler, 2024; Müller, 2023). In contrast, under IFRS, lease payments reduce the lease liability. The interest on lease liability is recognised as an expense in the income statement and, in accordance with IFRS 16.49, is presented separately from the depreciation of the right-of-use asset.

Depreciation of the production machine on 31 December 2026 is recognised as follows:

|                                                     |  |                                                     |  |
|-----------------------------------------------------|--|-----------------------------------------------------|--|
| <b>EKR (Austria)</b>                                |  | <b>IKR (Germany)</b>                                |  |
| <i>no bookkeeping entry</i>                         |  | <i>no bookkeeping entry</i>                         |  |
| <b>IFRS (Austria)</b>                               |  | <b>IFRS (Germany)</b>                               |  |
| 7 Depreciation €9,430 / 0 Right-of-use asset €9,430 |  | 6 Depreciation €9,430 / 0 Right-of-use asset €9,430 |  |

In accordance with national requirements, Sky AG does not record any additional expenses, since Horizon AG, the economic owner, depreciates the production machine. Under IFRS 16.32, Sky AG depreciates the right-of-use asset over the two-year lease term.

## 5 Conclusions

The purpose of this study was to elucidate how Austrian and German companies develop and maintain their IFRS accounting chart. Our contribution to the existing accounting chart literature is as follows.

First, we contribute to the accounting chart literature by exposing *common accounting chart issues* irrespective of specific GAAPs: (a) *accounting chart maintenance*, which covers regular and occasional revisions, competences for adjusting the accounting chart, as well as engagement with stakeholders and their impacts; and (b) *accounting chart challenges*, which entails the difficulty to establish an accounting chart structure that is both durable and streamlined. The common accounting chart issues build on existing literature, which has so far devoted little attention to the practical application, and extend the literature through an empirically grounded contribution. To keep an accounting chart up to date and well-structured, it is necessary to regularly review it. Such reviews can be expanded by occasional revisions whenever specific triggers occur. While regular reviews are typically conducted annually during year-end closing, triggers can include various events such as company acquisitions and changes to the internal IT system. For the resulting adjustments, all relevant stakeholders should be involved to ensure the accounting chart meets the requirements of its users. In particular, the stakeholders include top management as well as the controlling and accounting departments. The administration of accounts is considered a standardised and centrally governed process as it falls within the remit of a specialised department that has exclusive authority to directly affect the accounting chart. However, when adjusting an accounting chart, care should be taken to maintain the lean and distinct structure. Consequently, quality and clarity of the accounting chart are maintained, and the likelihood of errors is minimised. In addition, when developing an accounting chart, a durable structure should be established to allow sufficient room for future developments. Thus, the long-term continuity of the accounting chart can be secured. Our findings corroborate previous research on accounting charts, which has provided insights into administrative tasks, such as the necessity of accounting chart reviews and the importance of stakeholder considerations (e.g., Bechtel, 1995; Carroll, 2013; Cooper & Pattanayak, 2011).

Second, our study extends the accounting chart literature by incorporating the IFRS dimension, thus demonstrating how companies develop towards *accounting charts for IFRS* and how practitioners would regard a standardised international accounting chart: (a) *core activities of IFRS transition*, which includes a set of actions needed to develop an IFRS accounting chart; (b) *reconciliation approaches*, which entails possible methods to reconcile

differences between multiple GAAPs; (c) *accounting for selected IFRS standards*, which evaluates whether specific IFRS standards impact the accounting chart; and (d) *discussion on accounting standardisation*, which considers differing opinions on a mandatory IFRS accounting chart. Accounting charts for IFRS build on and complement prior literature, which has been silent on accounting chart modifications needed in a multiple GAAP context. Transitioning to an IFRS accounting chart requires organisations to take specific actions, while their sequence can vary across companies. Such a transition is typically regarded as a project that requires careful planning and includes assembling a project team, developing a project plan, and setting a timeline. It is advisable to engage external advisers with relevant expertise to avoid potential errors. In addition, it is essential to involve relevant stakeholders, such as management and subsidiary companies, to ensure that all requirements for the accounting chart are fulfilled. The choice of an appropriate IT system also constitutes a central component of an IFRS transition project. Depending on the IT system selected, different approaches can be used to reconcile differences between multiple GAAPs. In practice, organisations frequently rely on the SAP software because it is versatile and helps to avoid errors and additional work. To accurately record business transactions in the IT system, it is crucial to have a profound understanding of the company's operations and workflows. This understanding is also important for identifying differences between national GAAP and IFRS, which is typically conducted through a line-by-line analysis. Although organisations strive to minimise valuation discrepancies arising from GAAP differences, this cannot always be achieved. However, such differences do not necessarily require an adjustment to the accounting chart, instead they can be captured using existing accounts with optional supplementary information. For most companies, the supplementary information is used for revenue recognition and segment reporting, whereas accounting for OCI, goodwill, and leases typically requires the creation of new accounts. Regarding the actual adjustments to the accounting chart, organisations usually build on an existing accounting chart and extend it with IFRS accounts. To ensure proper application of the IFRS accounting chart, companies can provide support such as an accounting manual and IFRS trainings. Support in applying IFRS can also be provided through a standardised IFRS accounting chart. However, such standardisation would contradict the principles-based nature of IFRS and could not capture all company and sector specific characteristics. An alternative is the IFRS 18, which offers a structural framework while avoiding excessive restrictions on companies' existing accounting charts. Our findings corroborate the previous literature on IFRS transition practices (e.g., KPMG International, 2009; Vanhoof et al., 2014, 2016; Vanhoof & Aerts, 2014; Weaver, 2014), thereby laying the

foundation for further research on this topic. Adopting a qualitative research method, we are able to identify specific considerations when developing and maintaining an IFRS accounting chart. Hence, this approach allows us to explore the emerging topic of an IFRS accounting chart (Barbour, 2013; Kuruppu et al., 2019).

## 5.1 Managerial Relevance

The findings from this study provide significant implications for practice. Project leaders in charge of managing the conversion from UGB or HGB to IFRS may find it useful to gather an understanding of the possible steps for developing towards an IFRS accounting chart. They can determine the individual sequence of these steps and decide on the practical implementation of each step. It is recommendable, however, that they perform all steps, consider the company's growth strategy, and continuously adapt the IFRS accounting chart as new developments arise. As project leaders are responsible for establishing an adequate project plan, it is advisable that they devote sufficient time and effort to the overall process. Employees with long-standing experience and profound organisational knowledge are particularly valuable, as they can help identify potential concerns early on and provide practical insights into existing structures and processes. In addition, involving other relevant internal stakeholders is essential, as their different operational activities result in differing requirements for the accounting chart. Moreover, maintaining an ongoing dialogue with external advisers throughout the IFRS transition enables the project leader to take well-informed decisions on various matters. For example, when deciding on an IT system, it is important to consider that each software solution has different advantages and disadvantages, impacting the accounting chart. It is recommendable to use software solutions that support additional posting attributes to avoid creating new accounts. For this purpose, many organisations rely on SAP S/4HANA, which is considered state of the art. The availability of posting attributes offers an alternative to creating new accounts, thereby reducing the importance of accounting charts. Nevertheless, the existing accounting chart must be maintained, including adding new accounts when needed and eliminating unnecessary accounts. This prevents the accounting chart from being overloaded, which would increase the likelihood of errors. Thus, it is advisable to establish a structured process for accounting chart maintenance that is carried out regularly.

## 5.2 Limitations and Future Research

This study has limitations that may guide future research. First, the findings of this study are based on organisations of various industries, enabling the identification of general practices. Future research could focus on companies within a single industry to explore industry-specific characteristics. A relevant example would be examining adjustments to the accounting charts within one industry, such as telecommunications, engineering, and construction, during the IFRS transition to uncover unique patterns specific to that sector. Second, the scope of this study should be further expanded to investigate companies using the same IT software provider, allowing the examination of how accounting adjustments differ across IT solutions and enabling a comparative analysis of organisational practices and patterns within a uniform IT system. Third, this study draws on participants from Austria and Germany, whose legal and accounting environments are comparatively similar. Future research could extend this study by examining accounting practices across jurisdictions with varying GAAP requirements, revealing how companies adapt their practices within different legal contexts. Fourth, this study incorporates two groups of interviewees, namely practitioners and advisers, who provide a profound understanding of the subject by capturing both the internal perspective and the external perspective. Further studies may ensure an equal representation of both parties, as the external perspective provides extensive knowledge that complements practitioners' in-depth company-specific knowledge.

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## 7 Appendix

**Figure 3**

Interview guide.

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This interview guide is intended to contribute to the under-researched topic of developing and maintaining an IFRS accounting chart. In particular, the transition of a standardised accounting chart into a company accounting chart as well as the differences arising from national and international accounting standards are discussed. In this context, a distinction is made between a standardised accounting chart and a company accounting chart. The standardised accounting chart, with its uniform account classes and categories, serves as the starting point. The company accounting chart, on the other hand, results from company-specific adjustments to this framework and thus reflects the individual requirements of the respective company.

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### **Part I – General Aspects**

- 1.1. Do you consent to this interview being recorded and subsequently transcribed and processed? Do you confirm that you are taking part in this interview voluntarily? Do you want this interview to be transcribed anonymously?
  - 1.2. What is your position within your organisation?
  - 1.3. To which industry do you categorise your entity?
  - 1.4. Since when has your company used international financial reporting in accordance with IAS/IFRS?
  - 1.5. Which accounting chart served as the baseline for your accounting?
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### **Part II - Creation of IAS/IFRS Accounting Charts**

- 2.1a. What adjustments have you made to the accounting chart to meet IFRS requirements? Have accounts or categories been added or changed?
  - 2.1b. What are further main differences between the original accounting chart and the IFRS accounting chart?
  - 2.2. How does the process of first-time reconciliation between national and international accounting standards proceed?
  - 2.3. How often do you check your accounting chart for adjustments and how does this control process work?
  - 2.4. How are accounts resulting from new IFRS standards integrated into your accounting chart?
  - 2.5. What challenges arise when creating and continuously updating the IFRS accounting chart?
  - 2.6. What best practice strategy would you recommend for the first-time creation of an IFRS accounting chart?
  - 2.7. What is your opinion on a mandatory standardised IFRS accounting chart issued by the IASB?
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### **Part III - Preparation of Annual Financial Statements**

- 3.1. What adjustments are required when switching between revenue recognition at a point in time in accordance with the UGB/HGB and revenue recognition over time in accordance with IFRS 15?
  - 3.2. What are the main differences in your company in recognising and adjusting goodwill under UGB/HGB and IFRS?
  - 3.3. To what extent does accounting under IFRS differ from accounting under UGB/HGB and which UGB/HGB accounts are summarised in OCI?
  - 3.4. How are the various segments of your company accounted for in your financial reporting or what changes have been made to the accounting chart in this regard?
  - 3.5. What impact does the recognition of leases in accordance with IFRS 16 have on financial reporting for lessees and lessors compared to national reporting?
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