

"ADOPTION OF IFRS AND ITS IMPACT ON THE FINANCIAL PERFORMANCE OF IT SECTORS"-EVALUATE

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ABSTRACT

Multinational companies are establishing their businesses in the different sectors in India. These Indian business firms are presenting financial statements as per IFRSs, Indian GAAPs, USGAAPs, Japan GAAP, etc., With a view to avoiding this kind of inconvenience, the accounting bodies across the world are working towards a standard set of accounting policies, valuation norms, and disclosure requirements. In this scenario, there is a requirement of transition from Indian GAAP to IFRS for India in all the sectors. An upcoming economy on world economic map, India, too, decided to converge with IFRS by developing a standard called Ind AS. The main purpose of this study is to identify the statistically significant differences between the Indian GAAP-based and IFRS-based financial statements of companies in terms of financial statement items through the calculated financial ratios. The analysis is based on the sample of 4 Information technology companies that have voluntarily adopted IFRS reporting. Financial statements prepared as per Indian GAAP and IFRS were obtained for a period of 6 years. The study used the Gray comparability index to analyze the relative effect, the Wilcoxon's signed ranks test, these help us to Identify significant differences between Indian GAAP-based and IFRS-based financial ratios, the study revealed that IFRS adoption has effectively used by various IT listed companies.

KEYWORDS: GAAP, IFRS, Reporting Standards, Financial Ratios, and Companies