

# Adoption and Impact of IFRS (International Financial Reporting Standards) on Financial Reporting.

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**Abstract:** *Global financial reporting practices must be made more transparent, comparable, and consistent by adopting IFRS. The researcher attempts to analyse the effects of the adoption of International Financial Reporting Standards (IFRS) on the financial statements of selected companies in India. Assessing this impact is essential for stakeholders seeking a clear understanding of companies' financial positions and performances in the post-IFRS era. The study divides the timeline into pre-IFRS (2012-2016) and post-IFRS (2017-2021) periods to examine liquidity, profitability, and investor valuation financial ratios over a ten-year period. Thus, this study helps in understanding the impact of IFRS adoption on financial statements in the Automobile sector in India. The Gray Comparability Index was deployed to calculate the relative effect of IFRS on accounting information. Furthermore, the Paired Sample t-test was used to evaluate the statistical significance of any changes observed. The findings disclose that the Gray's Comparability Index exhibits an improvement in accounting information during the post-IFRS period. However, the Paired t-test outcomes advocate that the adoption of Ind AS did not lead to significant changes in the financial statements during the post-IFRS period. The paper concludes by emphasizing caution in generalizing the results due to the small sample size. This implies that while there are indications of improved accounting information under IFRS, the findings may not be universally applicable, and individual company circumstances should be considered. However, the limitations of a small sample size highlight the need for further research to validate and generalize the results.*

**Keywords:** International Financial Reporting Standards (IFRS), Financial Ratio, Ind AS

