

---

## **Impact of IFRS adoption in Sri Lanka: an evaluation of financial reporters' perception**

---

**Habeeb Mohamed Nijam**

Department of Accountancy and Finance,  
Faculty of Management and Commerce,  
South Eastern University of Sri Lanka,  
University Park, Oluvil #32360, Sri Lanka  
Email: nijamhm@seu.ac.lk

**Abstract:** The purpose of this study is to examine the perceived impact of International Financial Reporting Standards (IFRS) adoption and whether it relates to firms' characteristics. The study was conducted among all 62 companies listed in bank, finance and insurance sector at Colombo Stock Exchange (CSE) using questionnaires addressed to financial and accounting professionals. The study employed principal component analysis and one-sample Wilcoxon signed-rank test and found that the IFRS adoption is perceived to have significantly improved financial reporting quality and corporate governance of firms. Though IFRS caused increased cost of financial reporting, it is yet perceived to be a net gain. However, respondents tend to perceive that IFRS adoption has not assured capital market benefits to the firms in bank, finance and insurance sector in Sri Lanka. It is also found that firms' size and profitability significantly and positively associate with perceived impact of IFRS on quality of financial reporting and corporate governance of firms. This study provides evidence for IFRS impact from a developing economy.

**Keywords:** IFRS adoption; one-sample Wilcoxon signed-rank test; SLFRS; Sri Lanka.

**Reference** to this paper should be made as follows: Nijam, H.M. (2016) 'Impact of IFRS adoption in Sri Lanka: an evaluation of financial reporters' perception', *Int. J. Managerial and Financial Accounting*, Vol. 8, No. 2, pp.151–171.

**Biographical note:** Habeeb Mohamed Nijam is a Lecturer in Accountancy in the Department of Accounting and Finance, South Eastern University of Sri Lanka. His research interests are related to accounting regulations, IFRS, corporate distress and capital market.

---