MANAGEMENT TODAY
-for a better tomorrow
An International Journal of Management Studies
home page: www.mgmt2day.griet.ac.in
Vol.7, No.2, April-June 2017

A Comparative Study of Balance Sheets Prepared under Indian GAAP and IFRS with Special Reference to Select IT Companies

Revanayya Kantayya[1] and Panduranga, V.[2]

[1]Research Scholar, [2]Assistant Professor, Department of Commerce, School of Business Studies, Central University of Karnataka, , Kalaburagi – 585367, Karnataka State, India. Revanayya13m.comcuk@gmail.com / pvpatti@gmail.com / pandurangavp@cuk.ac.in

ARTICLE INFO

Article history:

Received 13.06.2017
Accepted 25.06.2017

Keywords:

Indian GAAP, IFRS, GCI, IASB, IFRS Foundation

ABSTRACT

The wave of globalization has brought drastic changes in the business environment across the world. Emerging entities are not only operating in cross-borders, they are also sourcing funds globally. Need of the hour is a widely accepted, high quality financial reporting to enhance transparency and comparability of financial reports which enable users to take appropriate decisions. Effects are being made by the regulators, accounting professionals, associations and researchers for harmonising financial reporting. A remarkable achievement is being made by International Accounting Standards Board (IASB), which operates under the purview of the IFRS Foundation in this context by developing International Financial Reporting Standards (IFRS). Basically, IFRS adoption is viewed as a commitment for better disclosure, which may have various impacts on financial reporting; the present study is an attempt to compare the balance sheets prepared under the Indian GAAP and IFRS of select IT companies The specific objective of this study is to find the quantitative differences between the Balance Sheet items (viz. total assets, total liabilities and total equity) prepared under Indian GAAP and IFRS. Gray's Comparability Index (GCI) is applied to compare the key items of balance sheets prepared under Indian GAAP and IFRS. Findings of the study reveal that there are quantitative differences in the Balance sheet items of Infosys Limited and Wipro Limited prepared under Indian GAAP and IFRS.

1. Introduction

The wave of globalization has brought drastic changes in the business environment across the world. Apart from borderless operations, emerging business corporations are raising finance from international capital and money markets. The shareholders spread across the world. In this context, the regional accounting languages are no longer adequate. Financial reporting has become challenging in the recent past. As the influence of capital markets grew and domestic market places became more sophisticated. Need of the hour is a widely accepted, high quality reporting to enhance transparency and comparability that would enable stakeholders to take proper decisions. Regulators, Accounting professionals, associations and researchers have made remarkable contributions for harmonising financial reporting. A landmark achievement is developing International Financial Reporting Standards (IFRS) by the International Accounting Standards Board (IASB), which operates under the purview of the IFRS Foundation. The goal of the IASB and the IFRS Foundation is working for developing a global financial reporting standard that bring transparency, accountability and efficiency to financial markets around the world has developed International Financial Reporting Standards. These standards serve the public interest by fostering trust, growth, and long-term financial stability in

---

Responsibility of Contents of this paper rests upon the authors and not upon GRIET publications

ISSN: 2348-3989 (Online)
ISSN: 2230-9764 (Print)
Doi: http://dx.doi.org/10.11127/gmt.2017.06.03
pp. 75-85

the global economy. Therefore, IFRS has gained momentum across the world.

"International Financial Reporting Standards (IFRS) is a set of globally acclaimed principle based standards of financial reporting issued by the International Accounting Standards Board (IASB). In these principles based financial reporting standards, accounting treatment follows from the definition of an accounting element and classification thereof. In rule based reporting standard, various exceptions are attached to achieve a standardised practice but accounting measurement would widely deviate from the substance of the transaction". (T.P. Ghosh)

2. IFRS use around the World

International Financial Reporting Standards are being publicly supported. The vision of global accounting standards has been publicly supported by many international organisations, including the G20, World Bank, IMF, Basel Committee, IOSCO and IFAC to assess progress toward that goal, the IFRS Foundation is developing and posting profiles about the use of IFRS Standards in individual jurisdictions on an on-going basis. The IFRS Foundation uses information from various sources to develop the profiles. The starting point is the responses provided by standard-setting and other relevant bodies to a survey that the IFRS Foundation conducted. The IFRS Foundation drafts the profiles and invites the respondents to the survey and others (including regulators and international audit firms) to review the drafts to ensure accuracy. Currently, profiles are completed for 150 jurisdictions are given in Table 1.

Table-1: The 150 Jurisdictions Representing All Parts of the Globe

Jurisdictions	Number of Jurisdictions	Per cent of total
Europe	44	29%
Americas	37	25%
Asia and Oceania	33	22%
Africa	23	15%
Middle East	13	9%
Total	150	100%

Source: http://www.ifrs.org/Use-around-the-world/Pages/Analysis-of-the-IFRS-jurisdictional-profiles.aspx

In a remarkable departure from the multi-GAAP reality that existed at the time of IASB's inception in 2001, presently 150 jurisdictions (countries) require or permit the use of International Financial Reporting Standards.

3. IFRS in India

The Institute of Chartered Accountants of India (ICAI) is playing a crucial role to bring out widely accepted accounting standards in India. It has developed "Indian Accounting Standards" denoted as "Ind AS" to converge with IFRS. Convergence is the process of harmonizing accounting standards issued by the different regulatory bodies. In other words, convergence means alignment of the standards of different standard setters with a certain rate of compromise, by adopting the requirements of the standards either fully or partially. Convergence with IFRS implies to achieve harmony with IFRS and to design and maintain national accounting standards in a way that they comply with the International Accounting Standards. The Ministry of Corporate Affairs (MCA) in consultation with the National Advisory Committee on Accounting Standards (NACAS) has notified 39 Companies (Indian Accounting Standards) Rules, 2015 on 16th February, 2015. The notification became effective from 1st April, 2015. This is an effort to converge to International Financial Reporting Standards. Implementation schedule for Indian Accounting Standards is given in Exhibit 1 and 2.

Exhibit-1: Obligation to Comply with Indian Accounting Standards (Ind AS)

The Companies and their auditors shall comply with the Indian Accounting Standards (Ind AS) of their financial statements and audit respectively, in the following manner, namely:

i. any company may comply with the Indian Accounting Standards (Ind AS) for financial statements for accounting periods beginning on or after 1st April, 2015, with the comparatives for the periods ending on 31st March, 2015, or thereafter;

ii. the following companies shall comply with the Indian Accounting Standards (Ind AS) for the accounting periods beginning on or after 1st April, 2016, with the comparatives for the periods ending on 31st March, 2016, or thereafter, namely:

(a) companies whose equity or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and having net worth of rupees five hundred crore or more;

(b) companies other than those covered by sub-clause (a) of clause (ii) of sub- rule (1) and having net worth of rupees five hundred crore or more;

(c) holding, subsidiary, joint venture or associate companies of companies covered by sub-clause (a) of clause (ii) of sub- rule (1) and sub-clause (b) of clause (ii) of sub- rule (1) as the case may be; and

(d) the following companies shall comply with the Indian Accounting Standards (Ind AS) for the accounting periods beginning on or after 1st April, 2017, with the comparatives for the periods ending on 31st March, 2017, or thereafter, namely:

(e) companies whose equity or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and having net worth of less than rupees five hundred crore;

(f) companies other than those covered in clause (ii) of sub- rule (1) and sub-clause (a) of clause (iii) of subrule (1), that is, unlisted companies having net worth of rupees two hundred and fifty crore or more but less than rupees five hundred crore.

(g) holding, subsidiary, joint venture or associate companies of companies covered under sub-clause (a) of clause (iii) of sub- rule (1) and sub-clause (b) of clause (iii) of sub- rule (1), as the case may be:

Source: G.S.R 111(E), dated 16 Feb. 2015

Exhibit-2 (A): Scheduled Commercial Banks (Excluding RRBs) and Insurer/Insurance Companies:

(a) Scheduled commercial banks (excluding Regional Rural Banks (RRBs), All-India Term-lending Refinancing Institutions (i.e. Exim Bank, NABARD, NHB and SIDBI) and Insurers/Insurance companies would be required to prepare Ind AS based financial statements for accounting periods beginning from April 1, 2018 onwards, with comparatives for the periods ending March 31, 2018 or thereafter. Ind AS would be applicable to both consolidated and individual financial statements.

(b) Notwithstanding the roadmap for companies, the holding, subsidiary, joint venture or associate companies of Scheduled commercial banks (excluding RRBs) would be required to prepare Ind AS based financial statements for accounting periods beginning from April 1, 2018 onwards, with comparatives for the periods ending March 31, 2018 or thereafter.

(c) Urban Cooperative Banks (UCBs) and Regional Rural Banks (RRBs) shall not be required to apply Ind AS and shall continue to comply with the existing Accounting Standards, for the present.

(B) Non-Banking Financial Companies (NBFCs):

NBFCs will be required to prepare Ind AS based financial statements in two phases:

(a) **Under Phase I,** the following categories of NBFCs shall be required to prepare Ind AS based financial statements for accounting periods beginning from April 1, 2018 onwards with comparatives for the periods ending March 31, 2018 or thereafter. Ind AS would be applicable to both consolidated and individual financial statements.

i. NBFCs having net worth of Rs.500 crores or more.

ii. Holding, subsidiary, joint venture or associate companies of companies covered under (a)(i) above, other than those companies already covered under the corporate roadmap announced by the Ministry of Corporate Affairs (MCA), Government of India (GoI).

(b) **Under Phase II**, the following categories of NBFCs shall be required to prepare Ind AS based financial statements for accounting periods beginning from April 1, 2019 onwards with comparatives for the periods ending March 31, 2019 or thereafter. Ind AS would be applicable to both consolidated and individual financial statements.

i. NBFCs whose equity and/or debt securities are listed or are in the process of listing on any stock exchange in India or outside India and having net worth less than Rs.500 crores.

ii. NBFCs other than those covered in (a)(i) and (b)(i) above, that are unlisted companies, having net worth of Rs.250 crores or more but less than Rs.500 crores.

iii. Holding, subsidiary, joint venture or associate companies of companies covered under (b) (i) and (b)(ii) above, other than those companies already covered under the corporate roadmap announced by the MCA, GoI.

NBFCs having net worth below Rs. 250 Crores and not covered under the above provisions shall continue to apply Accounting Standards specified in Annexure to Companies (Accounting Standards) Rules, 2006.

(III) Scheduled commercial banks (excluding RRBs)/NBFCs/insurance companies/insurers shall apply Indian Accounting Standards (Ind AS) only if they meet the specified criteria, they shall not be allowed to voluntarily adopt Indian Accounting Standards (Ind AS). This, however, does not preclude an insurer/insurance company/NBFC from providing Ind AS compliant financial statement data for the purposes of preparation of consolidated financial statements by its parent/investor, as required by the parent/investor to comply with the existing requirements of law.

Source: Government of India, MCA Press Information Bureau dated 18-01-2016

4. Review of Literature

Anass Cherti and Houria Zaam (2016), measured the impact of the IFRS adoption on financial and accounting information quality in Moroccan Petroleum and Gas sector with a sample of three petroleum and gas companies listed in the Casabalanca Stock Exchanges (CSE) which transmitted financial and accounting statements under General Standardization Code of Morocco (GSCM) and the consolidated financial statements under IFRS, for a period of six years between 2009-10 and 2014-15. Correlation coefficient results found that majority of the measured variables have a positive correlation between the two standards. Simple linear regression function is carried and found that the majority of accounting and financial variables have a positive impact of IFRS on financial and accounting information quality. T-test is used to know the significance of accounting and financial variables between the two sets and it has shown that eight variables have significant probabilities against with 5 per cent level of significance. Coefficient of determination is used to measure the relevance of Regression Model in its entirety. Fisher's test approved the relevance and significance of the Regression model with 5 per cent level of significance. It is found that the values of financial and accounting variables of Moroccan petroleum and gas sector under IFRS are superior, and IFRS adoption has a positive impact on financial and accounting information quality as compared to the financial and accounting information under the GSCM in Moroccan petroleum and gas sector.

Achalapathi and Bhanu Sireesha (2015), analysed the impact of IFRS adoption through key financial ratios on the stability, liquidity, profitability and valuation of the select 10 Indian companies which have adopted IFRS voluntarily. The study is based on secondary data collected from the annual reports of six financial years from 2008-09 to 2013-14 prepared as per Indian GAAP and IFRS. Gray's Comparability Index is applied for measuring the relative impact of IFRS adoption on financial ratios of select companies. It is observed from the results that most of the index values are greater than +1.0 indicating that upon transition to IFRS by the Indian companies, these ratios will result in a positive effect. The statistical significance of the differences is tested with Wilcox on signed-ranks test and t-test in the mean values under the two sets, and F-test is also used to measure the statistical significance of the differences in the variance values of the ratios under the two sets. As the data did not support any significant changes in the variability of the ratios, it is concluded that IFRS adoption does not significantly affect the Indian companies. To analyse the relationship between IFRS and Indian GAAP, simple linear regression model is applied through least squares. The results of the regression indicated that most of the ratios have a strong relationship. The study identified significant differences between Indian GAAP–based and IFRS–based financial ratios and the IFRS adoption has led to statistically significant increase in liquidity, profitability and valuation ratios.

Vincent Konadu Tawaiah and Muhaheranwa Benjamin (2015), measured accounting information quality between Indian GAAP and IFRS adoption through key financial ratios on the liquidity, profitability and leverage ratios with the help of Gray's Index of Conservatism (GIC) on five years consolidated financial statements (from 2009-2010 to 2013-2014) of Infosys Technologies Limited and Tata Motors Limited which are reporting under IFRS and Indian GAAP. T-test and F-test are employed to test the statistical significance of the differences in the mean values of GIC of two select companies. The t-test results have indicated on an average of 5 years, the current ratio, debt/equity and profitability of both companies are similar and significant at 5 per cent level of significance and F-test results have shown the variations between the years on ratios of Infosys and Tata motors are significant except cash ratio and Asset/liability ratio at 5 per cent level of significance. The study has concluded that the adoption of IFRS/Ind AS will provide current and quality accounting information on accounting ratios but the quality level will not be same over the years.

Matthew Adeolu Abata (2015), evaluated the impact of IFRS on financial reporting practices in the Nigerian Banking Sector by selecting 14 listed banks. To find the impact of IFRS on financial reporting, Gray's Comparability Index is used and applied for the key elements of balance sheet such as total assets, total liabilities and total equity prepared under NGAAP and IFRS for the year 2010. T-test at 5 per cent level of significance is used to test the mean differences of the computed Comparability Indexes. T-test results have shown the significant differences in the mean value of Comparability Index under Indian GAAP and IFRS. The study revealed that IFRS has an impact on financial reporting practices of Nigerian Banks as there are quantitative differences in key elements of financial statements such as assets, liabilities and equities prepared under NGAAP and IFRS.

Suchita Shukla (2015), investigated the impact of IFRS adoption on financial activities of Indian companies with a sample of ten companies which have published their financial statements under both Indian GAAP and IFRS for five financial years from 2010-11 to 2014-15. Empirical analysis of most important areas of financial activity, i.e., financial risks, investment activities, operating activities and debt covenants is made. Data was obtained from the annual reports. All the financial variables from profit and loss account, balance sheet, and cash flow statement are compared. The hypotheses are tested using independent t-test for two sample means differences at 5% level of significance. The results revealed that there is no significant change in financial activities due to adoption of IFRS. However, some variables like (a) debt equity ratio used to study financial risk investment in fixed assets, (b) cash flow from investments used to study investment activities, (c) cash flow from operations used to study operation activities and (d) debt to total capital used to study debt covenant showed changes with the adoption of IFRS on financial activities.

Yhlas Sovbetov (2015), analysed the impact of IFRS on value relevance and key financial indicators of 80 largest UK firms selected from FTSE 100 Index. The figures of 2003-2004 years represent the UK GAAP characteristics, and the figures of 2005-2006 years represent IFRS characteristics. A) Wilcoxon/Mann-Whitney, Kruskal-Wallis and Van Der Waerden are applied to observe whether there is a statistically significant difference between pre and post adoption impact of IFRS on value relevance. For this, market value of equity, (MV), book value of equity (BV), and book value of net income (NI) are utilized as data input. The test results have shown that statistical differences between MV and BvMv variables are found at 1 per cent level and NI variable at 5 per cent level. In order to find out how the BvMv is affected, the Ohlson's (1995) Model is assigned. The results showed positive impact of IFRS on value relevance. B) In order to assess the impact of IFRS on key financial indicators, Wilcoxon/Mann-Whitney, Kruskal-Wallis and Van Der Waerden are applied to determine the difference between ratios of pre- and post- adoption periods.

The test results showed that the IFRS has affected profitability and capital structure ratios except efficiency and liquidity ratios of the sampled firms. A Forward Stepwise Regression Analysis with a dummy variable MODE is assigned to identify how ratios were affected. The results showed positive relationship between ROCE, ROA, AND PM and significant at 10 per cent level. It is concluded that the IFRS has affected profitability and capital structure ratios and has not affected efficiency and liquidity ratios.

Rahul Kamath and Ruchir Desai (2014), investigated the impact of IFRS adoption on financial activities. A sample of eight Indian companies have been selected which have published their financial statements under Indian GAAP and IFRS for three financial years, 2010-11 to 2012-13 form the sample. The study focused on four most important areas of financial activity viz., financial risks, investment activities, operating activities and debt covenants. All the financial variables are measured based on the information published in the Profit and Loss account, Balance Sheet and Cash Flow Statements of the sample companies. The hypotheses are tested using independent t-test for two sample means differences at 5% level of significance. The results revealed that there is improvement in investment activities and operating activities due to IFRS adoption. However, no improvement or increase is observed in financial risks or debt covenants.

Vidhi Bhargava and Divya Shikha (2013), analysed the impact of IFRS on financial statements and some significant ratios of Wipro Ltd. for the year ended 31st March 2012. The consolidated financial statements as per GAAP are compared with the consolidated financial statements under IFRS. Liquidity Ratios and Profitability Ratios are analysed to indicate the differences between the two sets of Statements. The figures in the Balance Sheet and the Profit and Loss statements are completely drawn from the annual report of the company for the year 2012. It is found that the variation in total assets and liabilities is because of the reclassification among equity and liability and also because of the difference in the concept of revenue recognition. It is emphasized that IFRS is a fair value principle based accounting which will improve quality of disclosure and enhance international comparability and understanding of financial statements.

Kathryn Trewas, Nives Botica Redmayne and Fawzi Laswad (2012), analysed the impact of IFRS adoption on the financial statements of New Zealand public sector entities. The samples of 275 New Zealand public sector entities are selected from the New Zealand Government's Public Sector Directory (PSD), 2010 edition. The study is based on secondary data, collected from the annual reports of each entity for the year in which they first adopted NZ IFRS, from their websites. The statistical analysis involved paired sample tests for comparing NZ GAAP with NZ IFRS opening and closing balances for each of the financial elements (assets, liabilities, equity, revenue, expenses, and net income). The study also identified the standards which caused the most frequent adjustments on adoption of IFRS. It is that the adoption of IFRS has an overall significant impact on public sector financial reporting. Liabilities of the overall sample in the study and of a number of analysed sub-sectors are significantly increased. This indicates that the treatment of liabilities has changed under NZ IFRS compared to NZ GAAP and the IFRS that are adopted in full for the public sector without additional amendments caused significant adjustments in financial statements.

Shobana Swamynathan and Sindhu (2011), examined the impact on financial statements in convergence to IFRS from Indian GAAP. The study is based on secondary data on selected financial variables sourced from the annual reports of Wipro Limited for the year ended 31st March 2010. It is observed that the net income position in IFRS reporting and Indian GAAP is not much different. But there are differences between Equity and Total Liability. The return on equity, return on asset, total asset turnover and net profit ratio are not significantly affected by converging to IFRS but the leverage ratio has shown significant change on convergence with IFRS. The study concluded that IFRS is a fair value oriented and Balance Sheet oriented accounting where there are more transparent disclosures and Indian GAAP is a conservative approach.

From the above literature reviewed, it is apparent that very few of the research studies have been undertaken to compare the Balance Sheets prepared under Indian GAAP and IFRS reported by Indian Companies who have adopted IFRS voluntarily. Basically, IFRS adoption is viewed as a commitment to better disclosure, which may have various impacts on financial reporting of Indian companies, which is required to be researched and thus check the comparison of Balance Sheets prepared under Indian GAAP and IFRS with special reference to select IT Companies

5. Research Design

Research design is briefly described as under:

- **Population:** All the Indian IT Companies which have adopted IFRS.
- **Sampling Method and sample:** Deliberately, two IT Companies have been selected for the study. They are Infosys Technologies Limited and Wipro Limited. Infosys Ltd. has started financial reporting in IFRS since 2002-03 and Wipro Ltd. since 2007-08 with effect from 2006-07.
- **Period of the Study:** The study period is 10 financial years from 2006-07 to 2015-16
- **Sources of Data:** The study is based on secondary data. The data has been collected from the annual reports of select IT Companies.
- **Statistical Tools for Data Analysis:** Statistical tools used for the study are average, percentage, Gray's Comparability Index (GCI) and statistical inferences like t-test.

The study attempts to quantitatively measure the extent to which financial reports prepared under different accounting standards (Indian GAAP and IFRS) can be compared. For comparison, Gray's Conservatism Index (Gray's Comparability Index) is used. This is an Index which was proposed by Gray in 1980 to find out whether some countries are more prudent than others as concerns accounting practices. He was the first to quantify the impact of different national accounting practices on profit measurement by means of Conservatism Index: 1 – (RA-RD)/RA. Where, RA = adjusted profits and RD = disclosed profits. Gray's Comparability Index is applied to the key elements of financial statements such as assets, liabilities and equities prepared under Indian GAAP and IFRS. The following formulae are used.

The Index is calculated as under:

Total Comparability Index of Assets =

$$1 - \frac{Total\ Assets\ (IFRS) - Total\ Assets\ (Indian\ GAAP)}{Total\ Assets\ (IFRS)}$$

Total Comparability Index of Liabilities =

$$1 - \frac{Total\ Liabilities\ (IFRS)\ Total\ Liabilites\ (Indian\ GAAP)}{Total\ Liabilities\ (IFRS)}$$

Total Comparability Index of Equity =

$$1 - \frac{Total\ Equity\ (IFRS) - Total\ Equity\ (Indian\ GAAP)}{Total\ Equity\ (IFRS)}$$

The benchmark used in the study is IFRS for evaluating the accounting impact on the elements of the statements of financial positions of the transition from the Indian GAAP to IFRS. The total assets, total liabilities and total equities reported under IFRS are taken as denominators in order to assess the impact of IFRS on Indian financial statements. The neutral value of the index is one, implies that there is no impact situation on the Indian GAAP by IFRS. An index that is greater than one, which implies that the / total assets/ total liabilities and total equity are higher than what were reported under IFRS. Conversely, an index that is less than one suggests that the total assets / total liabilities and total equity are lower than that what were reported under IFRS. But, this index does not show whether the difference obtained is significant or not. Therefore, t-test is employed to know the statistical significance in the index value.

6. Comparison of Balance Sheets under the Indian GAAP and IFRS

Basically, IFRS adoption is viewed as a commitment for better disclosure, which may impact on financial reporting. The study compared the balance sheets prepared under the Indian GAAP and IFRS of Infosys Limited and Wipro Limited for a period of ten financial years 2006-07 to 2015-16. The specific objective of this study is to determine whether the quantitative differences prevail in the Balance Sheet items (viz. total assets, total liabilities and total equity) prepared under Indian GAAP and IFRS are statistically significant. Gray's Comparability Index is applied to these key items of balance sheets prepared under Indian GAAP and IFRS. For the computed Comparability indices are presented in Table 2, 3and 4.

For the Gray's Comparability Index, data presented in Table 2-4, mean difference is tested using t-test, a parametric test with a 5 per cent level of significance. Descriptive and inferential statistical techniques are applied to carry out the analysis. The descriptive statistics, particularly the mean, is used to gain an insight into the nature of distribution of the data.

Table-2: Gray's Comparability Index of Total Assets

Financial year	Gray' s Comparability Indices of Total Assets	
	Infosys Ltd.	Wipro Ltd.
2015-16	0.995593161	0.975871854
2014-15	0.997725771	0.972893158
2013-14	0.995439216	0.989205740
2012-13	0.997588442	0.993198099
2011-12	1.001825887	0.992155981
2010-11	0.999884972	0.991648786
2009-10	0.838891471	0.988345942
2008-09	0.820382406	0.960595151
2007-08	0.768331059	0.963643976
2006-07	0.849492221	0.968969908

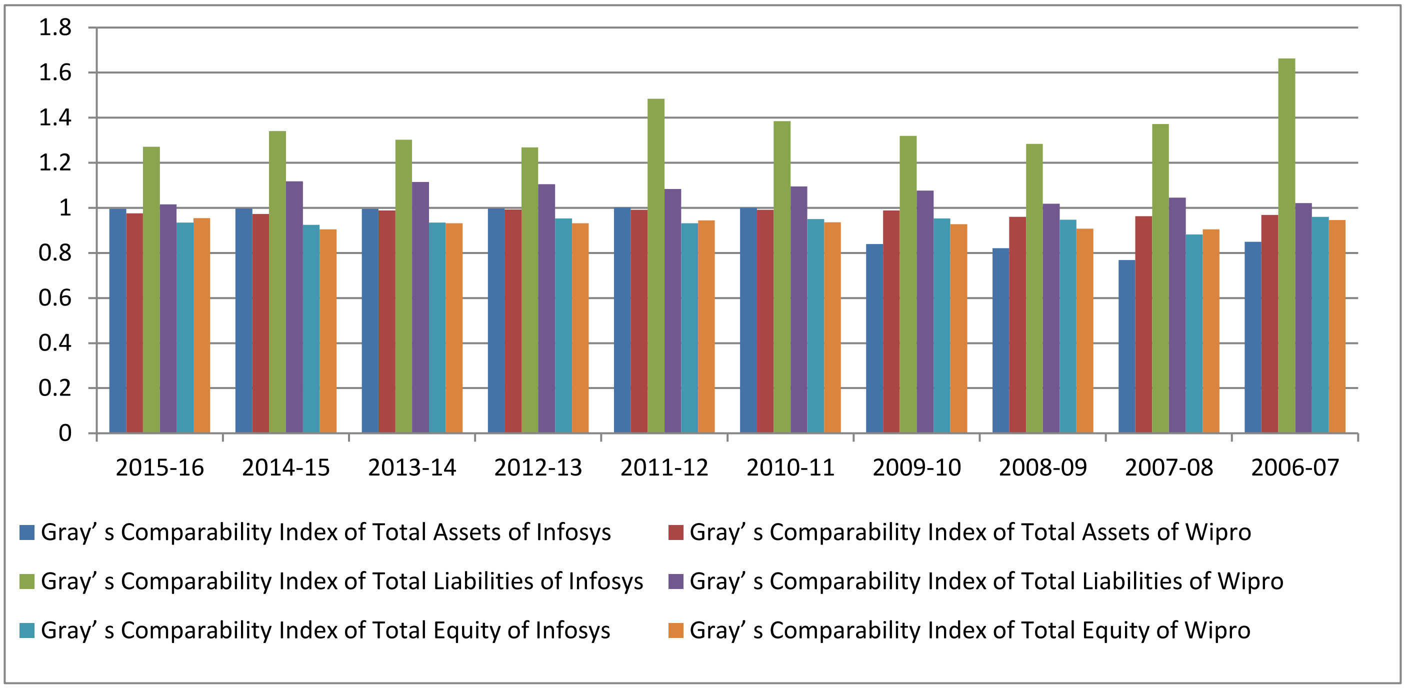
From the data presented in Table 2, it can be inferred that the value of Gray's Comparability Index of total assets of Infosys and Wipro is less than one (<1) among all the years except 2011-12 for Infosys Ltd. Hence, the total assets values under IFRS are greater than that of Indian GAAP of both the select companies. Total Assets are different under IFRS and IGAAP of select IT Companies.

Table-3: Gray's Comparability Index of Total Liabilities

Financial year	Gray's Comparability Indices of Total Liabilities	
	Infosys Ltd.	Wipro Ltd.
2015-16	1.270844343	1.015295048
2014-15	1.340995508	1.117869804
2013-14	1.302226225	1.115469641
2012-13	1.268911144	1.105630481
2011-12	1.483899839	1.083890602
2010-11	1.385406946	1.094596863
2009-10	1.319352569	1.076931151
2008-09	1.2837345	1.019046464
2007-08	1.37176511	1.045794137
2006-07	1.663410186	1.021068675

It can be inferred the data presented in Table 3 that the value of Gray's Comparability Index of total liabilities of Infosys and Wipro is greater than one (>1) among all the years. Hence, the total liabilities' values under IFRS are lesser than that of Indian

GAAP of both the select companies. Total Liabilities are



different under IFRS and IGAAP of select IT Companies.

Chart-1: Gray's Comparability Index

Table-4: Comparability Index of Total Equity

Financial year	Gray's Comparability Indices of Total Equity	
	Infosys Ltd.	Wipro Ltd.
2015-16	0.934957509	0.954268827
2014-15	0.925130375	0.905504507
2013-14	0.933989412	0.931574491
2012-13	0.952880159	0.93214683
2011-12	0.931377358	0.944122755
2010-11	0.950293949	0.935512187
2009-10	0.952457695	0.928231637
2008-09	0.946808787	0.907558829
2007-08	0.882693575	0.904139029
2006-07	0.960455352	0.946061813

From Table 4, it can be inferred that the value of Gray's Comparability Index of total equity of Infosys and Wipro is less than one (<1) among all the years. Hence, the total equity values under IFRS are higher than that of Indian GAAP of both the select companies. Total Equity is different under IFRS and IGAAP of select IT Companies.

Table-5: One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Gray's Comparability Index of Total Assets of Infosys limited	10	.926515461	.0946316299	.0299251489
Gray's Comparability Index of Total Assets of Wipro limited	10	.979652860	.0126672221	.0040057274

The mean comparability index of 0.926515 and 0.979652 shown in Table 5, suggests that the total assets under IFRS are greater than that of Indian GAAP for Infosys Limited and Wipro Limited respectively, with the level of aggregating of individual year's assets to closer to the mean of all the ten years.

Table-6: Results One-Sample Test

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Gray's Comparability Index of Total Assets of Infosys limited	30.961	9	.000	.9265154606	.858820071	.994210851
Gray's Comparability Index of Total Assets of Wipro limited	244.563	9	.000	.9796528595	.970591275	.988714444

From one-sample test results presented in the Table 6, the P-value is significant for both the companies. Hence, it can be inferred that the statistical significance of 0.000 is less than the level of significance employed in this study for both the select IT companies. Consequently, the quantitative differences in the financial reports (total assets) prepared under Indian GAAP and IFRS are statistically significant for both the select IT companies.

Table-7: One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Gray's Comparability Index of Total Liabilities of Infosys limited	10	1.369054637	.1223776069	.0386991972
Gray's Comparability Index of Total Liabilities of Wipro limited	10	1.069559287	.0408815139	.0129278698

It can be inferred from the mean comparability index given in Table 7 that, total liabilities under IFRS are less than that of Indian GAAP for both Infosys Limited and Wipro, with the level of aggregating of individual year's liabilities to closer to the mean of all the ten years.

Table-8: One-Sample Test

	Test Value = 0					
	T	**Df**	**Sig. (2-tailed)**	**Mean Difference**	**95% Confidence Interval of the Difference**	
					Lower	**Upper**
Gray's Comparability Index of Total Liabilities of Infosys limited	35.377	9	.000	1.3690546370	1.281510971	1.456598303
Gray's Comparability Index of Total Liabilities of Wipro limited	82.733	9	.000	1.0695592866	1.040314413	1.098804160

From the one-sample test results Table 8, the P-value is significant for both the companies. Hence, it can be inferred that the statistical significance of 0.000 is less than the level of significance employed in this study for both the select IT companies. Consequently, the quantitative differences in the financial reports (total liabilities) prepared under Indian GAAP and IFRS are statistically significant for both the select IT companies.

Table-9: One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Gray's Comprability Index of Total Equity of Infosys limited	10	.937104417	.0222336856	.0070309087
Gray's Comprability Index of Total Equity of Wipro limited	10	.928912091	.0177876327	.0056249434

The mean comparability index of 0.9371044 and 0.9289120 in Table 9, suggests that the total equity under IFRS are greater than that of Indian GAAP for the Infosys Limited and Wipro Limited respectively, with the level of aggregating of individual year's equity to closer to the mean of all the ten years.

Table-10: One-Sample Test

	Test Value = 0					
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Gray's Comprability Index of Total Equity of Infosys limited	133.284	9	.000	.9371044171	.921199397	.953009438
Gray's Comparability Index of Total Equity of Wipro limited	165.142	9	.000	.9289120905	.916187585	.941636596

As shown in Table 10, the one-sample test results, the P-value is significant for both the companies. Hence, it can be inferred that the statistical significance of 0.000 is less than the level of significance employed in this study for both the select companies. Consequently, the quantitative differences in the financial reports (total equity prepared under Indian GAAP and IFRS are statistically significant for both the select companies.

7. Conclusion

IFRS is considered as a widely accepted set of accounting standards. IT companies in India have started publishing their financial results under IFRS voluntarily since 2001. In the present study, an attempt is being made to find the quantitative differences in the financial results presented under IFRS and Indian GAAP. It is found that the total assets and total equity under IFRS are higher than that of Indian GAAP, whereas the total liabilities under IFRS are lesser than that of Indian GAAP having statistical significance in the differences. It can be concluded that there are quantitative differences in the Balance sheet items (viz. total assets, total liabilities and total equity) of Infosys Limited and Wipro Limited prepared under Indian GAAP and IFRS with statistically significant. Therefore, the study concludes that the quantitative differences exist in the Balance sheet items (total asset, total liabilities and total equity) prepared under Indian GAAP and IFRS of select IT Companies in India.

References

Cherti, A. and Zaam, H. (2016). IFRS Adoption Impact on Financial and Accounting Information Quality: An Exploratory Study on Moroccan Patroleum and Gas Sector. *Business and Economic Research, 6(1), 337-351.*

Kamarajugadda, A. V.and Sireesha, P. B. (2015). Impact of IFRS adoption on Financial Statements of Selected Indian Companies. *Osmania Journal of International Business Studies, 10(1), 21-33.*

Tawiah, V. K. and Benjamin, M. (2015). Conservatism analysis on Indian Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS). *International Journal of Multidisciplinary Research and Development, 2(5), 1-19.*

Matthew Adeolu Abata (2015). The Impact of International Financial Reporting Standards (IFRS) adoption on Financial Reporting Practice in the Nigerian Banking Sector. *Journal of Policy and Development Studies, Vol.9, No.2, 169-184.*

Shukla, S. (2015). An Empirical Study of the Impact of Adoption of IFRS on the Financial Activities of Companies in India. 2nd International Conference on Multidisciplinary Research & Practice, 3(1), 323-329.

Sovbetov, Y. (2015). How IFRS Affects Value Relevance and Key Financial Indicators? Evidence from the UK. *International Review of Accounting, Banking and Finance, 7(1), 73-96.*

Kamath, R. and Desai, R. (2014). The Impact of IFRS Adoption on the Financial Activities of Companies in India: An Empirical Study. *IUP Journal of Accounting Research & Audit Practices, 13(3), 25-36.*

Bhargava, V. and Shikha, D. (2013). The Impact of International Financial Reporting Standards on Financial Statements and Ratios. *The International Journal of Management, 2(2), 1-15.*

Trewavas. K., Botica Redmayne, N. and Laswad, F. (2012). The Impact of IFRS Adoption on Public Sector Financial Statements. *Australian Accounting Review, 22(1), 86-102.*

Swamynathan Shobana and Sindhu, D. (2011). Financial Statement Effects on Convergence to IFRS – A Case Study in India. *International Journal of Multidisciplinary Research, 1(7), 317-337.*

http://www.ifrs.org/Pages/default.aspx

http://www.mca.gov.in/

Ghosh T. P (2016). Illustrated Guide to Indian Accounting Standards. New Delhi, India: Taxmann Publication

www.infosys.com

www.wipro.com

Annexure – Detailed Calculation of Gray's Comparability Index

1. **Gray's Comparability Index of Total Assets of Infosys Technologies Limited**

Financial Year	Total Assets		Difference	Gray's Comparability Index
	Indian GAAP	IFRS		
2016	7,51,410	7,54,736	-3,326	0.995593161
2015	6,62,890	6,64,401	-1,511	0.997725771
2014	5,69,660	5,72,270	-2,610	0.995439216
2013	4,63,310	4,64,430	-1,120	0.997588442
2012	3,86,270	3,85,566	704	1.001825887
2011	3,12,930	3,12,966	-36	0.999884972
2010	2,32,810	2,77,521	-44,711	0.838891471
2009	1,82,910	2,22,957	-40,047	0.820382406
2008	1,37,950	1,79,545	-41,595	0.768331059
2007	1,12,590	1,32,538	-19,948	0.849492221

2. **Gray's Comparability Index of Total Liabilities of Infosys Technologies Limited**

Financial Year	Total Assets		Difference	Gray's Comparability Index
	Indian GAAP	IFRS		
2016	1,73,150	1,36,248	36,902	1.270844343
2015	1,55,530	1,15,981	39,549	1.340995508
2014	1,24,360	95,498	28,862	1.302226225
2013	83,370	65,702	17,668	1.268911144
2012	72,950	49,161	23,789	1.483899839
2011	54,930	39,649	15,281	1.385406946
2010	46,870	35,525	11,345	1.319352569
2009	38,720	30,162	8,558	1.2837345
2008	31,910	23,262	8,648	1.37176511
2007	25,540	15,354	10,186	1.663410186

3. Gray's Comparability Index of Total Equity of Infosys Technologies Limited

Financial Year	Total Assets		Difference	Gray's Comparability Index
	Indian GAAP	IFRS		
2016	5,78,260	6,18,488	-40,228	0.934957509
2015	5,07,360	5,48,420	-41,060	0.925130375
2014	4,45,300	4,76,772	-31,472	0.933989412
2013	3,79,940	3,98,728	-18,788	0.952880159
2012	3,13,320	3,36,405	-23,085	0.931377358
2011	2,59,760	2,73,347	-13,587	0.950293949
2010	2,30,490	2,41,995	-11,505	0.952457695
2009	1,82,540	1,92,795	-10,255	0.946808787
2008	1,37,950	1,56,283	-18,333	0.882693575
2007	1,12,550	1,17,184	-4,634	0.960455352

4. Gray's Comparability Index of Total Assets of Wipro Technologies Limited

Financial Year	Total Assets		Difference	Gray's Comparability Index
	Indian GAAP	IFRS		
2016	7,07,430	7,24,921	-17,491	0.975871854
2015	5,83,768	6,00,033	-16,265	0.972893158
2014	4,96,882	5,02,304	-5,422	0.98920574
2013	4,36,739	4,39,730	-2,991	0.993198099
2012	4,32,581	4,36,001	-3,420	0.992155981
2011	3,68,341	3,71,443	-3,102	0.991648786
2010	3,26,083	3,29,928	-3,845	0.988345942

2009	2,79,099	2,90,548	-11,449	0.960595151
2008	2,16,340	2,24,502	-8,162	0.963643976
2007	1,41,551	1,46,084	-4,533	0.968969908

5. Gray's Comparability Index of Total Liabilities of Wipro Technologies Limited

Financial Year	Total Assets		Difference	Gray's Comparability Index
	Indian GAAP	IFRS		
2016	2,60,544	2,56,619	3,925	1.015295048
2015	2,12,848	1,90,405	22,443	1.117869804
2014	1,75,595	1,57,418	18,177	1.115469641
2013	1,71,093	1,54,747	16,346	1.105630481
2012	1,62,408	1,49,838	12,570	1.083890602
2011	1,43,471	1,31,072	12,399	1.094596863
2010	1,43,640	1,33,379	10,261	1.076931151
2009	1,42,800	1,40,131	2,669	1.019046464
2008	99,386	95,034	4,352	1.045794137
2007	45,556	44,616	940	1.021068675

6. Gray's Comparability Index of Total Equity of Wipro Technologies Limited

Financial Year	Total Assets		Difference	Gray's Comparability Index
	Indian GAAP	IFRS		
2016	4,46,886	4,68,302	-21,416	0.954268827
2015	3,70,920	4,09,628	-38,708	0.905504507
2014	3,21,287	3,44,886	-23,599	0.931574491
2013	2,65,646	2,84,983	-19,337	0.93214683
2012	2,70,173	2,86,163	-15,990	0.944122755
2011	2,24,870	2,40,371	-15,501	0.935512187
2010	1,82,443	1,96,549	-14,106	0.928231637
2009	1,36,299	1,50,182	-13,883	0.907558829
2008	1,16,954	1,29,354	-12,400	0.904139029
2007	95,995	1,01,468	-5,473	0.946061813