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EFFECTS OF IFRS ON FINANCIAL ANALYSIS: A COMPARISON OF PRE AND POST IFRS PERIODS IN BIST

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THESIS APPROVAL PAGE

DECLARATION

I hereby declare that this doctoral thesis titled as “Effects of IFRS on Financial Analysis: A Comparison of Pre and Post IFRS Periods in BIST” has been written by myself in accordance with the academic rules and ethical conduct. I also declare that all materials benefited in this thesis consist of the mentioned resources in the reference list. I verify all these with my honour.

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ABSTRACT

Doctoral Thesis

Doctor of Philosophy (PhD)

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The issue of compliance with IFRSs has received a great deal of attention from many researchers in recent years. The extent which firms adoption of IFRSs requirements, as well as the association effects of IFRS on financial statements have been examined in many researches. Different accounting standards have different effects on financial statements. Financial statements are the most important source of information for investors and researchers. For making a good decision as an investor, impacts of new accounting standards on financial statements should be taken into account and understood. But it can be said that there is still little evidence on the impacts of IFRS adoption on financial statements.

This thesis aims to examine the effects of International Accounting Standards/International Financial Reporting Standards (IFRS) on financial statement analysis. Thus, the study reports detailed information about effects of adopting IFRS on financial statement analysis. In order to reach this aim the thesis searches the impacts of IFRS on common financial ratios. The study reveals some statistical impacts of adopting IFRS on financial statements. To achieve intended goal while, this thesis provides analyzing regarding the differences among the financial ratios derived from financial statements prepared according to different accounting regulations on one hand, on the other hand it also analyzes differences in the earliest and latest IFRS periods as

well. The study makes several contributions to the literature. The study attempts to explore the effects of IFRS on financial statement analysis in Turkish listed firms' financial statements in Borsa İstanbul and doing so attempts to create awareness and presenting tangible data. By this way, the study is to be useful for financial statements' users, regulators and policy makers.

Keywords: IFRS, TFRS, Financial Analysis

ÖZET

Doktora Tezi

UFRS'nin Finansal Analiz Üzerine Etkileri: BIST'te UFRS Öncesi ve Sonrası Dönemlerin Karşılaştırılması

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Uluslararası Muhasebe Standartlarına uyum ve benimseme konusu son yıllarda birçok araştırmacı tarafından büyük bir ilgi çekmektedir. Uluslararası Muhasebe Standartlarının gerekliliklerine uyum kadar, bununla ilişkili bulunan Uluslararası Muhasebe Standartlarının finansal tablolar üzerine etkisi birçok çalışmada incelenmiş durumdadır. Farklı muhasebe standartları finansal tablolar üzerinde farklı etkilere sahiptir. Finansal tablolar yatırımcılar ve araştırmacılar için en önemli bilgi kaynağıdırlar. Bir yatırımcı için iyi bir yatırım kararı verme sürecinde yeni muhasebe standartlarının finansal tablolar üzerindeki etkileri dikkate alınmalı ve anlaşılmalıdır. Fakat Uluslararası Muhasebe Standartlarına geçişin finansal tablolar üzerine etkileri konusunda hala çok az bulgu olduğu söylenebilir.

Bu çalışmanın amacı Uluslararası Muhasebe Standartlarının finansal tablolar analizi üzerine etkilerini araştırmaktır. Çalışma böylece Uluslararası Muhasebe Standartlarının finansal tablolar analizi üzerine etkileri hakkındaki detaylı bilgileri raporlamaktadır. Amaca ulaşmak için çalışma Uluslararası Muhasebe Standartlarının ortak finansal rasyolar üzerine etkilerini araştırmaktadır. Çalışma Uluslararası Muhasebe Standartlarına geçişin finansal tablolar üzerine olan bazı istatistiksel etkilerini ortaya çıkarmaktadır. Amaçlanan hedefe ulaşmak için çalışma bir taraftan farklı muhasebe standartlarına göre hazırlanan tablolardan elde edilen finansal rasyolar arasındaki farlılıkları analiz ederken, diğer taraftan Uluslararası Muhasebe

Standartlarının erken ve daha sonraki dönemlerdeki farklılıklarını da analiz etmektedir. Çalışmanın literatüre birçok katkısı bulunmaktadır. Çalışma Uluslararası Muhasebe Standartlarının Borsa İstanbul'da kayıtlı Türk firmalarının finansal tablolarında yapılan finansal tablolar analizi üzerine etkilerini araştırarak somut bulgular ortaya koymaya ve farkındalık yaratmaya çalışmaktadır. Bu şekilde çalışma finansal tablo kullanıcıları, regülatörler ve politika yapıcılara faydalı olmayı sağlamaktadır.

Anahtar Kelimeler: UFRS, TFRS, Finansal Analiz

EFFECTS OF IFRS ON FINANCIAL ANALYSIS: A COMPARISON OF PRE AND POST IFRS PERIODS IN BIST

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LIST OF ABBREVIATIONS

AICPA : American Institute of CPAs
ASC : Accounting Standard Commission
AT : Assets Turnover
ATR : Acid Test Ratio
BIST : Borsa İstanbul (Istanbul Stock Exchange)
BMI : Basic Metal Industries
BRSA : The Banking Regulation and Supervising Agency
CAPA : Confederation of Asian and Pacific Accountant
CA : Current Assets
CICA : Canadian Institute of Chartered Accountants
CBT : Central Bank of the Republic of Turkey
CMB : The Capital Markets Board of Turkey
CL : Current Liabilities
CML : Capital Markets Law
CMP : Construction, Public Works, Non-Metallic Mineral Products
COGS : Cost of Goods Sold
CPR : Chemicals, Petroleum Rubber and Plastic Products
CR : Current Ratio
CTL : Corporation Income Tax Law
DR : Debt Ratio
DW : Debt to Worth
EC : European Commission
EQ : Equity Ratio
EU : European Union
FA : Fixed Asset Turnover
FASB : Financial Accounting Standards Board
FBT : Food, Beverage and Tobacco
FMI : Fabricated Metal Products, Machinery and Equipment
GAAP : General Accounting Accepted Principles
GMP : Gross Profit Margin

GSP	**:** Gross Sales Profit
I	**:** Inventory
IAS	**:** International Accounting Standard
IASB	**:** International Accounting Standards Board
IASC	**:** International Accounting Standards Committee
IASCF	**:** International Accounting Standards Committee Foundation
ICAEV	**:** Institute of Chartered Accountants of England & Wales
IFAC	**:** International Federation of Accountants
IFAD	**:** International Forum of Accounting Development
IFRS	**:** International Financial Accounting Standard
IOSCO	**:** International Organizations of Securities Commissions
IT	**:** Inventory Turnover
ITL	**:** Income Tax Law
NFA	**:** Nordic Federation of Accountants
NOP	**:** Net Operating Profit
NPM	**:** Net Profit Margin
NS	**:** Net Sales
MI	**:** Manufacturing Industry
OECD	**:** Organization for Economic Co-Operation and Development
OPM	**:** Operating Profit Margin
POA	**:** The Public Oversight, Accounting and Auditing Standards Board of Turkey
PPP	**:** Paper and Paper Products, Printing and Publishing
ROA	**:** Return On Assets
ROE	**:** Return on Equity
RT	**:** Receivables Turnover
SE	**:** Shareholders' Equity
SEC	**:** Securities and Exchange Commission
SEEPAD	**:** The South Eastern European Partnership on Accountancy Development
SMEs	**:** Small and Medium Sized Entities
TA	**:** Total Assets

TAASB **:** Turkish Accounting and Auditing Standards Board

TASB **:** Turkish Accounting Standards Board

TCC **:** Turkish Commercial Code

TFRS **:** Turkish Financial Reporting Standard

TMS **:** Turkish Accounting Standard

TNUT **:** Turkish National Union of Trade

TPL **:** Tax Procedure Law

TWL **:** Textile, Wearing Apparel and Leather

UCA **:** The Uniform Chart of Accounting

UCCPA **:** The Union of Chambers of Certified Public Accountants of Turkey

UN **:** United Nations

XBRL **:** Extensible Business Reporting Language

VSI **:** Vehicle and Vehicle Subordinate Industry

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INTRODUCTION

For many years, studies in all fields have existed to establish a set of global accounting standards to facilitate international trade and investment. From the perspective of developing countries, these countries need high quality financial information for foreign capital and investments to support economic development and growth. Global accounting standards have been a way to access financial resources for emerging markets.

Bao, Lee, and Romeo (2010) stated that differences between local GAAP and International Financial Reporting Standards (thereinafter "IFRSs") are not only financial characteristics but also new data requirements and information needs. So they think that parties of financial statements based new accounting standards need to understand impacts of IFRS on financial statements and differences between these two accounting standards.

Because IFRS have been started to imply by thousands of listed firms all over the world, IFRSs have become important regulations.

Converting to IFRS means more than accounting and reporting, so IFRS will affect business culture, business behaviors, investors point of view, investors understanding, different degree of investors' confidence, even all systems and process. Mainly it can be stated that IFRSs focus on principle instead of detailed rules which are applied under local GAAP. Because of these reason the first and most significant challenge that all stakeholders will deal with is revealed impacts of IFRSs in all its aspects.

Actually there are some impacts of IFRS on financial statements and financial statements analysis. Briefly, IFRSs have impacts on formal structure of financial statements, scope of financial statements, measurement valuation, footnote of financial statements etc. But only a few of them have been brought into open and most of them have not been unveiled yet.

Understanding of adoption and implementation process of IFRS in Turkey has become one of the important issues in accounting practice. Especially making a good decision as an investor, impacts of new accounting standards on financial statement analysis should be understood and taken into account. Also it can be said

that there is still little evidence for the impacts of IFRS adoption on key financial ratios. For meeting some part of these needs, this thesis examines the effect of adoption IFRS on financial analysis. For achieving the aim, the thesis covers three main parts. The thesis is designed as follows.

Firstly this thesis explains development of accounting standards generally and IFRS. In this part motivation and aim of thesis being introduced, research questions, research methods, main findings, contributions are explained and then background of the thesis, development of IFRS, and accounting environment in Turkey are taken into account.

Secondly this thesis gives literature review about IFRS impacts on financial statements, analysis and ratios.

Lastly, the thesis empirically examines whether IFRS adoption has impacted on financial analysis or not.

As global markets and all aspects of the business life affect one another increasingly, the world needs to adopt a single set of high quality global accounting and financial reporting standards. Differences between local GAAP and IFRS should not be underestimated. In order to continue to benefit from Turkey's new economic role in the world, it is necessary for private businesses to embrace the best practices of accounting which has meant IFRSs in recent years.

CHAPTER ONE
INTRODUCTION OF THE THESIS AND HISTORICAL DEVELOPMENT OF ACCOUNTING STANDARDS AND INTERNATIONAL FINANCIAL REPORTING STANDARDS

1.1. AIM OF THE THESIS

The meaning of the globalization is process of the integration of the money and capital markets increasingly and the modernization of transportation and communication tools (Akgün, 2012b: 44, with reference to Sharma, 2004). Large scale globalization has begun in the late 19th century and early 20th century. Because each country had different accounting practices in financial reporting, this point brought huge difficulties for firms and stakeholders' of those firms within the beginning part of the globalization. So understanding of adoption and implementation process of IFRS in Turkey has become an important issue in accounting practice. Because of these reasons the main aim of the thesis is to search effects of IFRS on financial statement analysis.

1.2. CONTRIBUTIONS

This thesis examines the effect of adoption International Accounting Standards/International Financial Reporting Standards on financial analysis. In this part motivation and aim of thesis being introduced, research questions, research methods, main findings, contributions are explained and then background of the thesis, development of IFRS, and accounting environment in Turkey are taken into account.

Numerous studies have focused on adoption of IFRS in firms which are located in different countries, compared with the local accounting standards etc. There is only limited empirical researches about the effects of IFRS on financial analysis not only in Turkey but also worldwide. Financial analysis is becoming more and more difficult by conventional methods because IFRS has created major changes

on financial statements in terms of formal structure, scope and contents according to local accounting standards.

This thesis attempts to raise awareness and to explore the effects of IFRS on financial analysis in Turkish listed firms' financial statements in İstanbul Stock Exchange (thereinafter "BIST") (İstanbul Stock Exchange was previously named as İstanbul Stock Exchange-İMKB until 2013) and to put forth and to share Turkish experience for academician and practitioners at the point reached at the last decade (www.borsaistanbul.com). This thesis also contributes to the accounting standards policy setting for regulators since there are economic benefits for firms in Turkish markets to integrate global financial markets.

This thesis realizes that a financial reporting system supported by strong governance high quality standards, and sound regulatory frameworks is to economic development (IFAC, 2004: 1-27) and everything that making even a bit of contributions in adoption process for IFRS in Turkey plays an integral role in assisting in the country's economic growth and financial stability.

1.3. MAIN FINDINGS OF THE THESIS

Evidence from the third part of the thesis demonstrates that the IFRS appliers' financial statement has been extremely affected from the new international accounting standards. It could be especially said that IFRS appliers have been learning how to harmonize their financial statements with the new international accounting standards. Finding of the thesis explains in Third Chapter of the thesis in detail.

1.4. CLASSIFICATION OF ACCOUNTING PRACTICES WORLDWIDE

Classification is a fundamental process in the better understanding of phenomena in many disciplines. Classifications can also be found in the study of languages, law, economics and politics (Nobes, 2011:267).

Nobes firstly proposed a classification of the financial reporting practices of 14 countries (Nobes, 1983:7). According to first level classification of this study

there are two different main groups, one of them is called micro-based and the other main group is called macro-uniform. The micro-based corresponds with the common law while the macro-uniform corresponds with the code law. In this study of Nobes the legal system of countries was the dominant factor to classify financial reporting practices.

One permanent debate over accounting classification is that financial reporting practice has been two main groups at the first level. One of them is called Anglo and the other classification is called European.

In 1998, Nobes (1998) suggested and supported that financial reporting practices should be divided initially into two classes, one of the class correspond to what some have called Anglo-Saxon accounting and the other to Continental-European accounting.

1.5. THE DEVELOPMENT OF IFRS WORLDWIDE

It can be seen that he first steps to classify accounting system extends over to over a century and the interest of researchers especially increased 1960s (Maciuca, and Socoliuc, 2013: 202). The beginning of working about international accounting has based at 1966 with the struggles of Institute of Chartered Accountants of England & Wales (thereinafter "ICAEW"), American Institute of CPAs (thereinafter "AICPA") and Canadian Institute of Chartered Accountants (thereinafter "CICA"). But international accounting standards which have been created basis of IFRS has been started to use until 1973 (Aslanertik, and Gümüş, 2012: 15).

This part of the thesis attempts to explain the development of global accounting standards around the world. In this stage the thesis especially explains International Financial Reporting Standards (thereinafter, "IFRS"). IFRS is a set of high quality, transparent, and comparable global accounting standards developed by International Accounting Standards Board (thereinafter, "IASB"). An important aim of the IASB is to develop a single set of high quality global accounting standards that are understandable and that improve transparency in financial reporting on various accounting practices of the world (Hillard, 2013: 14, with reference to IASB, 2010).

Basic objectives of IFRS are to increase the consistency, transparency, and comparability of financial statements.

1.5.1. International Organizations and Institutions Related Harmonization of International Accounting Standards

There have been a great number of national and international institutions and organizations that have made significant contributions and undertook major role in development of international accounting standards all over the world. Some and the most important of them are as follows:

- International Federation of Accountants (thereinafter "IFAC")
- International Accounting Standards Commission (thereinafter "IASC")
- International Accounting Standards Board (thereinafter "IASB")
- United Nations (thereinafter "UN")
- European Union (thereinafter "EU")
- Organization for Economic Co-operation and Development (thereinafter "OECD")
- African Accounting Council (thereinafter "AAC")
- International Organizations of Securities Commissions (thereinafter "IOSCO")
- International Forum of Accounting Development (thereinafter "IFAD")
- Nordic Federation of Accountants (thereinafter "NFA")
- Confederation of Asian and Pacific Accountant (thereinafter "CAPA")

1.5.2. Why Implementation International Financial Accounting Standards?

According to the study of IFAC, there are a lot of main benefits of a global financial reporting framework in accounting practices (2004: 1-27). These are explained as follows:

- Greater comparability of financial information for investors,
- Greater willingness on the part of investors to invest across borders,
- Lower cost of capital,
- More efficient allocation of resources,
- Higher economic growth

The benefits of the standards are briefly summarized as follows (www.ifrs.org, September 7, 2015):

> *IFRS brings transparency by enhancing the international comparability and quality of financial information, enabling investors and other market participants to make informed economic decisions.*
>
> *IFRS strengthens accountability by reducing the information gap between the providers of capital and the people to whom they have entrusted their money. Our standards provide information that is needed to hold management to account. As a source of globally comparable information, IFRS is also of vital importance to regulators around the world.*
>
> *IFRS contributes to economic efficiency by helping investors to identify opportunities and risks across the world, thus improving capital allocation. For businesses, the use of a single, trusted accounting language lowers the cost of capital and reduces international reporting costs.*

Supporters of harmonization of international standards have especially arguments that harmonization enhancing the quality of financial information, improving the comparability of accounting information internationally, contributing better globalization of capital markets, strengthening integration and competitiveness in financial markets (Zeghal, and Mhedhbi, 2006: 374-375).

1.5.3. The Support of European Union

Listed firms in EU were required their accountant practices to comply with IFRS by European Commission (thereinafter, "EC") Regulation No. 1606/2002 which was in effect starting January 1, 2005.

IASB acquired greater legitimacy and stature when the EU decided to require all listed firms to prepare consolidated accounts based on International Financial Reporting Standards (IFRS) beginning in 2005 (Larson, and Street, 2004: 89-119). So this point was the major cornerstone for IFRS adoption when the EC to adopt IFRS for listed firms. In 2005 almost 7.000 firms in 25 countries simultaneously switch from national GAAP to IFRS (www.ifrs.org, September 10, 2015).

1.5.4. International Accounting Standards Committee (IASC)

IASC was established by Accountants International Study Group in 1972 (Aslanertik, and Gümüş, 2012: 15-16). The main objective of the Committee was to encourage national accounting standard setters all over the world to develop and harmonize national accounting standards. Until the establishment of IASB, IASC was responsible for developing the accounting rules from 1973 until 2001.

International Accounting Standards (thereinafter "IAS") were developed and issued by IASC from 1973 to 2001 (Aslanertik, and Gümüş, 2012: 15-16).

The organizational structure of IASC was as follows:

- IASC Board
- Consultative Group
- Standing Interpretations Committee
- Advisory Council
- Steering Committees

The IASC approved a statement at its meeting in December 2000 to be transmitted to the new IASB and advised to that Board to continue work on the projects on (IASC, 2000:1-12 ; www.iasplus.com, September 16, 2015):

- Business combinations
- Present value
- Reporting financial performance
- Extractive industries
- Financial instruments

The Board also suggested the new Board, IASB, the following new projects (IASC, 2000: 1-12; www.iasplus.com, September 16, 2015):

- A project on convergence of national and international standards
- A new improvements project to deal with relatively minor matters in existing IASC Standards
- Share-based payments
- Intangible assets
- Narrative reporting outside the notes
- Update the framework and preface to IAS
- Special version of IAS provisions relating to inflation accounting

The IASC hoped that the Statement would be helpful to the new Board, IASB and contribute to making the handover as efficient as possible (IASC, 2000: 1-12).

1.5.5. IFRS Foundation and International Accounting Standards Board (IASB)

IASC's responsibilities were handed over its duties to IASB on April 1, 2001. IASB was the new establishment to issue IFRS (Aslanertik, and Gümüş, 2012: 16).

IFRS are accounting rules or standards issued by the IASB. It can be summarized that the aim of the IASB is to support and develop a single set of high quality, understandable, enforceable and globally accepted financial reporting standards based on clearly articulated principles. IASB aims by these studies to bring transparency, accountability, and efficiency to financial markets around the world (www.ifrs.org, August 2, 2015; Ball, 2006: 6).

The standards issued by IASB were previously named IAS. IASB prepared and issued number of 28 IASs, effective in Turkey as of September 20, 2015 (www.kgk.gov.tr, September 20, 2015). Then IAS has been referred to as IFRS with the new point of view of international accounting standards. The new point of view of accounting standards was that the accounting practice methods are the internal affairs of firms and this should not be interfered with the essence is the form of reports and information in which the financial information is submitted by the firms.

1.5.5.1 The Structure of IFRS Foundation and International Accounting Standards Board (IASB)

The structure is briefly summarized as follows (www.ifrs.org, August 12, 2015):

- Independent Standard-setting and Related Activities
    - IFRS Foundation
    - International Accounting Standards Board
    - IFRS Interpretations Committee
- Accounting Standards Advisory Forum
- Governance and Oversight
    - IFRS Foundation Trustees
    - IFRS Advisory Council
- Public Accountability
    - IFRS Foundation Monitoring Board

1.5.5.2. International Accounting Standards Board

The IASB is the independent standard-setting body of the IFRS foundation. IASB is an independent organization based in London, UK. IASB is supported by external IFRS Advisory Council an Accounting Standards Advisory Forum of national standard-setters and IFRS Interpretations Committee to offer guidance where divergence in practice occurs (www.ifrs.org, September 10, 2015).

When doing standard-setting duties, The IASB follows a through, open and transparent due process of which the publication of consultative documents. These documents are like Discussion Papers and Exposure Drafts for public comments. Also IAS engages closely with stakeholders, investors, analysts, regulators, business leaders, accounting standard-setters and accountancy profession. IASB is an independent group of 14 experts in setting standards in preparing auditing or using financial reports and in accounting education (www.ifrs.org, September 7, 2015).

The IASB is also responsible for approving interpretations of IFRS as developed by the IFRS Interpretations Committee.

1.5.5.3. Standard-setting Process

IFRS is developed through international consultation process and this standard-setting process includes six different steps. These stages are as follows (www.ifrs.org, September 10, 2015):

- Setting the agenda,
- Planning the project,
- Developing and publishing the discussion paper, including public consultation,
- Developing and publishing the Exposure Draft, including public consultation,
- Developing and publishing the Standard,
- Procedures after an IFRS is issued.

1.5.6. XBRL Applications in International Accounting Standards

The recent major step in the web based business reporting field was the introduction of Extensible Business Reporting Language (thereinafter "XBRL").

is a language for the electronic communication of business and financial data which is set to revolutionize business reporting around the world (www.xbrl.org, September 9, 2015). Web Technologies are extensively used by ever-increasing

number of firms around the world since the development of high-capacity communications networks, low-cost computer hardware's, user-friendly software, etc. has made the Internet an effective option for distributing information (Celik, Ecer, and Karabacak, 2006: 100, with reference to Petravick, and Gillett, 1996).

As the IASB issues amendments, it also releases updates to the current IFRS taxonomy for entities. These taxonomy updates may also contain technical updates, new common practice elements or general taxonomy improvements. The IASB is releasing updates to the IFRS Taxonomy with proposed additions for entities engaged in new sectors day by day (www.xbrl.org, September 9, 2015).

When looking to the U.S. accounting practice environment; the U.S. Securities and Exchange Commission (thereinafter "SEC") adopted Interactive Data to improve Financial Reporting final rules requiring public firms that prepare their financial statements comply with U.S. generally accepted accounting principles (thereinafter "US GAAP") and foreign private issuers that prepare their financial statements using IFRS as issued by the IASB to provide their financial statements to the SEC and on their corporate Web sites in interactive data format using XBRL on January 30, 2009 (www.aicpa.org, September 9, 2015).

1.6. ACCOUNTING ENVIRONMENT OF TURKEY

This part of the thesis attempts to explain environment of accounting standards and the development and harmonization of global accounting standards within local accounting standards in recent years in Turkey. A historical overview of adoption process and consequences of this process is presented in this part of the thesis.

1.6.1. Development of Accounting Standards in Turkey and Historical Background

In this part of the thesis development of accounting system and standards are explained especially within two main different parts. First of all, early stage of the country scene is summarized about accounting practice and profession until the

beginning of the adoption process of international accounting standards. In the second part adoption of international process is explained briefly. Then current environment is given for accounting profession and accounting standards in Turkey. So this part of the thesis is to offer a brief and useful outline of the evolution of accounting in Turkey and is to give useful information to understand how international accounting standards has been adopting to local accounting practices, where the Turkish accounting practices are in international convergence up to now and in this process how local accounting practices has been affected.

1.6.1.1 Early Stage of the Republic of Turkey in Accounting Environment

In the early of the Republic of Turkey there was no truly capitalist economic system and regulations about modern world accounting practices and regulators about accounting (Balsarı and Varan, 2014: 375).

At the beginning of the Republic there was not any private capital, accounting profession regulations, accounting regulations, authorities such as capital board, banking regulation board and other factor to enable to development of accounting environment in the country.

The development of accounting practices and approaches had been driven by oversight the government more so than by consideration of market especially in early stage of the Republic of Turkey (Balsarı and Varan, 2014: 373-379; Yılmaz, 2007: 139-153). Because in those years there were not enough private capital and the country had the responsibilities to ensure economic development and had played role in every aspects of the economic life of the country.

At the beginning stage of the Republic of Turkey, regulations related with accounting evaluation were affected by western countries legislations (Alp, Üstündağ, 2009:685). For example the first Turkish Commercial Code (thereinafter "TCC") of 1850 was a translation of the French Code de Commerce which came into force in France 1807 (Örten, 2006: 8). The TCC was included first accounting regulation in Turkish accounting environment (Alp, Üstündağ, 2009:685, with reference to Bilginoğlu, 1988).

Early times of Republic, there has been an extensive economic program to encourage the establishment of public and privately owned enterprises that would contribute to the development of the Country.

Likewise the Tax Law was retrieved from France entitled *les quatre vieilles* (Orten, 2006: 9). As seen from these examples early accounting development of the Turkey was influenced especially form France laws. Meanwhile advanced accounting systems were also imported from German's regulations. It can be said that development process of accounting practices in Turkey was influenced from western countries regulations but especially from France and German regulations (Orten, 2006: 12; Aysan, 2006: 31).

Economic Congress was the important point in the early stage of the Republic of Turkey. Turkish National Union of Trade (thereinafter "TNUT") was the reporter of the congress held in February 15, 1923. The congress was another important event for Turkish economic development process in Turkish accounting and economic history. A lot of decisions were made for westernization economically in the congress in 1923. It was also seen that the lack of development in accounting for the country besides economic development. Objectives that were determined in the congress were economic development and modernization and as a result of these decisions the need for some enterprises and accounting became on the agenda (Orten, 2006: 17).

After 1923 there have been a lot of economic programs to encourage creating of enterprises for economic development in Turkey. During the period there have been improvements were occurred in the accounting professions in line with other developments of accounting practices in Turkey (Arıkan, and Toraman: 1-18).

The other important milestone in the early stage of the Republic of Turkey was economic congress held in İstanbul, 1948. The main framework was based on the aim of state control and state interference, foreign trade regime and tax reform (Orten, 2006: 17-18).

Central Bank of the Republic of Turkey (thereinafter "CBT") was established in 1930.

In this stage establishing of trade and industry chambers also contributed not only to the development of private sector, trade and industry but also the development of accounting practices (Orten, 2006: 19).

Ministry of Finance formed an expert group on tax issues and examination of accounting records. This made a major contribution to development of accounting system (Örten, 2006: 21).

The accounting text books were used in the early stage of the Republic of Turkey. These studies had also contributions in developing accounting history. This thesis can be divided into three periods; 1910-1928, 1928-1940, and 1940 and 1950 (Örten, 2006: 21, with reference to Güvemli, 2001).

In 1950s, Income Tax Law (thereinafter "ITL"), Corporation Income Tax Law (thereinafter "CTL"), Tax Procedure Law (thereinafter "TPL") were enacted by Parliament and then entered into force. Until these years in Turkey, there was not enough any type of regulations about accounting practices, accounting profession. After these tax laws were implemented, accounting information was started to produce for tax authority's needs. It can be said that Turkish accounting practices and professions was affected by these tax reforms deeply (Örten, 2006: 20, with reference to Güvemli, 2001).

TCC of 1957 was included some part of accounting measures, such as matters of disclosure and issuing financial statements, and was not enough to make accounting practice and accounting profession develop. TPL also included some accounting matters, such as book keeping rules, for only taxpayers since 1951 (Aysan, 2006: 39).

If there was no other alternative regulations to be taken into account in the Turkish accounting environment, accounting system was influenced by these tax laws and tax authorities. For example Tax Procedure Law brought itself principles of bookkeeping, assets evaluations and other accounting standards. Because of this reasons financial statements were prepared only for tax authorities to meet the needs of tax authorities in those years. In those years, there has been a strong German effect in Turkish accounting environment.

1.6.1.2. International Convergence on International Financial Reporting Standards in Turkey

The most important factor to ensure development of accounting is economic development and organization (Örten, 2006: 15).

Economic development and organization is very important in terms of developing an accounting system.

Until 1980s, tax impact on accounting environment has not changed. Again, tax authorities has been the most important party for financial statements which firms has been prepared to submit their financial information. So, up to this point, it can be said that Turkish accounting practices and accounting profession has been driven generally by TCC and TPL (Kiracı, and Köse, 2002: 59).

As a result of globalization of accounting, creating an internationally accepted accounting standards and harmonizing them becomes inevitable (Akgün, 2012a: 1). IFRS, as the global accounting standards, had been followed and studied for many years before applies formally.

The international convergence and implementation in accounting practice and profession in Turkey takes place in an environment that is affected by unique factors of Turkey such as the culture, politics, economy, laws and regulations.

Many institutions have contributed to the IFRS convergence process of Turkey. The Capital Markets Board of Turkey (thereinafter "CMB"), The Banking Regulation and Supervising Agency (thereinafter "BRSA"), Turkish Accounting and Auditing Standards Board (thereinafter "TAASB"), Turkish Accounting Standards Board (thereinafter "TASB"), and lastly The Public Oversight, Accounting and Auditing Standards Board of Turkey (thereinafter "POA") have all been involved in the process (Balsarı and Varan, 2014: 378).

It is explained below in detail, on the one side the need of attracting foreign investments on the other side working of Turkey being membership for European Union results in adoption and implementation of IFRS in Turkish accounting practice and professionals.

1.6.1.2.1. The Law No. 3568 and the Union of Chambers of Certified Public Accountants of Turkey

By the end of 1980s, The Law of Certified Public Accountancy and Sworn-in Certified Public Accountancy numbered 3568 was entered into force. The Law numbered 3568 was a turning point in Turkish accounting practices and profession (Balsarı, and Varan, 2014: 376).

The Union of Chambers of Certified Public Accountants of Turkey can be concluded that the Law of Certified Public Accountancy and Sworn-in Certified Public Accountancy influenced accounting practices and accounting profession. According to the final form of the Law, objectives of it are:

- Ensuring healthy and reliable functioning of operations and transactions in enterprises to audit and evaluate the results of the operations within the framework of the relevant legislation,
- Presenting the actual facts to the use of the concerned persons and authorities,
- Regulating the fundamentals concerning the establishment, organization, operations, activities, and the elections of the principle organs of "Certified Public Accountancy" and "Sworn-in Certified Public Accountancy" and the Chambers of Certified Public Accountants and Sworn-in Certified Public Accountants.

At the same time, the Union of Chambers of Certified Public Accountants of Turkey (thereinafter "UCCPA") was founded by the Law No. 3568 in 1989 as an official association of the profession through the participation of the Chambers of Certified Public Accountants and the Chamber of Sworn-in Certified Public Accountants. UCCPA is the national professional body with the sole authority to award professional license.

UCCPA also has strong relationships with other national and regional professional accountancy bodies. The Union is a member of the IFAC since 1994, a founding member of the Federation des Experts Comtables Mediterraneens FCM

established in 1999, a member of the South Eastern European Partnership on Accountancy Development (thereinafter "SEEPAD"), a member of Edinburgh Group (TURMOB).

Besides its other contributions to the accounting professions the Union also has a major role in development of rules and regulations (Güvemli, and Toraman, 2007: 1-14).

1.6.1.2.1.1. The Objective of the Union

The Union was aimed to provide qualifications to talented and applicant people in Turkey who build a career in accountancy, tax, and management. UCCPA that is unique authority is empowered to award professionals licenses and to provide professional qualifications, to make professional examinations and to carry out activities to insure the development of the profession and the protection of due interests of the members of the profession and the preservation of professional dignity, ethics, order and traditions. The qualifications that are required to become a member of the profession are specified by the Law and only those who have been awarded a license by UCCPA are entitled to render professional services. To comply with these duties and responsibilities, UCCPA extends a continuous and intensive effort especially in areas such as practical training, licensing, professional rules and regulations, publishing and membership and participates in the activities of international professional organizations (www.fee.be, August 28, 2015).

1.6.1.2.1.2. The Structure of the Union

The organs of the Union are as follows:

- General Assembly,
- The Board of Directors,
- The Board of Discipline,
- The Supervisory Board.

1.6.1.2.2. The Uniform Accounting System

Until 1992, there hadn't been any study about standardization in accounting standards or uniform accounting system. The Ministry of Finance organized a committee to prepare accounting rules and accounting principles for the country accounting practices in 1992. After these studies about accounting principles and rules in Turkey, the Ministry of Finance issued the results of these studies in a Communiqué in 1992. It was issued on December 26, 1992 in Official Gazette by the Ministry of Finance and entered into force after on January 1, 1994. The name of this Communiqué is "The Uniform Chart of Accounting" (thereinafter "UCA"). It marks the beginning of a new era for Turkish accounting practice.

As mentioned, the Communiqués introduced by the Ministry of Finance on UCA regulate the basic concepts and principles of accounting in addition to provide a guideline for the preparation and presentation of financial statements. The regulation primarily aims to ensure a true and fair presentation of financial statements.

According to this regulation, all firms are required to comply with all requirements and prepare and present all of their financial statements according to the Communiqué. However some establishments that are required to use different accounting techniques in their operations but still keep records on the balance sheet basis such as banks, insurance firms, private financial institutions, financial leasing firms, marketable securities investment funds, intermediaries and investment shareholdings are not liable to fulfill other obligations of the Communiqué provided that "Basic Concepts of Accounting", "Explanation of Accounting Policies", and "Principles of Financial Statements". This regulation should be accepted in accordance with Turkish GAAP.

UCA brings different accounting rules and principles according to rules and principles of IFRS. For example accounting system under UCA is based on shareholder oriented and tax driven differs from IFRS which is mainly stakeholder-oriented and independent of tax reporting considerations (Bahadır, and Tolga, 2013: 391).

According to aim of UCA, the main objective is to provide a true and fair accounting of operations and results of enterprises and firms owned by legal and real entities that are keeping accounting records on a balance sheet basis; to secure a fair reflection of the information presented to the interested parties through financial statements; by maintaining the consistency and comparability of that information and to facilitate the audit of these firms (UCA, 1994: Article 1).

UCA is directed towards (Yalkın et al, 2008: 285):

- Conveying information on accounts to interested parties sufficiently and correctly,
- Comparing different periods of the same firm with other firms,
- Maintaining the same title meaning for all accounts in the financial statements for all sectors,
- Obtaining conformity on accounting terminology to make them comprehensive for everyone,
- Establishing the reliance between the firms and the related parties.

Briefly the new accounting system opened a new era in the standardization of Turkish accounting practice.

1.6.1.2.3. Turkish Accounting and Auditing Standards Board (TAASB)

Accounting Standard Commission (thereinafter "ASC") was established in 1990. With the establishment of TAASB by UCCPA in 1990, the duties of ASC had passed to this board (Kiracı, and Köse, 2002: 60).

1.6.1.2.3.1. The Objectives of TAASB

The aim of the TAASB was to achieve uniformity in accounting practices taken as a basis for preparing in financial statements of all firms and the other institutions in Turkey (Uçma, 2005). Moreover, determining the standards based on

the independent audit of financial statements by members of the profession was the other objective of TAASB (Kiracı, and Köse, 2002: 60).

1.6.1.2.3.2. The Standard Setting Process in TAASB

The standard-setting process consisted of five basic steps. These are as follows respectively:

- Creating standards commission,
- Preparation of preliminary draft,
- Discussion of preliminary draft,
- Publication of the draft,
- The draft of standards and standard publishing.

1.6.1.2.3.3. The Workings of TAASB

The draft of 11 translated accounting standards have been decided as Turkish Accounting Standards in TAASB general assembly meeting dated on April 14, 1996. These accounting standards came into force from January 1, 1997. However TAASB was an independent legal entity but had not got enforcement power for implementation of standards. Also TAASB wasn't authorized a competent authority to issue accounting standards in Turkey. Because of these reasons, efforts, which were performed by TAASB about implementation of international accounting standards, were remained ineffective.

1.6.1.2.4. The Capital Markets Board of Turkey (CMB)

Accounting practice in Turkey was entered a new way with the regulations of Turkish Capital Markets Board.

The first important regulation on this way was the Communiqué issued by CMB. This Communiqué which "The Communiqué on Accounting Standards in Capital Markets", series XI number of 25 was issued on November 15, 2003 on the

Official Gazette by CMB for accounting standards in capital market and became effective on January 1, 2005. CMB was the one of the associations that worked for the adoption of international accounting standards in Turkish accounting practice in those years.

The Communiqué didn't include all firms and institutions registered in Turkey. However the Communiqué is compulsory for only firms whose shares are traded on the stock exchange, investments trusts, all intermediaries whatever their shares are traded on stock exchange or not, portfolio management firms. Briefly, all listed firms and firms that are subjected to CMB's legislations are to prepare and issue their financial statements in accordance with IFRS form January 1, 2005.

These standards included all IASs that are put into practice in 2003. Although these standards are released by the Communiqué in accordance with IFRS, they had a lot of differences with the current full set IFRS in those years.

Listed firms on BIST and other related firms and institutions started to prepare and issued financial statements in accordance with IFRS.

The objectives of this Communiqué were to make capital markets more transparent on one hand to make capital markets more transparent on the one hand and on the other hand to increase shares of foreign investors by developing accounting standards in accordance with IFRS.

IFRS doesn't include a uniform chart of accounts, financial statements and footnotes format and it was the first time applying IFRS-compliant accounting standards in capital market in Turkey. In order to ensure and provide the consistency and comparability of representation of financial data in financial statements, CMB issued and announced (SPK, 2004) financial statements and footnote format with the user guide.

1.6.1.2.5. The Banking Regulation and Supervising Agency (BRSA)

Following the banking crises in Turkey, under the main objective of developing the effectiveness of regulation and supervision and establishing independent decision-making mechanism, BRSA was established in June 1999

according to Banks Act No. 4389 began to operate in August 2000 (BRSA, 2015: 7; Balsarı and Varan, 2014: 378).

Two of the main functions of the BRSA is regulation on the procedures and principles for accounting practices and retention of documents by Banks and regulation on the accounting practices and financial statements of financial leasing, factoring and financing firms (BRSA, 2015: 22). In other meaning, accounting standards was the key point of the BRSA and the Agency has issued IFRS compatible standards for banks and financial institutions (Balsarı and Varan, 2014: 378).

1.6.1.2.6. Turkish Accounting Standards Board (TASB)

Turkish Accounting Standards Board (thereinafter "TASB") was established by legal regulation based on Capital Market Law (thereinafter "CML") in 2005. The Board was established as a part of government's administrative and financial autonomy. TASB was established to set uniform national accounting standards compatible with IFRS. CMB issued also a by-law for principles and procedures for the operation of TASB.

The establishment of Turkish Accounting Standards Board was the other important step in the implementation and adoption of the local accounting practice with IFRS international accounting practices. Because it was the first time that a Board has a legal power to set and sanction international accounting standards in Turkish accounting practice.

TASB translated all IFRS into Turkish and accepted them as Turkish Accounting Standards/Turkish Financial Reporting Standards (thereinafter "TMSs"/"TFRSs"). TAS/TFRS would be the formal translations of IAS/IFRS and continuously updated. Briefly TMS/TFRS would be fully compatible with IAS/IFRS. Because of this reason the thesis uses general term of IFRS to explain TMS/TFRS and IAS/IFRS at the same time.

1.6.1.2.6.1. The Organizational Structure of Turkish Accounting Standards Board

The board is consisted of a total of nine members; one member from the Ministry of Finance, the Ministry of Industry and Trade, the Turkish Treasury, the Council of Higher Education, the Capital Markets Board, the Banking Regulation and Supervision Agency, and the Union of Chambers and Commodity Exchanges with one sworn-in certified public accountant and one certified public accountant from UCCPA (Yalkın et al, 2008: 285-286; Article 7 of By-law for Principles and Procedures for the Operation of TASB, www.pk.org.tr).

1.6.1.2.6.2. Practice of Turkish Accounting Standards Board

TASB signed an agreement with International Accounting Standards Committee Foundation (thereinafter "IASCF") for the right to translate IAS in order to write Turkish accounting standards with the aim of harmonizing local accounting practice with the international accounting standards. First of all, the Board founded several groups of commissions to translate IFRS into Turkish language. These commissions which appointed on translation and the other studies of IAS consisted of independent auditors, academicians and other specialists (Yalkın et al, 2008: 286).

As a result of the Board's harmonization studies, 30 of TMSs and 8 of TFRSs were released in accordance with IFRSs and the framework of the IFRSs.

TASB had worked on these harmonization studies until POA was established.

1.6.1.2.7. The New Turkish Commercial Code and the Public Oversight Accounting and Auditing Standards Board of Turkey

New TCC No. 6102 was effective beginning from January 1, 2013. According to this legislation all firms and related institutions must comply with the TMS/TFRS. This development was the most important stage for the implementation of IFRS in Turkish accounting practice. When compared with the previous legislation, the new TCC gave a huge power to IFRS implementations in Turkish

accounting practices covering all listed and some unlisted firms. So most of the firms must have to prepare and issue their financial statements in accordance with the TMS/TFRS. Regulations related accounting standards was not the only main improvement issued at the new TCC. The legislation includes many other regulations to organize the commercial life. Regulations are about transparency, corporate governance, and fair competition and audit standards. Taking the TCC as a whole, it can be said that the new TCC was the turning point in passing from Continental European accounting class to Anglo-Saxon class.

As a result of the new TCC provisions, financial statements of Turkish entities became comparable in international capital markets (Yalkın et al, 2008: 286).

Meanwhile the other important development accounting practice was POA. There was a standardization problem in Turkish accounting practice and this led to the preparation of more than one financial statement for the same firm. Turkey has also committed "to establish as an organization as the sole supreme authority in determining auditing standards and ethics, authorizing independent auditors and audit firms under a public oversight system and monitoring their activities within the frame of quality assurance" (POA, 2015: 12-13). Then, the Public Oversight, Accounting and Auditing Standards Authority was established in November 2011, by Statutory Decree No. 660 and new TCC. POA supersedes TASB as the publisher of accounting and auditing standards.

The Board is a public legal entity with administrative autonomy and related with the Ministry of Finance. Head of the POA is located in Ankara TURKEY and has legal power to open offices in any place if necessary.

1.6.1.2.7.1. The Organizational Structure of the Board

The POA is composed of a Board and a Chairmanship. The Chairmanship is responsible for implementing the Board decisions and assisting the Board in other issues. The Chairmanship includes the Chairman, Vice Chairmen and service departments.

The Chairman of the Board is also the Chairman of the Authority, and responsible for general management and representation of the Authority.

The Board of the Authority is composed of nine members and appointed by the Council of Ministers among the people who have at least 10 years of experience in accounting, finance, tax, auditing or law after completing university degree or who have worked as a faculty member in certain disciplines at least for 10 years.

1.6.1.2.7.2. The Missions and Functions of the Board

The main objectives of Board can be summarized as follows (POA, 2015: 18):

> *"To set and issue Turkish Accounting Standards in compliance with the International standards, to make secondary legislations, and to take necessary decisions for the implementation of Turkish Accounting Standards."*

> *"To set and issue Turkish Standards on Auditing in compliance with the International standards, to make secondary legislations and to take necessary decisions for implementation of Turkish Standards on Auditing."*

All main functions of the Board are to set accounting standards, to set auditing standards, to approve and register auditor and audit firms and to make oversight and supervision.

As all issued TMS/TFRS are fully compatible with IFRS, it can be said that convergence with international standards are completed from now on.

1.6.2. Difficulties Faced During International Convergence of IFRS in Turkish Accounting Environment

There are not two countries which have had the same accounting standards in the accounting environment (Roberts at al, 1988: 34). There could be various factors which make accounting environment different from other country's accounting environment. These factors can be counted as tax system, legal system, culture, provider of capital, and others (Haller, and Wehrfritz, 2012: 40; Roberts at al., 1988: 34; Nobes, 1998: 168).

Convergence of international accounting standards presents different opportunities and challenges for firms based on their industry, size, and degree of complexity. But the adoption and harmonization of IFRS are inevitable and challenging.

The IFAC Board agreed that there was a need to identify the challenges more clearly to adopt the international standards and to communicate successful examples of how the international standards have been and are being implemented in 2003 (IFAC, 2004: 1-27). According to this study, certain challenges are summed up in note form as follows:

- Translation of the international standards,
- Complexity and structure of the international standards,
- Frequency, volume, and complexity of changes from the international standards,
- Challenges for small and medium sized entities and accounting firms,
- Potential knowledge shortfall,
- Implications of endorsement of IFRS.

These challenges arise not only during the implementation process but also during the adoption of international standards to the local accounting environment of a country (Alp, Üstündag, 2009: 690). These challenges are explained throughout the study.

Zeghal and Mhedhbi (2006) investigated factors that economic growth, education level, the degree of external economic openness, cultural membership in a group of countries and the existence of a capital market, on adoption of international accounting standard in developing countries. According to their study, developing countries with the highest literacy rates, that have capital markets, and that have an Anglo-American culture are the most likely to adopt international accounting standards.

Jeffers and Askew (2010) investigated another major challenge that required a change in the inventory valuation method used that would be faced by financial analysts and other financial statement users.

Larson, and Street (2004) examined seven countries where listed firms were required to prepare their financial statements in accordance with IFRS after 2005. The study includes a survey made on large firms. The results indicated several barriers for convergence. These barriers can be explained briefly as limited national capital markets, insufficient guidance on first time application of IFRS, the lack of existence of transactions of a specific nature, the tax driven nature of national accounting practices and the complicated nature of particular standards.

According to survey done by Deloitte in November 2008 of over 200 respondents, challenges of adopting IFRS could be summarized as follows; 33% lack of accounting technical guidance, 32% lack of skilled personnel, 18% cost of convert, 7% insufficient technology and 10% other reasons (Tomaszewski, and Showerman, 2010: 65, with reference to November 2008 Deloitte Survey).

1.6.2.1 Two-Group Classification

Nobes (1998) proposed that the most important factor in explaining the differences between accounting practices in the different systems is the financing system which may vary from country to country (Sosoliuc, and Maciuca, 2013: 203).

According to two-group classification, accounting system is divided into two different classes, one of them is called Anglo-Saxon accounting class and the other one is called Continental European accounting class (Nobes, 1998: 168). In Anglo-Saxon accounting class, accounting practices differs from tax rules for Continental European accounting class, financial reporting practices follows tax rules. This means that the legal system is the main diversity between two different accounting practices (Nobes, 1998: 168). For example according to D'archy, if a valuation difference affects profit, this can be seen as an important characteristic of a national accounting system (D'archy, 2004: 204). Elitaş and Üç (2009) stated that the main features of two accounting systems are different from each other. According to them, Continental European accounting system focuses on accounting disclosure creditors or government; however Anglo-Saxon accounting system focuses on accounting disclosure for shareholders and prospective investors. Briefly there are five factors - foreign currency translation, bad debts, fixed assets valuation, revaluation and

depreciation, accrued expenses, long-term investments- that show differences between these two different accounting systems (Roberts at al., 1988: 34).

Anglo-Saxon accounting is supposedly common to the United Kingdom and Ireland, the USA and other English-speaking countries including Canada, Australia, and New Zealand (Alexander and Archer, 2000: 539). Germany, France, Spain, Italy, Japan, Switzerland, Egypt etc. are part of the Continental European accountings side. Until 1970s, Turkish accounting system can also be considered within Continental European accounting class. Because there has been a strong German effect in Turkish accounting environment and also accounting system has been based on tax rules strongly quite similar to other countries located in Continental European accounting class. Meanwhile after 1970s economic and political ties with the US started to show its effect on accounting practices bringing Turkish accounting environment closer to Anglo-Saxon accounting practices (Balsarı, and Varan, 2014: 376, with reference to Elitas, and Üc, 2009).

Balsarı and Varan (2014) stated that findings suggest that, it has been hard for businesses and accountants to adapt to a principle based accounting system.

1.6.2.2. Translation of the International Standards

IFRS is officially developed and published in English language. So this point comes into stage as a difficulty for those countries in which people whose native language is not English. According to the Wong Report, certain challenges about difficulty of translation are summarized as follows (IFAC, 2004: 12):

- The use of lengthy English sentences,
- Inconsistent use of terminology,
- The use of the same terminology to describe different concepts,
- The use of terminology that is too difficult to translate.

TASB had followed the principle of the official translation procedure set out by the IASCF until establishing of POA in 2014 by the new TCC. After POA

superseded TASB as publisher of accounting standards, this ongoing translation process are kept going by POA.

Translation of the IFRS to Turkish language was one of the challenging points in the adoption stage for setting financial reporting standards fully complied with the IFRS and implementation stage in Turkish accounting practice (Alp, Üstündag, 2009: 689-690). Besides problem of terminology, complexity, culture differences, lack of knowledge, translation problems have led to compliance problems so far (Balsarı and Varan, 2014: 374). Translation process of IFRS is another problem because it is a continuous process for the implementation stage. This challenge may give rise to time lag problem especially in implementation period.

To accomplish translation difficulties in adoption and implementation period, Alp and Üstündağ (2009) proposed that a glossary should be developed to ensure the use of consistent terminology for all IASs and IFRSs. TASB had created a dictionary during the adoption stage and then POA has improved and is still improving the glossary to overcome translation problem during the implementation period.

1.6.2.3. Complexity and Structure of the International Accounting Standards

Complexity of the international accounting standards is another main challenge in the adoption and harmonization stages.

Larson, and Street (2004) stated that in the convergence and adoption process to the IFRS for national accounting practices, concerns about tax linkages and complicated standards appear to be creating a situation in certain European countries where listed firms use IFRS more often than others.

Actually the principle-based perspective is one of the important point of international accounting standards but standards are too complex and long, and becoming rule based. This situation has made international standards more and more difficult to adopt and implement (IFAC, 2004: 13).

1.6.2.4. Frequency, Volume, and Complexity of Changes to the International Accounting Standards

Frequency, volume and complexity of changes to the international standards should be also identified as a barrier to international convergence

According to report of Wong, frequency, volume and complexity of changes to the international accounting standards can be summarized as follows (IFAC, 2004: 14):

- For example the IASB issued thirteen standards being amended simultaneously with consequential amendments to many others, in other meaning 598 page document was issued only in December 2003,
- Repeated changes of the same standards has been resulted in points of frequency and volume in international standards,
- Complex changes in standards requiring considerable technical expertise.

International accounting standards are becoming more and more complex. This challenges result in compliance problems during the harmonization processes.

1.6.2.5. Challenges for Small and Medium Sized Entities and Accounting Firms

The Wong report underlined a problem for SMEs (Small and Medium Sized Entities) in harmonizing the IASs. The report identified some points about the challenge. These problems could be summarized as; cost of compliance with IFRS versus benefits obtained, length and complexity of IFRS, main focus of IFRS about large-entity issues, inconsistent application of the international standards, etc. (IFAC, 2004: 16).

Vasek (2011) stated that because the main base of IFRS was established for listed firms and their users, full set of IFRS is complex and comprehensive for SMEs.

The project of the development of IFRS for SMEs was prepared and the related standards were issued in July 2009. But there has been no amendments after standards were effective.

1.6.2.6. Potential Knowledge Shortfall and the Cultural and Ethics Differences

Challenges faced arising from potential knowledge shortfall and the cultural differences are the other problems for the adoption and implementation of international accounting standard to the local accounting practice.

Within the adoption of international accounting standards, switching the standards from a rule-based system to a principle-based system could emerge great ethical challenges for accountants (Verschoor, 2010: 12).

Srivastava and Bhutani (2012) investigated challenges and opportunities for IFRS convergence in India. They stated that there are mixed feelings among the professionals about pros and cons of implementing IFRS. They thought that the major challenge for convergence of IFRS in accounting practice is insufficient knowledge on the part of accountant professionals. This result with increase in work and the training cost for firms, briefly convergence process is costly. Because of that reason they concluded that IFRS can be difficult and costly but it will have significant benefits in future for India.

In Turkey, the most identical feature for accounting culture is that it was based on tax regulations, so the culture of this type of accounting must be changed to accounting for decision-making (Balsarı and Varan, 2014: 374). Culture is based on especially two main features. Accounting practices is based on tax-based accounting and also standard-based accounting system in Turkey (Aslanertik, and Gümüş, 2012: 14). According to Nobes, it can be said that differences in accounting system emerge from the effectiveness of capital market, and the culture of the country (Varıcı, and Özdemir, 2013: 21, with reference to Nobes, 1998). That is why; culture in the harmonization process has been a main challenge up to now.

Bayazıtlı, Özdemir, and Alpay (2015) stated that the accounting professionals in Turkey cannot learn effectively and/or unable to implement these standards. The

point also shows that there is a potential knowledge shortfall in Turkish accounting practice for convergence of international accounting standards.

1.6.2.7. Implications of IFRS

International accounting standards issued must have legal features and sanctions to be applied in practice.

After 2005, the firms began to apply two different sets of accounting standards in practice, IFRS and local GAAP. According to CMB regulations on application, only listed firms on BIST must have started to apply and prepare their financial statements according to international accounting standards. So, regulations in applying international accounting standards limited the mandatory adoption of IFRS.

As mentioned before, the POA was established in November 2011 in Turkey. It was the most important development within the accounting practice environment because the POA was the first organization as the sole supreme authority in determining auditing standards and ethics, authorizing independent auditors and audit firms under a public oversight system and monitoring their activities within the frame of quality assurance. So after establishing POA, IFRS found its legal base for the international accounting standards in Turkey. This would be a solution for the implication of IFRS in Turkish accounting practice after then.

1.6.3. Legal Regulations of Accounting Standards Before and After Adoption of IFRS

In this part of the thesis, information is given about legal regulations before and after adoption of IFRS in Turkish accounting practice. By this way, legal differences will be explained.

1.6.3.1. Legal Regulations of Accounting Standards before Adoption of IFRS

The first accounting regulation for entities was prepared and issued by CMB in 1981. But scope of that was very limited in accounting practice because regulation covered only some listed firms (Ağca and Aktaş, 2007b: 104).

Then, there hadn't been any serious study about standardization in accounting standards or some like any uniform accounting system until 1992. The first regulation about this manner was uniform chart of accounting studies of the Ministry of Finance. The first Communiqué was published as a UCA in 1992 and became effective on January 1, 1994. It marks the beginning of a new era for Turkish accounting practice. The regulation affected all Turkish history of accounting practice and become the most comprehensive accounting regulation so far.

CMB issued the Communiqué which is "Accounting Standards", Series XI No.1 on January 29, 1989 on the Official Gazette for accounting standards in capital market and became effective on January 1, 2005. The Communiqué was effective for annual years which beginning on and after 31 December 1988 for listed firms on BIST. These regulations were parallel to UCA but different from IFRS. In the scope of the thesis, these regulations were used as regulations applied for previous period of IFRS.

The Ministry of Finance issued a regulation for inflation adjustment in December 2003, effective the period on and after January 1, 2004. These provisions were applied for the year 2004. This is the main reason why the thesis doesn't use 2004 financial statements ratios to examine IFRS effects on financial analysis when reaching sample in the Third Chapter.

1.6.3.2. Legal Regulations of Accounting Standards after Adoption of IFRS

In the part of the thesis, legal regulations of accounting practice in Turkey with and after adoption of IFRS period is explained.

1.6.3.2.1. Legal Regulations of Accounting Standards between just before Adoption of IFRS

After regulations for UCA prepared by the Ministry of Finance, the first important regulation on this way was the communiqué issued by CMB. This Communiqué which is "The Communiqué on Accounting Standards in Capital Markets", Series XI No.25 was issued on November 15, 2003 on the Official Gazette by CMB for accounting standards in capital market and became effective on January 1, 2005. CMB was one of the associations that worked for the adoption of international accounting standards into Turkish accounting practice in those years.

The Communiqué didn't include all firms and institutions in Turkey. However the Communiqué is compulsory for the firms whose shares are traded on the stock exchange, investments trusts, all intermediaries whatever their shares are traded on stock exchange or not, and portfolio management firms. Briefly all listed firms and firms that are subjected to CMB's legislations are to prepare and issue their financial statements in accordance with IFRS form January 1, 2005.

These standards included all IASs went into operation at 2003. Although these standards which are released by the Communiqué in accordance with IFRS, they had a lot of differences with the current full set IFRS in those years.

Listed firms on BIST and other related firms and institutions started to prepare and issued financial statements in accordance with IFRS.

The objectives of this Communiqué were to make capital markets more transparent and to increase interest of foreign investors by developing accounting standards in accordance with IFRS.

Before Communiqué, all firms were accustomed to use uniform chart of accounts and financial statements formats because of UCA. However, IFRS doesn't include a uniform chart of accounts, financial statements and footnotes format and it was the first time applying IFRS-compliant accounting standards in capital market in Turkey. In order to ensure and provide the consistency and comparability of representation of financial data in financial statements, CMB issued and announced financial statements and footnote format with the user guide (SPK, 2004). According to the announcement of the Board, firms included by the Communiqué series XI

number 25 must use the user guide and formats while preparing their financial statements after the announcement. So the Communiqué was become effective beginning from 2005 to the end of the year 2007. Therefore, CMB issued a Communique that permits listed firms to choose either CMB's standards or current full-set IFRS. It means in those years, between 2005 and 2008 international accounting standards which are used by listed firms on BIST were not full-set IFRS and had a lot of differences according to IFRS. Because of these reasons, in this thesis, in Third Chapter, the years between 2005 and 2007 are taken into account as separate part of the thesis to examine IFRS impact on financial analysis by comparing previous term financial statements ratios with those of the term of 2005-2007 financial statements.

Accounting standards which were issued by CMB in the Communiqué are given in Appendix 1.

1.6.3.2.2. First Time Adoption of IFRS in Turkish Accounting Practice

As mentioned before, all TMS/TFRS and in general TFRSs are translated word by word from original IASs and IFRSs by TASB. TFRS and their comments published by TASB comprise legally as follows (TMS 1):

- Turkish Financial Reporting Standards,
- Turkish Accounting Standards,
- Interpretations of Turkish Financial Reporting Standards,
- Interpretations of Turkish Accounting Standards.

The first applications of IFRS in Turkish accounting practice starts with TMS 1 and TFRS 1. TFRS 1 was published by Official Gazette No. 26125 on March 3, 2006 and is effective for the current period or after December 31, 2005. TMS 1 was published on Official Gazette No. 25702 on January 16, 2005 to be applied for the fiscal years starting from December 31, 2005.

The objective of these standards is to ensure that a firms' first IFRS based financial statements, and its interim financial reports for part of the covered by those financial statements contain high quality information that (TMS 1):

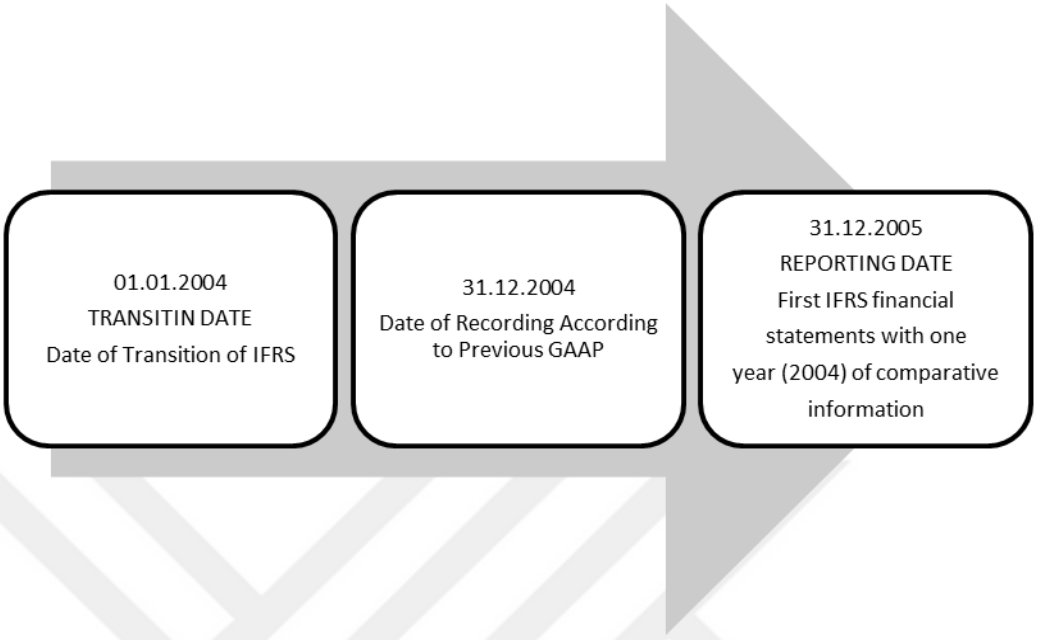
- is transparent for users and comparable over all periods presented,
- provides a suitable starting point for accounting in accordance with IFRS,
- can be generated at a cost that does not exceed the benefits.

IFRS1 is applied when an entity adopts IFRSs for the first time as its basis of accounting by an explicit and unreserved statement of compliance with IFRS. In general the IFRS requires an entity to comply with each IFRS effective at the reporting date for its first IFRS financial statements.

The date of transition to IFRS is the beginning of an entity's first IFRS financial statements. A first-time adopter is required to prepare an opening balance sheet which is the balance sheet of an entity on the adoption date of IFRS at the beginning of the earliest period for that a firm presents full comparative information under IFRS. So an entity shall apply IFRS if its first IFRS financial statements for a period beginning on or after 1 January 2004. The day is called transition day which is the beginning of the earliest period. If the year that is given comparable information is 2005, it means December 31, 2005 is the reporting point or reporting date.

IFRS compatible financial statements that have been prepared for the first time presented and explained is in Figure 1 (Terzi, Şen, and Bülbül, 2007: 106, with reference to Deloitte&Touch, 2004; Ağca and Aktaş, 2007b: 106; Deloitte, 2009: 1-8; Deloitte, 2004b: 1-23; Deloitte, 2004a: 7-22; IFRS, 2013: 1-2).

Figure 1: Timetable Regarding Preparing of Financial Statements



The entity, which is first-time adopter, must prepare opening balance sheet on the date of transition to IFRS or transition day. The opening balance sheet is prepared compatible with the optional exemptions and mandatory exceptions including the general principle of retrospective application. First IFRS financial statements are prepared and published with the comparative information on reporting date. Briefly, transition to IFRS involves selection of accounting policies that comply with IFRS, preparation of an opening IFRS balance sheet at the date of transition to IFRS, and determination of estimates under IFRS for both the opening IFRS balance sheet and other periods presented in an entity's first IFRS financial statements.

IAS1 sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as the accrual basis of accounting, going concern, and the current/noncurrent distinction (www.iasplus.com, September 5, 2015). In first time recognition, it is required to recognize all assets and liabilities according to IFRS not recognize items as assets and liabilities in financial statements if IFRS don't permit such recognition, reclassify all asset and liability items to be included in the financial statements in accordance with IFRS (Terzi, Şen, and Bülbül, 2007: 106, with

reference to Deloitte&Touch, 2004; Ağca and Aktaş, 2007b: 106; Deloitte, 2009: 1-8; Deloitte, 2004b: 1-23; Deloitte, 2004a: 7-22; IFRS, 2013: 1-2).

Examples for recognition or including in balance sheet are as follows (Deloitte, 2004a: 9):

- Internal development cost,
- Pension liabilities,
- Acquired intangible assets,
- Deferred tax assets and liabilities,
- Derivative financial instruments,
- Provisions,
- Finance lease assets and liabilities.

Examples for derecognize are as follows (Deloitte, 2004a: 9):

- Intangible assets, not meeting criteria,
- Provisions,
- Treasury shares as assets,
- Deferred tax assets,
- General reserves as liabilities.

There are some optional exemptions mentioned before. These should be related as follows (Deloitte, 2004a: 11; Ağca and Aktaş, 2007a: 106-107):

- Employee benefits,
- Compound financial instruments,
- Mergers,
- Share based payment,
- Insurance contracts,
- Fair value or revolution,
- Cumulative translation differences,
- Assets and liabilities of subsidiaries.

1.6.3.2.3. Developments in Legal Regulations between just after 2005 and 2008

The Communiqué "The Communiqué on Accounting Standards in Capital Markets", Series XI No.25 was issued on November 15, 2003 on the Official Gazette by CMB for accounting standards in capital market and became effective on January 1, 2005. Firms which are listed on the BIST before 2004 prepared their balance sheet and income statements in accordance with the Communiqué "The Communiqué on Accounting Standards in Capital Markets", Series XI No.25 issued on November 15, 2003.

CMB has published the Communiqué with Series XI No. 27, issued and effective on December 12, 2004 in Official Gazette, which would give opportunity to the firms to implement such amendments even if they are published by CMB in order to ensure the compliance within the period until the translation and publication of the amendments and newly published standards in question by CMB (Ağca and Aktaş, 2007b: 105).

After these regulations studies, TASB was established in 2005 and had started to issue accounting standards fully compatible with IAS/IFRS. TASB translated all IFRS word by word to Turkish language and the issued in Official Gazette.

With the Board's harmonization studies, 30 of TMS and 8 of TFRS were released in accordance with IFRS with the framework of the IFRS. The name of these standards is given in Appendix 2.This standards can be classified into four groups. These groups are as follows (Yalkın et al, 2008: 286):

- Standards related to the presentation of financial statements,
- Standards related to financial statements of group,
- Standards related to balance sheet and income statement,
- Standards related to disclosures of financial statements.

Since these standards issued by TASB were fully compatible with IAS/IFRS, there were some differences between uniform accounting system.

TASB had worked these harmonization activities until POA was established.

Meanwhile, all accounting standards which were applied by financial institutions and their associate, joint ventures and subsidiaries would be regulated by the BRSA. But the empirical analysis in Chapter 3 doesn't include all financial institutions. Because of this, accounting standards issued by BRSA are being ignored in the thesis.

1.6.3.2.4. Recent Developments in Legal Regulations after 2008

The Communiqué on Accounting Standards in Capital Markets, Series XI No.25 was revealed by The Communiqué on Principles of Financial Reporting in Capital Markets, Series XI No.29. So The Communiqué on Accounting Standards in Capital Markets would not be applied in accounting practice for the annual periods on and after January 1, 2008.

According to provisions of Article 5 of the Communiqué on Principles of Financial Reporting in Capital Markets, Series XI No.29, an entity shall apply the International Accounting Standards/International Financial Reporting Standards as adopted by the EU and explained this issue in the financial statement footnotes.

Listed firms on BIST had applied accounting standards to prepare their financial statements between the period of partly compatible with IFRS from the year of 2004 and the period of the fully compatible accounting standards with the IFRS by 2005. First reporting date which all firms registered in Turkey would apply TMS/TFRS with compliance the IFRS according to the TCC Law was as of December 31, 2008 (Akdoğan, 2007: 105).

1.6.4. Current Status Turkish Accounting Environment about International Convergence

As mentioned before, Turkish accounting practice and profession was influenced by German and French regulations in the early period of the Republic of Turkey, then was influenced by Anglo Saxon accounting model (Mert, 2013: 15-25).

The Law numbered 3568 which was entered into force in 1989 as a cornerstone in Turkish accounting development. UCCPA which is also founded at the same year, nowadays supported by 92.584 members and 20.397 students in Turkey, helping them to develop successful careers in accounting, auditing and business, with the skills required from them. UCCPA is composed of 77 CPA Chambers and eight Sworn-in CPA Chambers operating approximately in 85 provinces across Turkey. CPA Chambers are Chambers of professional accountants who are CPA. Sworn-in CPA Chambers are Chambers of professional accountants who have specialized on tax auditing, have ten years of experience as a CPA and had passed additional examinations. A total of 755 staff members are employed in UCCPA and its Chambers (www.fee.be, August 28, 2015).

In recent years XBRL which is special software was announced in Turkey. Turkey took big steps in effort to utilize XBRL for a wide range of corporate and regulatory reporting (www.xbrl.org, September 9, 2015). XBRL is an important tool for standard integration of national accounting practice with the international accounting standards and data exchange requirements for Turkish firms (Tokel, Yücel, and Öksüz, 2007: 4). Struggles of CMB and BIST about XBRL in Turkey are aimed to make XBRL reporting obligatory for over 550 firms that currently use the Public Disclosure Platform for regulatory filings. Meanwhile XBRL-TR-IFRS Taxonomy work was begun based on BIST and CMB translations. So Turkey will also launch a Standard Business Reporting project with taxonomy development (www.xbrl.org, September 9, 2015).

A financial reporting system which is supported by strong governance, high quality standards, and sound regulatory frameworks is the key to a country's economic development (IFAC, 2004: 1-27).

For adopting a country local accounting practices with the IFRS action is necessary at all points along the information supply chain that delivers financial reporting.

Governments, regulators, international and national standard setters, reporting entities, and auditors, as well as other participants in the financial reporting process, have important roles to play in international convergence (IFAC, 2004: 1-27).

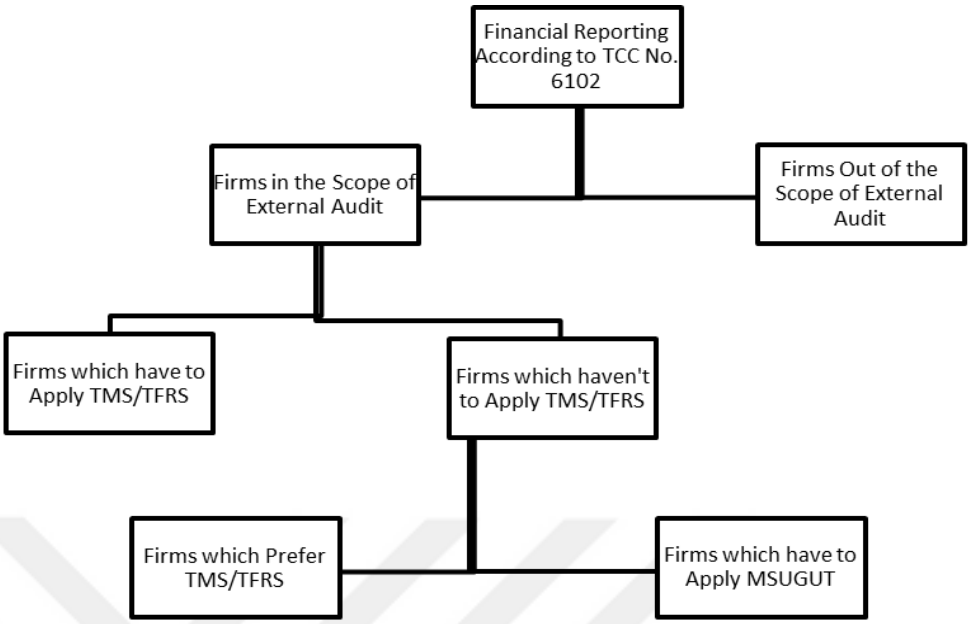
Although there have been a lot of problems that the country has faced within the international convergence, adoption of international accounting practice with Turkish accounting practice have been mostly positive for capital markets. There has been higher value relevance of earnings and book values, and higher quality of earnings measured by the convergence of international accounting practice (Balsarı and Varan, 2014: 374).

New TCC No. 6102 has not been effective until January 1, 2013. According to this legislation all firms and related institutions must comply with the TMS/TFRS. This development was the most important stage in implementation of IFRS in Turkish accounting practice. When compared with the previous legislation, the term of CMB new TCC gave a huge power to IFRS implementation in Turkish accounting practice due to cover of all listed and un-listed firms registered in Turkey. So all firms have to prepare and issue their financial statements in accordance with the TMS/TFRS. But the application of these regulations, beginning on and the after January 01, 2013, the Council of Ministers was authorized to determine which firms had to apply full set IFRS firstly. Each year according to the Council of Ministers decision, firms within the scope of the decision must prepare their financial statements in accordance with the TMS/TFRS. The last announced of the Council of Ministers decision at 2016 by the POA, firms which meets two of the following three criteria is to prepare their financial statements according to the TMS/TFRS (www.resmigazete.gov.tr, 2016):

- Total assets of 40 million TL and greater,
- Net sales of 80 million TL and greater,
- Average personnel 200 people and greater.

According to the Council of Ministers decision at 2015, POA announced that which firms are within the scope of compulsory application of TMS/TFRS. The announcement is summarized in the Figure 2 as follows;

Figure 2: POA Announced Regarding Application of TMSs/TFRSs



Source: POA. (March 30, 2015). Press Announcement. www.kgk.org.tr (September 08, 2015)

Accounting development and practices are analyzed in sub-periods, as shown in Appendix 3, taking into consideration all these factors being taken into account (Balsarı and Varan, 2014: 378).

With the Board's harmonization studies, 28 of TMSs and 14 of TFRSs were released by POA in accordance with IFRS and with the framework of the IFRS. The names of these standards are given in Appendix 4, as of September 08, 2015.

As globalization continues all over the world, discussion adoption, implementation of national and international accounting standards has increased significantly in Turkish accounting application.

In recent years especially G20 leaders support work of the IASB, call for rapid move towards global accounting standards. Since 2001, almost 120 countries have required or permitted the use of IFRS (www.ifrs.org, September 10, 2015).

CHAPTER TWO
LITERATURE REVIEW ABOUT IMPACTS OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ON FINANCIAL STATEMENT AND FINANCIAL ANALYSIS

2.1. LITERATURE REVIEW

In recent years, the issue of compliance with IFRSs has received a great deal of attention from many researchers. The degree of compliance with IFRSs disclosure requirements, as well as the association between the level of disclosure and firm characteristics (namely; firm size, leverage, profitability, firm age, and audit firm size), are examined in many researches (Ataman and Özden, 2009: 59-73; Büyükşalvarcı and Uyar, 2012: 25-4; Gallery et al, 2008: 257-273; Lantto and Sahlström, 2009: 341-361; Stent et al, 2010: 92-107; Terzi, Oktem, and Sen, 2013: 55-66). Financial statements are the most important source of information for investors and researchers. Different accounting standards have different effects on financial statements.

In order to make a good decision as an investor, impacts of new accounting standards on financial statements should be understood and taken into account. Also it can be said that there is still little evidence on the impact of IFRS adoption on key financial ratios.

2.2. CLASSIFICATION OF IFRS APPLICATIONS' EFFECTS ON FINANCIAL STATEMENT AND FINANCIAL STATEMENT ANALYSIS

The effects of IFRS on financial statements investigated by a lot of researches (Ataman and Özden, 2009: 59-73; Büyükşalvarcı and Uyar, 2012: 25-4; Gallery et al, 2008: 257-273; Lantto and Sahlström, 2009: 341-361; Stent et al, 2010: 92-107; Terzi, Oktem, and Sen, 2013: 55-66). But it can especially be said that there hasn't been enough studies about the impact of IFRS on financial statement analysis until now.

IFRS applications and tax applications were totally different and this resulted with different effects on financial statements. IFRS effects on financial statements can be summarized as follows (Akdoğan, 2007: 113):

- Changes in the formal structure of financial statements (in classification),
- Changes in the scope of financial statements,
- Changes in measurement, valuation,
- Changes in footnote of financial statement.

2.3. RESEARCHES ABOUT IMPACT OF IFRS ON FINANCIAL STATEMENTS

In this part, the thesis is diversified into three main categories. First category only takes into account conceptual researches about the effects of IFRS on financial statements. The other category is about empirical studies on firms which are registered in Turkey. And the last category is about empirical researches made on other countries that investigate the effects of IFRS on financial statements.

2.3.1. Researches about Impact of IFRS on Financial Statements

Callao, Jarne, and Lainez, (2007) investigated the effect of IFRS adoption on the relevance of financial reporting. Regarding this aim, they examined the impact of IFRS on the difference between the book and market value of firms, book-to-market ratio, in Spain. The sample of study was included 26 firms, except financial institutions and insurance firms, in IBEX35, Spanish Stock Exchange, at June 30, 2005. The results showed that the book-to-market ratio differed significantly depending on the rules applied in both June and December. Moreover they found that book value was actually equal to market value when IFRS was applied.

Petreski (2006) examined the adoption of IFRS on firms from two different aspects; the impact on the firms' management and their influence on financial statements. They asserted that first and the most important effect of adoption of IFRS was on financial statements and to improve the value of the firm. They find that

adoption of IFRS affected balance sheet of firms and led some key changes as given below:

- Decreases in shareholders' equity,
- Increase in debt,
- Increase in gearing ratio,
- Increase in property, plant and equipment.

Barth, Landsman and Lang. (2005) stated that adoption of IFRS led to less earnings management, more timely loss recognition and more value-relevant accounting information. So they found that adoption of IFRS improved financial statements.

Chua et al (2012) also examined the association between IFRS adoption and accounting quality in Australian capital market. In their study, they examined the accounting quality from three different perspectives; earnings management, timely loss recognition, and value relevance. So, the study compared whether there was a significant change in terms of earnings management, timely loss recognition and value relevance after the mandatory implementation IFRS as of January 1, 2005, for a four years period. The study concluded that IFRS improves accounting quality, earnings management and value relevance of financial statement information

Ferrer et al (2010) investigated the effects of current ratio, quick ratio, debt equity ratio and interest coverage ratio on compliance with IFRS. The sample of the paper was included 100 listed firms in the Philippines operating in different industries, such as finance, industrial, property, services and mining and oil. The paper found that liquidity and finance have no effect on IFRS.

Gassen (2006) researched studies revealed significant differences under earnings quality. They state that different accounting standards lead to differences financial reporting quality. Regarding the measures of earnings quality, accrual quality, persistence, predictability, value relevance and conservatism were taken into account. The paper concluded that voluntary adoption of IFRS for German firms was influenced by size, international exposure and dispersion of ownership. They found that firms which have more persistent, were less predictable and had more conditionally conservative earnings after adopting IFRS. It meant that IFRS leads higher quality in earnings.

Hope et al (2006) applied Coffee's bonding theory and cost/benefit analysis to explain why firms choose IFRS and countries voluntarily adopt IFRS. The theory says, countries which are likely to receive more benefit from high quality accounting standard will be more likely to adopt IFRS. They use the role of investor protection and stock market access in the adoption decision. The study uses a sample of 38 countries. They find that there is a significant negative association between the adoption of investor protection and IFRS.

Chua et al (2012) focused three main points to examine IFRS impact on financial statement regarding accounting quality. These points were earnings management, timely loss recognition and value relevance with comparing before and after the mandatory implementation of IFRS. The study was stated that impact of adopting IFRS mandatorily on accounting quality and net effect for the Australian firms is uncertain. Moreover they expected that conversion of IFRS from local GAAP led to a smaller impact on Australian accounting quality. So the main aim of the study was accounting quality because of adoption IFRS process. Therefore research questions of the study were; earnings management changed after mandatory adoption of IFRS, timely loss recognition changed after the mandatory adoption of IFRS, and the degree of association between accounting data and share price changed after the mandatory adoption in Australia. The sample of the study included of 172 Australian listed firms which covers 1.376 firm-year observations. They compared before and after the mandatory implementation of IFRS as of January 1, 2005 for a period of four years. The study found that less earnings management by the way of income smoothing better timely loss recognition, stronger association between accounting information and market based data. So the conclusion of the study was that there was an improvement at accounting quality for Australian listed firms because of IFRS mandatory adoption. The study was resulted has similar with the other studies according IFRS impact on accounting quality.

Gallery et al. (2008) searched adopting of IFRS impact on quality of disclosures of financial statements of large Australian firms. They stated that there was lack of prior empirical research on the impact of IFRS adoption on financial statements of Australian firms. They stated that there were some key factors affect cost and benefits of disclosure. These key factors were the external auditor advice, industry characteristics, the expected firm specific financial impact and general firm specific factors such as profitability, size, leverage and corporate governance quality. The sample was included 408 listed firms on Australian Securities Exchange as at June 30, 2005. Disclosure quality was measured

using index QDS based on the IFRS disclosures presented firms' annually financial statements in the 2005. The study identified the important role of audit firms played in firm' IFRS disclosures. It meant that IFRS disclosures were affected according to audit firms.

Özkan and Acar (2010) investigated the impacts of international accounting/financial reporting standards on the financial statement analysis conceptually. They wanted to discuss some specific points regarding the analysis of IFRS based financial reports. Some specific points that were determined can be given as follows:

- Difficulties in the analysis of consolidated statements,
- Problems emerging due to frequent changes in standards,
- Quality of accounting policies,
- Formats of the statements,
- Complex nature of standards,
- New financial statements items which are unfamiliar to Turkish users,
- The role of the quality of estimates and assumptions on the financial statements.

2.3.2. Researches about Impact of IFRS on Financial Statements for Turkish Firms

This part of the thesis briefly reviews empirical studies examining the financial statement effects of adopting IFRS in Turkish listed firms. In recent years, there were a lot of empirical studies which examined the impacts of IFRS conversion from local GAAP (Terzi, Oktem, and Sen, 2013: 55-66).

Çelik, Aygoren and Uyar (2007) searched whether the information content of financial ratios obtained from IFRS based and domestic legislation based financial statements of a firm is different or not. They also tested that whether IFRS and local GAAP had impact on the structure of financial statements. They used 43 firms' financial statements for the year 2004. For that year, according to related regulations firms which were listed on BIST issued two different financial statements based

IFRS and local GAAP. Because of this reason, they used two different financial statements for the same periods. Using these financial statements data, 12 different financial ratios were calculated. These ratios were current ratio, quick ratio, cash ratio, stock dependency ratio, total debt ratio, long term debt ratio, debt-equity ratio, fixed assets-equity ratio, two different inventory turnover ratios, receivables turnover, total assets turnover. T-test and Mann-Whitney-U test were used for the study whether there was statistically significant difference between the financial ratios based on IFRS and local GAAP. According to the study, the long term debt ratio, debt-equity ratio and fixed assets equity ratio were significantly different. Long term debt ratio was also found to be statistically significant at 1% level with "t" statistics and 5% level with Mann-Whitney-U test.

Ağca and Aktaş (2007) examined if the financial ratios were applied to the financial statements that local GAAP based differ from the financial ratios that applied to the financial statements IFRS based in 2004. They investigated the same period like the study of Çelik, Aygoren and Uyar (2007). They tested their hypothesis using t-test with 12 financial ratios. These financial ratios were current ratio, acid test ratio, cash ratio, inventory turnover, receivables turnover, assets turnover, total liability ratio, profit margin, return on assets, return on equity and equity factor. In this study 10% and below values were taken as the statistically significant values at the decision making part. They used 147 listed firms' financial statement other than financial sector. P value was statistically significant only for cash ratio and assets turnover for entire sample. The study was also investigated the research question for five sub-sectors. According to result of this part of the study, when the same test was applied to sectors:

- for sector, P values statistically significant for inventory turn,
- over, total liability ratio,
- for sector 2 and sector 5, current ratio is statistically significant,
- for sector 4 return on equity is statistically significant.

Briefly the study was observed statistical changes in cash ratio, inventory turnover, assets turnover, return on equity and total liability ratio.

They found and stated that there were some reasons of obtaining such meaninful changes in some ratios that used in the study for the test. These were as follows:

- The firms which apply IFRS for the first time reclassified their assets and liabilities in their financial statements,
- After applying IFRS for the financial statements, certain assets and liabilities were removed from financial statements, such as research costs, etc.,
- With the using of IFRS, some items, such as deferred tax assets, tax liabilities, were imported to the financial statements.

Terzi, S., Oktem, R., and Sen, I. K. (2013) investigated the effect of IFRS on listed firms in BIST, Turkey. Only 140 manufacturing firms were analyzed. They used 17 selected financial ratios related to firms' operating efficiency, financial structure and profitability and accounting figures in their paper. In order to test difference, logistic regression analysis was used. They found significant differences between these two accounting standards on current ratios, receivables turnover, assets turnover, total liabilities/tangible assets ratios, fixed assets turnover, equity turnover, short term liabilities/total liabilities ratios, short term liabilities/total assets ratios. They determined significant differences on current ratios and short term liabilities/total assets ratios in their sub-sector analysis. On the other hand, they found no find statistically significant differences in book value/market value ratio analysis. According to the results of their study adoption of IFRS had a statistically significant impact on equity accounts.

Büyükşalvarcı and Uyar (2012) examined relation between market values, stock returns of firms and financial ratios from financial statements prepared under different accounting regulations, local GAAP and IFRS. The study had three objectives. First objective was to determine whether there are any differences between financial ratios which were calculated using numbers from financial statements prepared according to local GAAP-based financial statements and IFRS-based ones. The results of the study showed that there was statistically a difference

between financial ratios obtained from two different accounting regulations in the year 2004. These ratios could be classified under four main categories, liquidity ratios, profitability ratios, financial structure ratios and operational ratios. The sample included 91 firms listed in Istanbul Stock Exchange. They used 17 financial ratios calculated from the financial statements of 91 listed firms. For this part of the study, Wilcoxon Signed Rank test was employed for analyses. According to results of the analyses of the study, there were statistically significant differences in stock dependency ratio, receivable turnover, assets turnover, fixed asset turnover, short term debt/total assets ratio, and short term liabilities/liabilities ratios.

Other objective of the study was to be determined the relationship between market values, stock returns and financial ratios which calculated from financial statements prepared under different accounting regulations. Regarding this analysis, the results showed that financial ratios derived from local GAAP based financial statements weree more predominant than ones prepared under IFRS.

Alkan and Doğan (2012) researched incipient and long term impact of IFRS on financial ratios for firms on Istanbul Stock Exchange. The objective of the paper was to search the differences between the two different analyses of financial reports prepared listed firms in Istanbul Stock Exchange from 2000 to 2009. Financial ratios were obtained from the date of transition to international financial standards between 2004 and 2005. By this way, they wanted to show short-term and long-term effects of IFRS on financial statements for listed Turkish firms. In order to determine long-term effects of IFRS on financial statements, the data were derived from 148 listed firms' financial statements from 2000 to 2009. Twelve ratios were taken for the analysis. It was found that, IFRS did not have an effect on liquidity ratios and operational ratios. The average of current and acid-test ratio showed an increasing trend in significant differences in the long run. There were significant differences for inventory turnover and receivables turnover ratios in the long term. There was an increase in the long term debt ratio. Also some little differences were found in profitability ratios. As a result, they found significant differences between long-term period and short-term period.

The Study of Ağca and Aktaş (2007) focused on how IFRS affected financial statements of listed firms in Istanbul Stock Exchange. The study used financial data

of 147 listed firms except financial institutions in Istanbul Stock Exchange in 2004. For the year, the firms issued their financial statements according to IFRS based and local GAAP at the same time. So the study was focused data of financial statements for only the year 2004 itself. The study divided all firms in the sample into five sectors, sector1, sector2, sector3, sector4 and sector5. Overall as a result, they found that items of the financial statements showed statistically significant differences as a result of conversion from local legislation to IFRS provisions.

Ataman and Özden (2009) searched also comparison of Turkish firms and Turkish local GAAP with IFRS again. The study was aimed to examine the effects of harmonization of financial statements based on local GAAP and financial statements based on IFRS using ratios analyses on the sample case. Regarding this aim, they compared financial ratios competed based on statements prepared under both of these two different standards. The finding can be explained briefly as follows;

- Liquidity ratios of financial statements based local GAAP were lower compared to ratios of financial statements based IFRS,
- Debt ratios showed higher in IFRS based financial statements,
- Efficiency ratios calculated for financial statement based IFRS were generally higher than the ratios calculated for financial statements based local GAAP,
- Profitability ratios after tax payable in IFRS based financial statements were lower than the ratios after tax for financial statements prepared according to local GAAP.

Çelik et al (2007) investigated and aimed the impact of IFRS on financial statements and financial ratios for Turkish firms. They thought that different accounting standard could affect financial statements, in the meaning of structure and items of financial statements. The sample of the paper was included 43 firms and used 12 different financial ratios which calculated numbers of the financial statements of these firms. These financial ratios were current ratio, quick ratio, cash ratio, stock dependency ratio, total debt ratio, long term debt ratio, debt-equity ratio, fixed assets-equity ratio, inventory turnover, receivables turnover and total asset

turnover. According to results of the analyses of the paper, the long term debt ratio, debt-equity ratio, fixed assets equity ratio of local GAAP based financial statements were significantly different compared to IFRS based financial statement ratios. They found that there were statistically significant differences among the financial ratios.

Atmaca (2010) made an assessment for the effect of international accounting and financial reporting standards on financial analysis of firms. He stated that examining the relations between IFRS and IAS application and financial analysis was an important point for strategic decisions. So the aim of the study was to be searched the effects of IFRS and IAS on financial statements and financial analysis. He examined the effects of IFRS on financial statements of the firms which listed the first 500 greatest industrial corporations for the year 2007 published by Istanbul Chamber of Commerce by survey method. In this study, 13 private firms and 15 public corporations were excluded from the sample, so the sample was included 472 firms. By this way, he tried to explain these relations using financial analysis.

Atmaca and Çelenk (2011) investigated again the effects of international accounting and financial reporting standards to financial analysis using regression analysis. They examined whether IFRS and IAS had effects on quality level on financial analysis practices on corporations. Again the sample of the study was the first 500 greatest industrial corporations in Turkey. But this time data which gathered from surveys were tested by regression analysis. He stated that IRS and IAS had positively effects the quality level of financial analysis issued by the firms.

Regarding these two studies, results briefly are as follows:

- Applications of IFRS effect on profitability of the firms,
- Applications of IFRS affect determining market value of firms more accurately,
- Increasing the level of comparability in terms of in terms of sectorial points,
- It was effective on the event of financial analysis.

But the most important point for these studies was that the related persons must take into account IFRS effects on financial analysis carefully.

Akgün (2013) examined the impact of international financial reporting standards on financial analysis in Istanbul stock exchange. The effects of IFRS on the firms were tested by a questionnaire method. Also factor analysis was made on the SPSS 19 statistics program. The results showed that by making a positive impact on the quality level of financial statements analysis; IFRS provided more accurate information to determine the level of business performance. The study was stated that IFRS provided more useful information when making decisions in business; moreover IFRS provided higher quality information to all users of financial statements.

2.3.3. Researches about Impact of IFRS on Financial Statements for Firms which in Other Countries

Empirical studies examining the financial statement effects of adopting IFRS in other countries was reviewed in this part of the thesis.

Stent, Bradbury and Hooks (2010) searched the effect of IFRS on financial statements of New Zealand listed firms. They examined the effect of New Zealand IFRS on the elements of assets, liabilities, equity, revenues and expenses, tested for impact by accounting standard and also the effect of New Zealand IFRS on some selected financial ratios. They used two sets of financial statements for all test. Their findings indicated that the largest impact of IFRS on financial statements was liabilities; 75% of observations showed that there was an increase in liabilities; as entirely increases was observed also in assets and net profit; overall decreases in equity was observed. They stated that income taxes and employee benefit were the main reasons for the increases in liabilities.

The paper also examined the effect of New Zealand IFRS on some common financial ratios. They used five financial ratios; return on equity, return on assets, leverage, assets turnover and return on sales. They found that adopting IFRS had a great effect on key ratios of financial statements. It meant that while the medians of return on equity return on assets leverage and return on sales under New Zealand IFRS increased, the other mean, for assets turnover, decreased. The result of the

study showed that small listed firms were less significantly affected by New Zealand IFRS than large listed firms. The results also indicated that the impact of New Zealand IFRS on early and late adopters was considerably different.

Bao, Lee, and Romeo (2010) investigated the differences between GAAP and IFRS in reporting inventory, property plant and equipment, intangible assets, and development costs, then investigated the effects of these items on some key financial ratios. These financial ratios were current ratio, inventory turnover ratio, asset turnover ratio, debt-to-asset ratio, and return on assets. The sample of the paper was covered listed firms from five countries, Australia, France, Germany, Italy, The UK and the US. They used t-test for univariate tests to compare these financial ratios of the two sample groups and analysis of variance for multivariate tests to compare the financial ratios of the two sample groups. They concluded that firms from countries where IFRS was adopted had a significantly higher current ratio, lower asset turnover ratio, and lower debt-to-asset ratio. For firms which had adopted IFRS, inventory turnover was significantly higher than the firms using US GAAP.

Lantto, and Sahlström (2007) examined whether there were effects on key accounting ratios calculated according to IFRS and Finnish accounting standards. The main aim of the study was to assess the economic consequences of IFRS adoption. The sample of the study was covered 91 listed firms in Helsinki Stock Exchange. Moreover they used the median values of seven financial ratios and one to examine economic consequences of IFRS adoption. These ratios were operating profit margin (OPM), return on equity (ROE) and return on invested capital (ROIC), equity ratio (ER), gearing ratio (GR), current ratio (CR), quick ratio (QR), earnings ratio (PE). The results of the study showed that median differences between ratios, except current ratios, differ significantly for local GAAP and IFRS. They analyzed the differences between the key financial ratios based before and after the conversion from Finnish accounting standards to IFRS and also tested the statistical significances of the differences. The results of the study showed that there were median differences between ratios, except current ratios, differ significantly for local GAAP and IFRS.

Callao, Jarne, and Lainez, (2007) investigated whether there were significant differences in financial ratios in the interim/annual information under Spanish

accounting standards and IFRS. The figures was included fixed assets, inventories, debtors, cash, current assets, total assets, equity, long-term liabilities, short-term liabilities, total liabilities, long term resources, total equity and balances. Income statement lines were covered with operating income, ordinary income, net income and net income attributable to equity holders of the parent. Financial ratios were current ratio, acid test ratio, cash ratio, solvency, indebtedness, return on assets per operating income and ordinary income, and return on equity per ordinary income and net income. The aim of the study was to test differences in selected figures and ratios calculated for local GAAP-based and IFRS-based. The sample of study was included 26 firms, except financial institutions and insurance firms, in IBEX35, Spanish Stock Exchange, at June 30, 2005. According to interim information; there were significant differences for six financial ratios, such as current ratio, solvency and indebtedness return on assets per operating income return on equity per ordinary income and net income; there were increases in cash and cash equivalents, long term and total liabilities and in the cash ratio, indebtedness and return on equity. By the way, there were decreases in debtors, equity, operating income and the solvency ratio and return on assets. According to annual information; significant differences found were the same as in the previous information. Again the sign of the differences were the same in all cases of interim information.

Lantto, and Sahlström (2009) analyzed the differences between financial ratios calculated from two different accounting standards, local GAAP and IFRS in Finland and investigate whether IFRS led the differences in financial ratios. The aim of the study was to investigate whether the changes were occurred in accounting numbers and key accounting ratios from derived financial statements based on two different accounting standards. They searched the main reasons of the differences using a two-step approach. They found that adoption of IFRS affects the magnitudes of the key accounting ratios of Finnish firms. According to the result of this study, there was considerable decrease in PE ratio and increases in the profitability ratios.

Aim of the paper written by Dimitrios et. al. (2013) was to provide empirical data of the adoption of IFRS. They used fifteen financial ratios such as liquidity, leverage and activity to analyze the impact of IFRS on ratios of listed and new listed firms of Athens Exchange. They used figures from financial statements that were

applied with two different accounting standards GAS and IFRS for the same year. They found no significant impact from the adoption and implementation of IFRS in Greece on the calculation of the financial ratios. According to the regression analysis, a strong linear relationship was found between the ratios of the two different accounting standards in the majority of the samples.

Ferrer and Tang (2013) investigated that financial ratios were classified into five main categories which are profitability, liquidity, activity, leverage, and market performance ratios. The study found that three financial ratios, asset turnover, price-earnings ratio, and the dividends payout ratio, significantly affected the explained variable. The paper was also stated that the price earnings ratios were the only financial ratio that significantly affected by the change in stock price in a positive manner.

In order to examine the IFRS impacts on financial statements and performance of the firms; Pazarskis (2011) analyzed financial statements and performance of firms in relation with the IFRS adoption in Greece. He used twenty firms from the IT sector that were listed at the Athens Exchange. He used several ratios from their financial statements and analyzed the IFRS effects on financial statements for three years before and after the IFRS adoption in between pre-IFRS period which was local GAAP based and post-IFRS period which was IFRS based. He also examined to estimate the exact influence of IFRS adoption effects in a different time interval and to compare the year 2002 and the year 2005. First hypotheses of the study was as follows; *"There is expected no relative change of the accounting ratio I from the IFRS adoption effects at case j."* The study was dealt with twelve financial ratios; EBIT margin, gearing, EBITDA margin, ROE, ROA, net assets turnover, interest cover, collection period, credit period, current ratio, liquidity ratio, solvency ratio. According to result of the study, two (EBIT margin and gearing ratio) out of the twelve accounting ratios showed significant change statistically due to IFRS adoption. EBIT margin increased when the other ratio decreased. For the other ten financial ratios, he found that there was no significant change and had no any particular impact. Second hypotheses of the study was as follows; *"There is expected relative change of the accounting ratio I from the IFRS adoption effects at case J."* The study was dealt with fourteen financial ratios for this

part; EBIT margin, gearing, EBITDA margin, ROE, ROA, net assets turnover, interest cover, collection period, credit period, current ratio, liquidity ratio, solvency ratio. He found that none of the fourteen accounting ratios showed significant change statistically due to IFRS adoption. He found that there was no significantly change and had no any particular impact, all financial ratios for all.

Aim of the other study was to provide empirical evidence of the nature and the size of the differences between local (Italian) GAAP and IFRS. The study was analyzed the total and individual adjustments to IFRS in reconciliations of net income and shareholders' equity of Italian listed firms. The paper was used a measure of accounting comparability, such as the proportionality index vs the Gray's conservatism index, in order to analyze the quantitative effect to Italian accounting standards. The sample of the study was covered all listed industrial and services firms on Italian Stock Exchange at October 31, 2006. So the study was examined 178 firms' reconciliation statements at the date of transition from local GAAP to IFRS. The paper pointed out that total adjustment from local GAAP to IFRS to net income was significant with an adjustment of 14.10%. The study showed that ROE for local GAAP was significantly 12.50% lower than ROE calculated according to IFRS. The study stated that the conversion form local GAAP to IFRS had a significant impact on Italian listed firms (Cordazzo, 2014: 1787-1790)

Haverals (2005) made the assessment of the impact of adopting IFRS for tax purposes in terms of tax principles. To search the effect of IFRS, he used several assumptions in the analysis. For example; the straight line method was used for depreciation; weighted average cost method was used for the valuation of inventory; the medium-sized firm was assumed to have two shareholders, etc. According to the result of the study, the usage of IFRS also for tax purposes broadened the tax burden of Belgium firms, by 3,8% to 14,6% depending on the sector. Especially construction, automotive vehicles and food&beverage sectors were faced with the highest impact because of IFRS conversion. He stated that using of IFRS broadens the tax base so reduction on the corporate tax rate should have helped firms to compliance to IFRS in Belgium.

Lainez and Calloa (2000) focused on the effect of accounting diversity on international financial analysis to put empirical evidence. They analyzed the effect of

accounting diversity on eight financial ratios. These financial ratios were liquidity, solvency, indebtedness, return on assets and return on equity. They focused on two points; taking into account the effect of accounting differences in each reporting items, isolation and all reporting items as a whole, individual effect and combined effect. In this manner, the paper was considered accounting diversity as a significant barrier for the international comparability of financial reporting. They used 30 largest listed firms' consolidated financial statements in 1993. Findings of the study were as follows:

- More than 73% of the pairs countries presented a significant difference in liquidity, at a 5% level of significance,
- Eleven pairs of countries had statistically significant differences with respect to the solvency ratios at a 5% level of significance,
- 60% of pairs of counties showed a significant difference regarding the indebtedness,
- More than 66% of the pairs countries presented a significant difference in ROA (Opl/TA), at a 5% level of significance,
- Only five of the pairs showed a significant difference at the 5% level in ROA etc.

Tsalavoutas and Evans (2010) examined the IFRS effect in a different matter. They researched transition to IFRS on financial statement effects and auditor size for listed firms' financial statements in Greece. The main objective of the study was to identify and evaluate the impact and materiality of IFRS adoption on firms' financial position, performance and key ratios. They focused on net profit, shareholders' equity, gearing and liquidity. They stated that the Greek accounting, local accounting standards, differed from IFRS, because local GAAP is based on shareholder-oriented, tax driven and conservative comparing to IFRS. The study was used recent literature and Gray's comparability index. They used 238 listed firms listed in stock exchange in 2005, 193 firms publishing consolidated accounts and 45 publishing individual accounts. They found that IFRS had a significant effect on the financial position and reported performance as well as on gearing ratio and liquidity ratios of

Greek listed firms. The results of the study showed that impact on shareholders' equity and net income was positive, on gearing and liquidity was negative.

Silva et al (2007) stated impact of the regulation on financial accounts. They used certain accounting items of the Balance Sheet. This part of the data was covered 39 firms' accounting item. They also used profits and losses account of 37 firms. The period of the study was at the end of the year of 2004 and 2005 (the last quarter of the year). They found as conclusions that there was a significant impact of IFRS's implementation in the financial reports for publicly-traded firms in Portuguese. Important variations were found for all items coming from financial statements. These variations emerged as an increasing, in general, the total value of the Assets, Capital, Liabilities and Net Results in 1,5%, 3,2%, 3,4% and 14.7% respectively. Also they found that the most significant effects on the financial statements were resulted by the adjustments to fixed financial assets and debt.

Besides other studies so far, one detailed research was done for Canadian firms in 2011 and 2013 by Blanchette et al (2011). According to the study scope was about the effects of IFRS on financial ratios for early evidence in Canada. The aim of the study was to provide preliminary evidence regarding the effect of IFRS on financial ratios in Canada.

They used a set of financial ratios commonly utilized by investors and other users of financial statements. 16 financial ratios were examined in the study. These financial ratios were divided into four group as it is in our study; liquidity, leverage, coverage and profitability. The sample was consisted of nine firms, 22 full sets of audited financial statements covering a 12 months period and 30 balance sheets at specific dates. IFRS was mandatory for Canadian listed firms for financial periods beginning on or after January 01, 2011. They analyzed the effect of IFRS on financial ratios by making the comparison of the ratios computed under IFRS and local GAAP for the same period. They also tested for equality of means, medians, and variances between each series of ratios to put forth whether there were differences between the distributions of IFRS values according to the values of local GAAP values. According to the study, because there were differences in measurement, this affects only the numerator or only the denominator or sometimes numerator and denominator at the same time in varying proportions. They found that

fair value of IFRS was limited when it was optional. Several ratios such as liquidity and leverage ratios were affected by fair value accounting. They stated that all the financial statements were affected by the differences between local GAAP and IFRS. The differences in balance sheet numbers were affected by fair value accounting, consolidation requirements and other differences between two accounting standards. The differences on the income statements affect profitability and coverage ratios. They found that for four ratios the equality of variances is not rejected. One of the ratios, the operating cash flow ratio, is based on a cash flow number that was normally not affected by accounting standards.

As a result, they found that the variance of several ratios based on IFRS was significantly different from the variance of the same ratios based on local GAAP. According to study, significant differences in the distribution of values around medians in categories of ratios were as follows:

- Liquidity, current and quick ratios, at the 1% confidence level,
- Leverage, debt, alternative debt and equity ratios, at the 1% confidence level,
- Coverage, interest, fixed charge and cash flow, at the 5%, 1% and 1% confidence level respectively,
- Profitability, ROA, comprehensive ROA and PE related ratios, at the 1% confidence level.

They found a significant industry effect for six ratios with five ratios reflecting a lower profitability or coverage for mining firms under local GAAP compared with IFRS. Also they stated that the profitability of firms having recently transitioned to IFRS were affected more negatively by IFRS.

Their results also showed that there was no significant difference between medians of all ratios, except cash flow coverage for Canadian early adopters. But Lantto and Sahlström (2009) found that there were significant differences in one liquidity ratio, two leverage and four profitability ratios.

Mc Connell (2012) examined potential changes because of adoption of IFRS in Canada. For this aim, the paper focuses on the financial statements of Canadian

public mining firms to examine whether adoption of IFRS leads changes in firms' reported financial performance. To examine this point, the paper uses eight selected financial ratios calculated by using figures from financial statements issued according to IFRS and local GAAP. Then the paper looks for statistically significant differences between these financial ratios which are calculated using two different accounting standards. According to the result of the paper, adoption of IFRS does not cause significant changes on some of the selected financial ratios. But adoption of IFRS leads significant changes in the quick ratio, return on assets and comprehensive return on assets. These results are also similar with our results. Moreover these results differ from some of the results of CGA-Canada study that was done by Blanchette et al (2011).

Blanchette et al (2013) made another study on a sample of 150 Canadian firms listed on Toronto Stock Exchange. The analysis was also based on the comparison of financial ratios calculated from accounting data gathered from financial statements which were issued according to IFRS and pre changeover local GAAP for the same period. The listed firms were adopted IFRS since 2011. The study was an empirical study. Their findings suggested that:

- Central values of IFRS financial statement figures and financial ratios, except net profit/loss, were not significantly different from those derived under local GAAP,
- Differences between individual IFRS and local GAAP values could be large in the balance sheet and represent a fairly material impact,
- The volatility of financial statement figures was in most cases higher in IFRS than in local GAAP,
- Differences between IFRS and local GAAP values were not randomly distributed across industry sectors.

2.4. SUMMARY OF THE LITERATURE REVIEW

The major difference between GAAP and IFRS is that IFRS is principle based while GAAP is rule based (Benston, Bromwich, and Wagenhofer, 2006: 88-165).

Researches that are addressing the convergence or harmonization of international accounting standards are growing and becoming more empirical in nature. Previous researches mainly focused on the effects of accounting diversity upon corporate earnings, accounting quality, etc.

Previous studies have shown that comparing financial characteristics using financial ratios have become a popular methodology in both finance and accounting literature for a long time.

Previous researches mainly focused on the effects of IFRS adoption at the time of transition from local GAAP to IFRS. There have been limited studies that were investigating IFRS effect in a long period.

In the third part of the thesis, an empirical study is done by using two ratios for liquidity, four ratios for efficiency, five ratios for profitability and three ratios for leverage on the on the basis that they are the most relevant ratios for the analysis.

CHAPTER THREE
AN EMPIRICAL ANALYSIS OF THE EFFECT OF ADOPTING INTERNATIONAL FINANCIAL REPORTING STANDARDS ON FINANCIAL ANALYSIS: EVIDENCE FROM BIST

3.1. AIM OF THE EMPIRICAL ANALYSIS

Aim of the thesis is to provide evidence on effects of IFRS adoption on financial analysis by using key accounting ratios of the firms' financial statements which were listed on Borsa İstanbul (BIST) (Turkish Stock Exchange) (The previous name of Turkish Stock Exchange was Istanbul Stock Exchange. Because Borsa Istanbul and Istanbul Stock Exchange are the same institutions, the thesis uses only BIST to express them.)

Thus, the thesis examines the impact of the IFRSs that became effective after January 1, 2005 on financial analysis. So IASs/IFRSs began to influence the annual financial statements for 2005 and the following years.

The thesis analyzes firstly whether there are differences between selected financial ratios for firms, by using financial statements from the pre-IFRS, 2002 and 2003, and the post-IFRS periods from 2005 to 2012. The aim is to provide that there are differences between the financial ratios derived from financial statements which are prepared under different accounting regulations. The period including 2002 and 2003 is named as "pre-IFRS".

Next period, from 2005 to 2012, when IASs/IFRSs were applied to the financial statements is divided into two periods. Early period includes 2005, 2006 and 2007. This period was named as "post1-IFRS". The other period includes five years, from 2008 to 2012. This period is named as "post2-IFRS". There are some differences between these two periods. Because of this reason, another purpose of the thesis is on the one hand analyzing differences between the financial ratios derived from financial statements which are prepared according to different accounting regulations and on the other hand analyzing differences by comparing early and latest IFRS periods as well.

Briefly, the thesis includes three different comparisons which are pre-IFRS vs post1-IFRS, pre-IFRS vs post2-IFRS, and post1-IFRS vs post2-IFRS respectively for each selected financial ratio.

In order to examine the impact of IAS/IFRS on financial statement analysis we use a sample in our thesis for the firms listed in BIST.

A sample of listed Turkish firms is chosen and a selection of the ratios' means calculated from their financial statements are compared with those obtained using different terms' financial statement that are based different accounting systems. For the objective of the thesis, using these ratios, the thesis considers from an empirical basis, whether the differences arising in the means of the main ratios employed in the analysis from the use of different accounting systems are statistically significant or, on the contrary, whether accounting diversity is not relevant from the standpoint of the international analysis of financial statements.

3.2. LIMITATIONS

Until 2011 CMB, BRSA had been the only Boards which had the power to oblige firms to apply international accounting standards. But the power to use IFRS in financial statements was limited by the listed firms. After the establishment of POA in November 2011 and being effective of the new TCC No. 6102; on January 1, 2013, all firms and related institutions registered in Turkey had to comply with international standards, IFRS. Although POA has the power over all firms to apply IFRS in Turkey, the thesis only used financial statements of listed firms on BIST. This is a limitation for the analysis.

In order to ensure and provide the consistency and comparability of presentation of financial data in financial statements, CMB issued and announced financial statements and footnote format with the user guide (SPK, 2004). According to provisions of the announcement, the user guide and formats had to be used by firms included on the Communiqué series XI No. 25 when preparing their financial statements since the announcement of mandatory application after 2003. The Communiqué on Accounting Standards in Capital Markets, Series XI No.25 was repealed by the Communiqué on Principles of Financial Reporting in Capital

Markets, Series XI No.29. So the Communiqué on Accounting Standards in Capital Markets would not be applied in accounting practice for the annual periods on and after January 1, 2008. CMB issued a new announcement related with the Communiqué on Principles of Financial Reporting in Capital Markets, Series XI No.29 (SPK, 2008). Changes in financial statement formats are the other limitation of the thesis. To overcome this problem the thesis divides the IFRS period, from 2005 to 2012, into two periods, first IFRS period covers 2005-2007 and the other IFRS period includes 2008-2012.

3.3. SELECTED PERIODS, DATA AND SAMPLE SELECTION

The aim of the thesis is to provide empirical evidence of the nature and the size of the differences between Turkish GAAP and IAS/IFRS on financial statements analysis, by analyzing the differences between selected financial ratios using related items of the financial statements of those firms.

In this thesis two years (2002 and 2003) are taken into consideration, as the most recent years before new accounting standards (IASs/IFRSs) were issued and implemented; and also eight years (between 2005 and 2012) after that IASs/IFRSs were issued and implemented for the financial statements for the listed firms on BIST. The first period is named as pre-IFRS and the second is named as post-IFRS.

There are three main reasons why 2002 and 2003 fiscal years are used in the thesis. First of all, there was a huge economic crisis in 2001 in Turkey. Because of this reason data which would be used from financial statements issued in the year 2001 is not suitable for the test. So this year is not put into the analysis. On the other hand 2004 is the early period for the firms which preferred to apply IASs/IFRSs to their financial statements. Because early adopters would decrease the number of firms in the sample for the all periods, pre-IFRS and post-IFRS, the year 2004 is not used in the analysis. The third main reason is application of inflation accounting standards. In 2004 all firms in BIST had to apply inflation accounting standards on their financial statements. And the reason affected all financial statements extensively. Therefore financial statements of the year 2004 are not applied to the analysis too. Consequently, period of pre-IFRS covers the years 2002 and 2003.

When looking the period after IASs/IFRSs were issued and implemented, the period can be divided into different periods. Because of structural changes, explained in first part, in IASs/IFRSs regulations for listed firms in BIST after 2007, the period between 2005 and 2012 should be divided into two periods. The first sub-period includes 2005, 2006 and 2007. The period is named "*post1-IFRS*". The second subperiod includes five years, between 2008 and 2012. The term is called "*post2-IFRS*". So, the content of the thesis consists three separate periods, one of them before new accounting standards and two of them after new accounting standards.

It means that the thesis compares not only pre and post IFRS periods, but also compares early and latest IFRS periods for the analysis. These comparisons are pre-IFRS vs post1-IFRS, pre-IFRS vs post2-IFRS, and post1-IFRS vs post2-IFRS.

For this thesis, annual financial statements are obtained from BIST website and Kamuyu Aydınlatma Platformu.

The sample of firms is selected from firms listed on BIST. There were total 403 firms that issued their annual financial statements sheet for the year of 2002 and 2003. These 403 firms are tabulated in Table 1 as numbers according to related sectors in which they operated in.

Table 1: Sectorial Distribution of the Firms

MAIN SECTOR CLASSIFICATION	SUB-SECTOR CLASSIFICATION	NUMBER OF FIRMS
FINANCIAL INSTITUTIONS	BROKERAGE HOUSES	6
FINANCIAL INSTITUTIONS	BANKS AND SPECIAL FINANCE CORPORATIONS	18
ELECTRICITY GAS AND WATER	ELECTRICITY GAS AND STEAM	6
FINANCIAL INSTITUTIONS	FINANCIAL LEASING AND FACTORING COMPANIES	8
REAL ESTATE ACTIVITIES	REAL ESTATE ACTIVITIES	1
FINANCIAL INSTITUTIONS	REAL ESTATE INVESTMENT TRUSTS	25
MANUFACTURING INDUSTRY	FOOD, BEVERAGE AND TABACCO	33
FINANCIAL INSTITUTIONS	VENTURE CAPITAL INVESTMENT TRUSTS	6
FINANCIAL INSTITUTIONS	HOLDING AND INVESTMENT COMPANIES	45
MANUFACTURING INDUSTRY	CHEMICALS, PETROLEUM RUBBER AND PLASTIC PRODUCTS	32
EDUCATION, HEALTH, SPORTS AND OTHER SOCIAL SERVICES	RESTAURANTS AND HOTELS	13
MINING	MINING AND PRICIOUS STONES	6
MANUFACTURING INDUSTRY	PAPER AND PAPER PRODUCTS, PRINTING AND PUBLISHING	21
MANUFACTURING INDUSTRY	BASIC METAL INDUSTRIES	19
MANUFACTURING INDUSTRY	FABRICATED METAL PRODUCTS, MACHINERY AND EQUIPMENT	13
MANUFACTURING INDUSTRY	WOODS PRODUCTS AND INCLUDING FURNITURE	6
MANUFACTURING INDUSTRY	VEHICLE AND VEHICLE SUBORDINATE INDUSTRY	20
WHOLESALE AND RETAIL TRADE, HOTELS AND RESTAURANTS	CONSUMER TRADE AND WHOLESALE TRADE	18
EDUCATION, HEALTH, SPORTS AND OTHER SOCIAL SERVICES	SPORTS SEVİCES AND ENTERTAINMENT SERVICES	5
TECHNOLOGY	INFORMATION TECHNOLOGY AND DEFENSE	18
MANUFACTURING INDUSTRY	TEXTILE, WEARING APPAREL AND LEATHER	24
MANUFACTURING INDUSTRY	CONSTRUCTION, PUBLIC WORKS, NON-METALLIC MINERAL	48

	PRODUCTS	
WHOLESALE AND RETAIL TRADE, HOTELS AND RESTAURANTS	WHOLESALE TRADE	1
TRANSPORTATION, TELOCOMMUNICATION AND STORAGE	TRANSPORTATION	11
	TOTAL	**403**

Reaching the final sample given in Table 2, several factors are used to eliminate firms that could introduce a bias to the thesis. Because of these reasons, first we exclude 108 firms which were in financial sector from our database. These financial institutions are such as brokerage houses, banks and special finance corporations, financial leasing and factoring firms, real estate investment trusts, venture capital investment trusts, holding and investment firms. These financial institutions are excluded from the study due to their different financial reporting regularity environment.

Secondly, some firms which are in the group of 112 firms that didn't issue financial statements or aren't listed on BIST for all analyzed years in this thesis are excluded from the database.

Then 32 firms which were in the technology, wholesale and retail trade, hotels and restaurants, transportation, telecommunication and storage, real estate activities, electricity, gas and water, education, health, sports and other social services sectors, briefly operated in service sectors, are eliminated, because of their different nature of financial reporting.

Three firms were dropped since the ratio which had used in thesis could not be calculated due to unavailability of data.

In the thesis sub-sectors which had sample fewer than ten firms are also eliminated in order to achieve meaningful results for sub sectorial analysis. So, first of all, seven firms within the mining and precious stones were eliminated. The sub-sector that was fabricated metal products, machinery and equipment had nine firms and too close to ten-firm requirement. Because of this reason these firms, and this sub-sector, are not eliminated and data of these firms is used in the analysis.

Then six firms of which ratios were found to be outlier were excluded from the thesis. Because the value of these ratios were non-normally distributed according the value of other ratios. So these ratios were excluded from the analysis.

Then the sample was reduced to 135 firms.

Table 2 : Sample Selection Procedures

EXPLANATIONS		NUMBER OF FIRMS
TOTAL NUMBER OF FIRMS	+	403
EXCLUSIONS;		
FINANCIAL FIRMS	-	108
FIRMS WHICH WERE NOT LISTED ON BIST IN ANY SELECTED PERIOD	-	112
FIRMS WHICH OPERATED IN SERVİCE SECTOR	-	32
FIRMS OF WHICH FINANCIAL RATIOS CANNOT BE CALCULATED	-	3
FIRMS IN WHICH SUBSECTOR HAS LESS THAN 10 FIRMS	-	7
OUTLIER	-	6
NUMBER OF SAMPLE	=	**135**
NUMBER OF MAIN SECTOR	=	**1**
NUMBER OF SUB-SECTOR	=	**8**
FIRM YEARS	=	**1.350**

Finally sample selection is resulted in 135 firms and observations for eleven years from 2002 to 2012. Final sample consists of 135 non-financial Turkish listed firms on BIST which are presenting their annual financial statements in accordance with local accounting standards before 2005 (between 2002 and 2003) and international financial reporting standards after 2005 (between 2005 and 2012). This

sample provided 1.350 (10 terms x 135 firm annual reports) firm-year observations for the thesis. The distribution of these 135 firms by sub-sector is shown in Table 3.

Table 3: Sectorial Distribution of the Sample Firms

MAIN INDUSTRY	**SUB-INDUSTRY CLASSIFICATION**	**ALL THE FIRMS IN THE THESİS SAMPLE**	
		NUMBER OF FIRMS	**NUMBER OF FIRM-YEAR OBSERVATIONS**
MANUFACTURING INDUSTRY	FOOD, BEVERAGE AND TOBACCO	18	180
	CHEMICALS, PETROLEUM RUBBER AND PLASTIC PRODUCTS	18	180
	PAPER AND PAPER PRODUCTS, PRINTING AND PUBLISHING	14	140
	BASIC METAL INDUSTRIES	16	160
	FABRICATED METAL PRODUCTS, MACHINERY AND EQUIPMENT	9	90
	VEHICLE AND VEHICLE SUBORDINATE INDUSTRY	13	130
	TEXTILE, WEARING APPAREL AND LEATHER	14	140
	CONSTRUCTION, PUBLIC WORKS, NON-METALLIC MINERAL PRODUCTS	33	330
		135	**1.350**

Table 4 presents percentage of sample firms as per sub-industry classification. The firms are dispersed across eight sub-industry categories under the main industry which is manufacturing industry. In other words, all firms are within the manufacturing sector. This result also ensures success in capturing sufficient numbers of firms in each category for the analysis without any industry category being extremely dominant. There are eight different industry groups under manufacturing, the construction, public works, non-metallic mineral products sector is the major sector with 24,44 % weight in the sample.

Table 4: Percentage of Sample Firms as-per Sectorial Distribution

SUB-INDUSTRY CLASSIFICATION	% OF FIRMS
MANUFACTURING INDUSTRY	**100 %**
FOOD, BEVERAGE AND TOBACCO	13,33 %
CHEMICALS, PETROLEUM RUBBER AND PLASTIC PRODUCTS	13,33 %
PAPER AND PAPER PRODUCTS, PRINTING AND PUBLISHING	10,37 %
BASIC METAL INDUSTRIES	11,85 %
FABRICATED METAL PRODUCTS, MACHINERY AND EQUIPMENT	6,67 %
VEHICLE AND VEHICLE SUBORDINATE INDUSTRY	9,63 %
TEXTILE, WEARING APPAREL AND LEATHER	10,37 %
CONSTRUCTION, PUBLIC WORKS, NON-METALLIC MINERAL PRODUCTS	24,44 %

The sectors employed in thesis are designated in Table 5.

Table 5: List of Sector's Symbols Used

MANUFACTURING INDUSTRY	MI
FOOD, BEVERAGE AND TABACCO	FBT
CHEMICALS, PETROLEUM RUBBER AND PLASTIC PRODUCTS	CPR
PAPER AND PAPER PRODUCTS, PRINTING AND PUBLISHING	PPP
BASIC METAL INDUSTRIES	BMI
FABRICATED METAL PRODUCTS, MACHINERY AND EQUIPMENT	FME
VEHICLE AND VEHICLE SUBORDINATE INDUSTRY	VSI
TEXTILE, WEARING APPAREL AND LEATHER	TWL
CONSTRUCTION, PUBLIC WORKS, NON-METALLIC MINERAL PRODUCTS	CMP

Calculation of variables from obtained data is performed by using Microsoft Excel program. In analyzing the data SPSS 17.0 statistical software packages are used.

3.4. METHODOLOGY FOR STUDYING AND EXAMINING THE IMPACTS OF IFRS ADOPTION ON FINANCIAL STATEMENT ANALYSIS

The thesis examines the impacts of reporting financial result under IFRS on financial statement analysis.

3.4.1. Research Design and Hypotheses Development

The adoption of ratios as a tool of financial statement analysis has been a relatively recent development (Horrigan, 1968: 284).

Ratio analysis is among the most popular and widely used tools of financial analysis (Subramanyam and Wild, 2007: 32). Ratio analysis is based on line items in financial statements like the balance sheet, income statement and cash flow statement; the ratios of one item – or a combination of items - to another item or combination are then calculated. Ratio analysis is used to evaluate various aspects of a firm's operating and financial performance such as its efficiency, liquidity, profitability and solvency. The trend of these ratios over time is studied to check whether they are improving or deteriorating. Ratios are also compared across different firms in the same sector to see how they stack up, and to get an idea of comparative valuations.

Aim of the thesis is to investigate whether there are differences between selected financial ratios derived from financial statements prepared according to different accounting regulations and the different applications of the same accounting regulation. So, the following hypotheses are formulated to determine the primary aim of the thesis.

Hypothesis 1;

H_0: There are no significant differences between the financial ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

H_1: There are significant differences between the financial ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

Hypothesis 2;

H_0: There are no significant differences between the financial ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

H_1: There are significant differences between the financial ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

Hypothesis 3;

H_0: There are no significant differences between the financial ratios obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

H_1: There are significant differences between the financial ratios obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

Calculation of variables from the obtained data was performed using Microsoft Excel program. In analyzing the data SPSS 17.0 statistical software packages were used. So above designed hypotheses are tested with the help of t-test for each of the fourteen financial ratios mentioned below. 5% and below values are taken as the statistically significant values at the decision–making stage. Briefly, if the probability value (P-value), concerning the t-statistical value which is calculated for the hypothesis, is lower and equal 5%, Ho is rejected or vice versa.

3.4.2. Selected Ratios

There are a lot of financial ratios that can be used. Because of this reason, in this thesis fourteen financial ratios were selected as the key ratios that might show whether there are IFRSs' impacts on financial statements after IFRS applied.

Financial ratios which are employed in this thesis are grouped under four main headings which are four economic dimensions of a firm, such as liquidity, efficiency, profitability, and leverage. Proportions of each group and calculation are shown below in Table 6 In the thesis fourteen different financial ratios are calculated. These ratios are Current Ratio (thereinafter "CR"), Acid Test Ratio (Quick Ratio) (thereinafter "ATR"), Inventory Turnover (thereinafter "IT"), Receivables Turnover (thereinafter "RT"), Assets Turnover (thereinafter "AT"), Fixed Assets Turnover (thereinafter "FA"), Gross Profit Margin (thereinafter "GPM"), Operating Profit Margin (thereinafter "OPM"), Return On Equity (thereinafter "ROE"), Return On Assets (thereinafter "ROA"), Net Profit Margin (thereinafter "NPM"), Debt Ratio (thereinafter "DR"), Debt to Worth (thereinafter "DW"), and Equity Ratio (thereinafter "EQ").

Table 6: Selected Ratios in the Thesis

SYMBOL	RATIOS	FORMULA	SYMBOL OF FORMULA
	LIQUDITY		
CR	Current Ratio	Current Assets / Current Liabilities	CR = CAs / CLs
ATR	Acid Test Ratio (Quick Ratio)	(Current Assets – Inventory) / Current Liabilities	ATR = (CAs - Is) / CLs
	EFFICIENCY RATIOS		
IT	Inventory Turnover	Cost Of Goods Sold / Average Inventory	IT = COGS / I
RT	Receivables Turnover	Net Sales / Average Trade Receivables	RT = NSs / TRs
AT	Assets Turnover	Net Sales / Average Total Assets	AT = NSs / TAs
FA	Fixed Asset Turnover	Net Sales / Average Fixed Assets	FA = NSs / FAs
	PROFITABILITY		
GPM	Gross Profit Margin	Gross Sales Profit / Net Sales	GPM = GSP / NSs
OPM	Operating Profit Margin	Net Operating Profit / Net Sales	NPM = NOP / NSs
ROE	Return On Equity	Net Profit / Average Shareholders'	ROE = NP / SE

		Equity	
ROA	Return On Assets	Net Profit / Average Total Assets	ROA = NP / TAs
NPM	Net Profit Margin	Net Profit / Net Sales	PM = NP / NSs
	LEVERAGE		
DR	Debt Ratio	Total Liabilities / Total Assets	DR = TL / TA
DW	Debt to Worth	Total Liabilities / Shareholders' Equity	DW = TL / SE
EQ	Equity Ratio	Shareholders' Equity / Total Assets	EQ = SE / TA

Source of selected financial ratios in the thesis is shown in the Table 7 below

Table 7: Source of Formula for Selected Ratios in the Thesis

RATIOS	SOURCE OF FORMULA
LIQUDITY	
CR	Balance Sheet
ATR	Balance Sheet
EFFICIENCY RATIOS	
IT	Income Statement / Balance Sheet
RT	Income Statement / Balance Sheet
AT	Income Statement / Balance Sheet
FA	Income Statement / Balance Sheet
PROFITABILITY	
GPM	Income Statement
OPM	Income Statement
ROE	Income Statement / Balance Sheet
ROA	Income Statement / Balance Sheet
NPM	Income Statement
LEVERAGE	
DR	Balance Sheet
DW	Balance Sheet
EQ	Balance Sheet

3.5. Findings and Conclusion

3.5.1. IFRS Impact on Main Industry

Examining the impact of reporting result under IFRS on financial statement analysis, it will be looked comparison of results between pre-IFRS and post-IFRS

periods for each selected financial ratios one by one for all firms in the manufacturing industry.

Sample of the thesis selection resulted in 135 firm and observations for three different terms. The final sample consists of 135 listed firms on BIST, which provides 1.350 firm-year observations for the thesis. The distribution of these 135 firms by sub-sector is shown in Table 4.

In the part of this thesis fourteen different financial ratios are calculated and analyzed with the t-test. These ratios are CR, ATR, IT, RT, AT, FA, GPM, OPM, ROE, ROA, NPM, DR, DW, and EQ.

3.5.1.1. IFRS Impact on Current Ratio

In this part of the thesis, CR is taken into account to reveal whether there is a significant difference between the currents ratios of two periods based on different accounting regulations and also based on two different parts of the similar accounting regulations of IFRS or not. 135 firms' financial statements data are used in this part for the analysis.

3.5.1.1.1. Comparison of pre-IFRS and post1-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{CRa-0}: There is no significant difference between the current ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

H_{CRa-1}: There is significant difference between the current ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

Table 8 presents the descriptive statistics for CR of both pre-IFRS and post1-IFRS periods.

Table 8: Descriptive Statistics for CR

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	pre-IFRS*	270	1,863	1,333	0,081
	post1-IFRS**	405	2,496	2,378	0,118

*pre-IFRS covers the period 2002 to 2003
**post1-IFRS covers the period 2005 to 2007

Liquidity depends on a firm's cash flows and the makeup of its current assets and current liabilities (Subramanyam and Wild, 2007: 9). So, CR is an important liquidity ratio. CR measures current assets available to satisfy current liabilities (Subramanyam and Wild, 2007: 38). CR of the pre-IFRS period of 1,86 implies that there are 1,86 TL of current assets available to meet each 1,00 TL of currently maturing obligations.

Generally in accounting current assets could be explained as items which are expected to convert cash or used in a business within one year or operating cycle whichever is longer. (Subramanyam and Wild, 2007: 20). Current assets consists cash and cash equivalents, receivables, inventories.

Current liabilities can be divided into two types, one of that comes from operating activities and the other arises from financing activities. First type of that may consist accounts payable, taxes payable, unearned revenues, accrued payable, advance payments, etc. Second type of current liabilities may include interest payable, short-term borrowings, the current portion of long term debt, accrued liabilities, etc.

Because working capital is the difference between the current assets and current liability, when we take current assets and current liability into account, working capital is an important point.

A comparison between the periods reveals that the mean values are significantly different from each other. When CR of the post1-IFRS period of 2,50 compared with that of pre-IFRS period, CR of post1-IFRS period has significantly higher mean than that in pre-IFRS period, 1,86. As can be seen from Table 10, CR increases from 1,86 based on the financial statement of pre-IFRS period to 2,50

based on the financial statement of post1-IFRS period. Standard deviation, on the other hand increases from 1,33 to 2.38.

Table 9 provides t-test for equality of means for CR of both pre-IFRS and post1-IFRS periods. Independent sample test demonstrates that CR is statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.000 for equal variances assumed and Sig.(2-tailed) is 0.000 for equal variances not assumed) hypothesis constructed (H_{CRa-0}) in the thesis is rejected.

Table 9: Independent Samples Test for CR

		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	28,453	0,000	-3,976	673,000	0,000	-0,633	0,159
	Equal variances not assumed			-4,416	655,752	0,000	-0,633	0,143

As mentioned before, according to statistical results of CR of post1-IFRS period has significantly higher mean than that in pre-IFRS period. There may be different kinds of reasons to explain why and how mean of post1-IFRS' CR is higher than mean of pre-IFRS' CR.

One of the reasons could be shown like this; property, plant and equipment are tangible items that are held for use in production and supply of goods or services, for rental to others, or for administrative purposes.

The cost of item of property, plant and equipment are recognized as non-current asset in all situations in pre-IFRS period. When these the cost of the item of property, plant and equipment are reported and classified as a non-current assets, the cost of these items will not affect the current ratio in any way.

But the cost of an item of property, plant and equipment shall be recognized as a non-current assets only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably according to IFRS 16 "Property, Plant and Equipment" in post1-IFRS period. If an item of property, plant, and equipment meets the criteria to be classified as held for sale, the cost of this item shall be classified and reported as a current assets in the

Statement of Financial Positions. So, if the cost of these items is reported as current assets, the cost of these items starts to affect current ratio. Because the cost of the items has to be added to the numerator of CR, CR of post1-IFRS will have more than CR of pre-IFRS.

Example 1:

ENKAI is one of the firms of which financial statements used in the sample of the thesis. According to Statement of Financial Position of the firm at the end of 31.12.2007, current assets were amounted to 3.670.694.000 TL and current liabilities were equal to 2.740.441.000 TL in total. In this term the firm had some of assets as held for sale and because of this reason these assets were classified and reported as non-current assets for 57.183.000 TL. When the previous regulation is taken into account CR is ((3.670.694.000 – 57.183.000)/2.740.441.000=) 1,3185. But according to new regulations for post1-IFRS term, CR will be (3.670.694.000/2.740.441.000=) 1,3394.

Example 2:

SASA is another financial statements used in the sample of the thesis. According to Statement of Financial Position of the firm at the end of 31.12.2006, current assets were 264.516.000 TL and current liabilities were 159.529.000 TL in total. In this term the firm had some of assets as held for sale and because of this reason these assets were classified and reported as non-current assets for 10.332.000 TL. When the previous regulation taken into account CR is ((264.516.000 – 10.332.000)/159.529.000=) 1,59. But according to new regulations for post1-IFRS term, CR will be (264.516.000/159.529.000=) 1,66. In comparison 1,66 of CR according to regulations for post1-IFRS of SASA is up from 1,59 of CR according to regulations for pre-IFRS of the firm.

Example 3:

AKENR is one of the firms of which financial statements used in the sample of the thesis. According to Statement of Financial Position of the firm at the end of 31.12.2007, current assets were amounted to 196.027.872 TL and current liabilities were equal to 56.877.292 TL in total. In this term the firm had some of assets as held for sale and because of this reason these assets were classified and reported as non-current assets for 27.370.452 TL. When the previous regulation is taken into account CR is ((196.027.872 – 27.370.452)/ 56.877.292 =) 2,97. But according to new regulations for post1-IFRS term, CR will be (196.027.872/56.877.292=) 3,45.

It can be said that as the portion of property, plant and equipment meeting the criteria to be classified as held for sale in the current assets increase as CR would be the higher.

The other reason should be showed as like in this matter; for post1-IFRS period, according to accounting standard of Construction Contracts IAS 11, revenue and costs related with the construction contract shall be recognized as revenue and expense respectively by reference to the stage of completion of the contract activity at the end of the reporting period. An expected loss on the construction contract shall be recognized as an expense immediately under the accounting standard.

Under the percentage of completion method, revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and profit which can be attributed to the proportion of work completed.

Under the method, revenue is recognized as revenue in profit or loss in the accounting periods in which the work is performed. Contract costs are usually recognized as an expense in profit or loss in the accounting periods in which the line of work that they relate is performed.

Example 4:

ENKAI is one of the firms which financial statements used in the sample of the thesis. According to Statement of Financial Position of the firm at the end of 31.12.2007;

	Dec. 31, 2007 (000)
The total costs that related with the construction contract	**1.663.766**
The estimated amount of contract revenue	**251.892**
	1.915.658
Less: The amounts of progress billings at the end of period	**(1.709.927)**
	205.731

	Dec. 31, 2007 (000)
Receivables from contracts in progress (net)	**290.563**
The amounts of advances from contracts in progress (net)	**(84.832)**
	205.731

According to new accounting standards in post1-IFRS period, this firm reported 290.563 TL of constant estimated earnings in excess of billings on uncompleted contracts in its current assets and 84.832 TL of billings excess of constant estimated earnings on uncompleted contracts in current liabilities.

Current assets were amounted to 3.670.694 TL and current liabilities were equal to 2.740.441 TL in total.

Differences between regulations affect the CR of financial statements when the firm has a construction contracts in progress. When the previous regulation is taken into account CR is ((3.670.694 + 1.663.766 – 290.563) / (2.740.441 +

1.709.927 – 84.832)=) 1,16. But according to new regulations for post1-IFRS term, CR will be (3.670.694/2.740.441=) 1,34.

These results show that CR for pre-IFRS should be lower than CR for post1-IFRS only due to one new regulation issued and applied only in post-IFRS term. This is not the only reason that shows why CR for post1-IFRS is higher than CR for pre-IFRS.

3.5.1.1.2. Comparison of pre-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{CRb-0}: There is no significant difference between the current ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

H_{CRb-1}: There is significant difference between the current ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

Table 10 presents the descriptive statistics for CR of both pre-IFRS and post2-IFRS periods.

Table 10: Descriptive Statistics for CR

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	pre-IFRS*	270	1,863	1,333	0,081
	post2-IFRS**	675	2,279	2,491	0,096

*pre-IFRS covers the period 2002 to 2003
**post2-IFRS covers the period 2008 to 2012

CR of the pre-IFRS period of 1,86 implies that there are 1,86 TL of current assets available to meet each 1,00 TL of currently maturing obligations.

A comparison between the periods reveals that the mean values are significantly different from each other. When CR of the post2-IFRS period of 2,28 compared with that of pre-IFRS period, CR of post2-IFRS period has significantly higher mean than that in pre-IFRS period, 1,86. As can be seen from Table 10, CR increases from 1,86 based on the financial statement of pre-IFRS period to 2,28 based on the financial statement of post2-IFRS period. Standard deviation, on the other hand increases from 1,33 to 2,49.

Table 11 provides t-test for equality of means for CR of both pre-IFRS and post2-IFRS periods. Independent sample test demonstrates that CR is statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.009 for equal variances assumed and Sig.(2-tailed) is 0.001 for equal variances not assumed) hypothesis constructed (H_{CRb-0}) in the thesis is rejected.

Table 11: Independent Samples Test for CR

		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	14,867	0,000	-2,599	943,000	0,009	-0,416	0,160
	Equal variances not assumed			-3,313	868,879	0,001	-0,416	0,126

As mentioned, before according to the statistical results CR of post2-IFRS period has significantly higher mean than that in pre-IFRS period. There should be a few different kinds of reasons to explain why and how mean of post2-IFRS CR is higher than mean of pre-IFRS CR.

One of the reasons should be showed like this; property, plant and equipment are tangible items that are held for use in production and supply of goods or services, for rental to others, or for administrative purposes.

The cost of item of property item, plant and equipment was recognized as non-current assets in all situations in pre-IFRS period. When plant and equipment are reported and classified as non-current assets, the cost of these items will not affect the current ratio in any way.

But the cost of an item of property item, plant and equipment shall be recognized as a non-current assets only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably according to IFRS 16 “Property, Plant and Equipment” in post2-IFRS period. If an item of property, plant, and equipment meets the criteria to be classified as held for sale, the cost of this item shall be classified and reported as a current assets in the Statement of Financial Positions. So if the cost of these items is reported as current assets, the cost of these items starts to affect current ratio. Because the cost of the items has to be add to the numerator of CR, CR of post2-IFRS will be the more than CR of pre-IFRS.

Example 1:

AYGAZ is one of the firms which financial statements used in the sample of the thesis. According to Statement of Financial Position of the firm at the end of 31.12.2010, current assets were 1.087.750.000 TL and current liabilities were 571.055.000 TL in total. In this term the firm had some of assets as held for sale and because of this reason these assets was classified and reported as current assets for 220.346.000 TL. When the previous regulation taken into account CR is ((1.087.750.000 – 220.346.000)/ 571.055.000=) 1,52. But according to new regulations for post-IFRS term, CR will be (1.087.750.000/571.055.000=) 1,90. In comparison 1,90 of CR according to regulations for post2-IFRS of AYGAZ is up from 1,52 of CR according to regulations for pre-IFRS of the firm.

Example 2:

ENKAI is another of the firms of which financial statements used in the sample of the thesis. According to Statement of Financial Position of the firm at the end of 31.12.2011, current assets were amounted to 5.196.638.000 TL and current liabilities were equal to 2.259.274.000 TL in total. In this term the firm had some of assets as held for sale and because of this reason these assets were classified and reported as current assets for 227.650.000 TL. When the previous regulation is taken

into account CR is ((5.196.638.000 – 227.650.000)/ 2.259.274.000=) 2,20. But according to new regulations for post2-IFRS term, CR will be (5.196.638.000/2.259.274.000=) 2,30.

Example 3:

HURGZ is one of the firms of which financial statements used in the sample of the thesis. According to Statement of Financial Position of the firm at the end of 31.12.2011, current assets were amounted to 556.766.674 TL and current liabilities were equal to 549.788.007 TL in total. In this term the firm had some of assets as held for sale and because of this reason these assets were classified and reported as non-current assets for 80.687.319 TL. When the previous regulation is taken into account CR is ((556.766.674 – 80.687.319)/ 549.788.007 =) 0,87. But according to new regulations for post-IFRS term, CR will be (556.766.674/549.788.007=) 1,01.

It can be said that as the portion of property, plant and equipment meeting the criteria to be classified as held for sale in the current assets increase as CR would be the higher.

The other reason should be showed as like in this matter; for post2-IFRS period, according to accounting standard of Construction Contracts IAS 11, revenue and costs related with the construction contract shall be recognized as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. An expected loss on the construction contract shall be recognized as an expense immediately under the accounting standard.

Under the percentage of completion method, revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and profit which can be attributed to the proportion of work completed

Under the method, revenue is recognized as revenue in profit or loss in the accounting periods in which the work is performed. Contract costs are usually recognized as an expense in profit or loss in the accounting periods in which the work to which they relate is performed

Example 4:

ENKAI is one of the firm of which financial statements used in the sample of the thesis. According to Statement of Financial Position of the firm at the end of 31.12.2011;

	Dec. 31, 2011 (000)
The total costs of related with the construction contract	**1.585.008**
The estimated amount of contract revenue	**201.837**
	1.786.845
Less: The amounts of progress billings at the end of period	**(1.695.294)**
	91.551

	Dec. 31, 2007 (000)
Receivables from contracts in progress (net)	**98.738**
The amounts of advances from contracts in progress (net)	**(7.187)**
	91.551

According to new accounting standards in post2-IFRS period, the firm reported 98.738 TL of constant estimated earnings in excess of billings on uncompleted contracts in its current assets and 7.187 TL of billings excess of constant estimated earnings on uncompleted contracts in current liabilities.

Current assets were amounted to 5.196.638 TL and current liabilities were equal to 2.259.274 TL in total.

Differences between regulations affect the CR of financial statements when the firm has a construction contracts in progress. When the previous regulation is taken into account CR is ((5.196.638 + 1.585.008 – 98.738) / (2.259.274 + 1.695.294

– 7.187)=) 1,69. But according to new regulations for post2-IFRS term, CR will be (5.196.638/2.259.274=) 2,30.

These results show that CR for pre-IFRS should be higher than CR for post-IFRS only due to one new regulation issued and applied only in post-IFRS term. This is not the only reason that shows why CR for post2-IFRS is bigger than CR for pre-IFRS, but one of the points that should be taken into account because only one difference between regulations ratios could give different result under the same term and same numbers.

3.5.1.1.3. Comparison of post1-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{CRc-0}: There is no significant difference between the current ratios obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

H_{CRc-1}: There is significant difference between the current ratios obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

Table 12 presents the descriptive statistics for CR of both post1-IFRS and post2-IFRS periods.

Table 12: Descriptive Statistics for CR

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	post1-IFRS*	405	2,496	2,378	0,118
	post2-IFRS**	675	2,279	2,491	0,096

*post1-IFRS covers the period 2005 to 2007
**post2-IFRS covers the period 2008 to 2012

A comparison between the periods reveals that the mean values are significantly different from each other. When CR of the post2-IFRS period of 2,28

compared with that of post1-IFRS period, CR of post1-IFRS period has significantly higher mean than that in post2-IFRS period, 2,28. As can be seen from Table 12, CR decreases from 2,50 based on the financial statement of post1-IFRS period to 2,28 based on the financial statement of post2-IFRS period. But, standard deviation, on the other hand increases from 2,380 to 2,49.

As can be seen from Table 13, test results show that CR is not statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.0159 for equal variances assumed and Sig.(2-tailed) is 0.0154 for equal variances not assumed) hypothesis constructed (H_{CRc-0}) in the thesis is accepted.

Table 13: Independent Samples Test for CR

		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	1,240	0,266	1,409	1.078,000	0,159	0,217	0,154
	Equal variances not assumed			1,426	881,914	0,154	0,217	0,152

3.5.1.2. IFRS Impact on Acid Test Ratio

In this part of the thesis, ATR is taken into account to reveal whether there is a significant difference between the ATRs ratios of two periods based on different accounting regulations and also based on two different parts of the similar accounting regulations of IFRS or not. 135 firms' financial statements data are used in this part for the analysis.

3.5.1.2.1. Comparison of pre-IFRS and post1-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{ATRa-0}: There is no significant difference between the acid test ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

$H_{ATRa\text{-}1}$: There is significant difference between the acid test ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

Table 14 presents the descriptive statistics for ATR of both pre-IFRS and post1-IFRS periods.

Table 14: Descriptive Statistics for ATR

	Period	N	Mean	Std. Deviation	Std. Error Mean
Acid Test Ratio	pre-IFRS*	270	1,279	1,081	0,066
	post1-IFRS**	405	1,779	1,966	0,098

*pre-IFRS covers the period 2002 to 2003
**post1-IFRS covers the period 2005 to 2007

Liquidity depends on a firm's cash flows and the makeup of its current assets and current liabilities. (Subramanyam and Wild, 2007: 9) Besides CR, ATR is another liquidity ratio. Again like CR, ATR measures the ability of a business entity to pay its current liabilities when they are payable. But, unlike CR, ATR measures the ability of the business to pay its matured liabilities with only quick assets. Quick assets mean that they are current assets that can be converted to cash within 90 days or shorter than 90 days. So, quick assets are more liquid than inventories that the business has. To give an example, such as cash, cash equivalents, short term investments or marketable securities (stocks, bonds) and any kind of current account receivable (adjusted for bad debt and write-offs) can be considered as quick assets.

Because of these reasons, ATR is another significant liquidity ratio. In other words, ATR is a more stringent indicator for short term liquidity than CR. The length of time needed for conversion of receivables and inventories to cash also provides useful information regarding liquidity related wit CR and ATR (Subramanyam and Wild, 2007: 38). ATR measures current assets available to satisfy current liabilities. ATR of the pre-IFRS period of 1,28 implies that there are 1,28 TL of liquid assets available to meet each 1,00 TL of currently liabilities.

As mentioned before, current liabilities can be divided into two types, one of that comes from operating activities and the other arises from financing activities. Current liabilities that are related with operating activities should be accounts payable, unearned revenues etc. Related with financing activities current liabilities may include interest payable, short term borrowings, accrued liabilities, current portion of long term debt, etc.

A comparison between the periods reveals that the mean values are significantly different from each other. When ATR of the post1-IFRS period of 1,78 compared with that of pre-IFRS period, ATR of post1-IFRS period has significantly higher mean than that in pre-IFRS period, 1,28. As can be seen from Table 14, ATR increases from 1,28 based on the financial statement of pre-IFRS period to 1,78 based on the financial statement of post1-IFRS period. Standard deviation, on the other hand increases from 1,08 to 1.96.

Table 15 provides t-test for equality of means for ATR of both pre-IFRS and post1-IFRS periods. Independent sample test demonstrates that ATR is statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.000 for equal variances assumed and Sig.(2-tailed) is 0.000 for equal variances not assumed) hypothesis constructed (H_{ATRa-0}) in the thesis is rejected.

Table 15: Independent Samples Test for ATR

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Acid Test Ratio	Equal variances assumed	34,294	0,000	-3,815	673,000	0,000	-0,500	0,131
	Equal variances not assumed			-4,249	652,042	0,000	-0,500	0,118

3.5.1.2.2. Comparison of pre-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{ATRb-0}: There is no significant difference between the acid test ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

H_{ATRb-1}: There is significant difference between the acid test ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

Table 16 presents the descriptive statistics for ATR of both pre-IFRS and post2-IFRS periods.

Table 16: Descriptive Statistics for ATR

	Period	N	Mean	Std. Deviation	Std. Error Mean
Acid Test Ratio	pre-IFRS*	270	1,279	1,081	0,066
	post2-IFRS**	675	1,639	2,201	0,085

*pre-IFRS covers the period 2002 to 2003
**post2-IFRS covers the period 2008 to 2012

A comparison between the periods reveals that the mean values are significantly different from each other. When ATR of the post2-IFRS period of 1,64 compared with that of pre-IFRS period, ATR of post2-IFRS period has significantly higher mean than that in pre-IFRS period, 1,28. As can be seen from Table 18, ATR increases from 1,28 based on the financial statement of pre-IFRS period to 1,64 based on the financial statement of post1-IFRS period. Standard deviation, on the other hand increases from 1,08 to 2,20.

Table 17 provides t-test for equality of means for ATR of both pre-IFRS and post1-IFRS periods. Independent sample test demonstrates that ATR is statistically significant at 5% level with “t” statistics. Based on the statistical test (Sig.(2-tailed) is 0.010 for equal variances assumed and Sig.(2-tailed) is 0.001 for equal variances not assumed) hypothesis constructed (H_{ATRb-0}) in the thesis is rejected.

Table 17: Independent Samples Test for ATR

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Acid Test Ratio	Equal variances assumed	12,747	0,000	-2,566	943,000	0,010	-0,360	0,140
	Equal variances not assumed			-3,357	906,367	0,001	-0,360	0,107

3.5.1.2.3. Comparison of post1-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{ATRc-0}: There is no significant difference between the acid test ratios obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

H_{ATRc-1}: There is significant difference between the acid test ratios obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

Table 18 presents the descriptive statistics for ATR of both pre-IFRS and post2-IFRS periods.

Table 18: Descriptive Statistics for ATR

	Period	N	Mean	Std. Deviation	Std. Error Mean
Acid Test Ratio	post1-IFRS*	405	1,779	1,966	0,098
	post2-IFRS**	675	1,639	2,201	0,085

*post1-IFRS covers the period 2005 to 2007
**post2-IFRS covers the period 2008 to 2012

A comparison between the periods reveals that the mean values are significantly different from each other. When ATR of the post1-IFRS period of 1,78 compared with that of post2-IFRS period, ATR of post1-IFRS period has significantly higher mean than that in post2-IFRS period, 1,28. As can be seen from Table 18, ATR decreases from 1,78 based on the financial statement of post1-IFRS

period to 1,64 based on the financial statement of post2-IFRS period. But standard deviation, on the other hand increases from 1,97 to 2,20.

Table 19 provides t-test for equality of means for ATR of both post1-IFRS and post2-IFRS periods. Independent sample test demonstrates that ATR is not statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.292 for equal variances assumed and Sig.(2-tailed) is 0.278 for equal variances not assumed) hypothesis constructed (H_{ATRc-0}) in the thesis is accepted.

Table 19: Independent Samples Test for ATR

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Acid Test Ratio	Equal variances assumed	1,953	0,163	1,055	1.078,000	0,292	0,140	0,133
	Equal variances not assumed			1,085	926,177	0,278	0,141	0,129

3.5.1.3. IFRS Impact on Inventory Turnover Ratio

In this part of the thesis, IT is taken into account to reveal whether there is a significant difference between the IT ratios of two periods based on different accounting regulations and also based on two different parts of the similar accounting regulations of IFRS or not. 135 firms' financial statements data are used in this part of the analysis.

3.5.1.3.1. Comparison of pre-IFRS and post1-IFRS

The IT is one of the common measure of the firm's operational efficiency in the management of its assets. IT ratio presents how effectively inventory is managed by comparing COGS with average inventory for a selected accounting period. So IT ratio measure shows how many times a firm sold its total average inventory TL amount during the selected accounting period. So, minimizing inventory holdings

reduces overhead costs of the firm in the end and, thus, improves the profitability performance of the enterprise.

The following hypothesis is formulated to determine the primary aim of the thesis.

$H_{ITa\text{-}0}$: There is no significant difference between the inventory turnover ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

$H_{ITa\text{-}1}$: There is significant difference between the inventory turnover ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

Table 20 presents the descriptive statistics for IT ratios of both pre-IFRS and post1-IFRS periods.

Table 20: Descriptive Statistics for IT

	Period	N	Mean	Std. Deviation	Std. Error Mean
Inventory Turnover	pre-IFRS*	270	7,772	7,044	0,429
	post1-IFRS**	405	7,310	6,800	0,338

*pre-IFRS covers the period 2002 to 2003
**post1-IFRS covers the period 2005 to 2007

Since total turnover depends on two basic components of performance, this ratio is important ratio among other ratios. First component of this ratio is inventory purchasing. For example, any merchandising firm; if this firm purchase larger amount of merchandise during the selected accounting period, the firm will have to sell greater amounts of merchandise to improve its inventory turnover. If the firm cannot sell these greater amounts of merchandise, it will bear more storage and holding costs. At the same time, the second component is sales. Sales in the period have to match inventory purchases otherwise the inventory will not turn effectively.

A comparison between the periods reveals that the mean values are not significantly different from each other. When the IT ratio of the post1-IFRS period of 7,31 compared with that of pre-IFRS period, the IT ratio of post1-IFRS period has

not significantly lower mean than that in pre-IFRS period, 7,77. As can be seen from Table 20, IT decreases from 7,77 based on the financial statement of pre-IFRS period to 7,31 based on the financial statement of post1-IFRS period. On the other hand standard deviation decreases from 7,04 to 6,80.

Table 21 provides t-test for equality of means for IT of both pre-IFRS and post1-IFRS periods. As can be seen from Table 21, test shows that IT is not statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.395 for equal variances assumed and Sig.(2-tailed) is 0.398 for equal variances not assumed) hypothesis constructed (H_{ITa-0}) in the thesis is accepted.

Table 21: Independent Samples Test for IT

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Inventory Turnover	Equal variances assumed	0,010	0,921	0,851	673,000	0,395	0,461	0,542
	Equal variances not assumed			0,845	562,554	0,398	0,461	0,546

3.5.1.3.2. Comparison of pre-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{ITb-0}: There is no significant difference between the inventory turnover ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

H_{ITb-1}: There is significant difference between the inventory turnover ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

Table 22 presents the descriptive statistics for IT ratios of both pre-IFRS and post2-IFRS periods.

Table 22: Descriptive Statistics for IT

	Period	N	Mean	Std. Deviation	Std. Error Mean
Inventory Turnover	pre-IFRS*	270	7,772	7,044	0,429
	post2-IFRS**	674	7,342	8,721	0,336

*pre-IFRS covers the period 2002 to 2003
**post2-IFRS covers the period 2008 to 2012

A comparison between the periods reveals that the mean values are not significantly different from each other. When the IT ratio of the post2-IFRS period of 7,34 compared with that of pre-IFRS period, the IT ratio of post2-IFRS period has not significantly lower mean than that in pre-IFRS period, 7,77. As can be seen from Table 24, IT decreases from 7,77 based on the financial statement of pre-IFRS period to 7,34 based on the financial statement of post1-IFRS period. But standard deviation increases from 7,04 to 8,72.

Table 23 provides t-test for equality of means for IT of both pre-IFRS and post2-IFRS periods. As can be seen from Table 23, test shows that IT is not statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.471 for equal variances assumed and Sig.(2-tailed) is 0.431 for equal variances not assumed) hypothesis constructed (H_{ITb-0}) in the thesis is accepted.

Table 23: Independent Samples Test for IT

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Inventory Turnover	Equal variances assumed	0,754	0,385	0,721	942,000	0,471	0,430	0,596
	Equal variances not assumed			0,789	608,996	0,431	0,430	0,545

3.5.1.3.3. Comparison of post1-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{ITc-0}: There is no significant difference between the inventory turnover ratios obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

H_{ITc-1}: There is significant difference between the inventory turnover ratios obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

Table 24 presents the descriptive statistics for IT ratios of both pre-IFRS and post2-IFRS periods.

Table 24: Descriptive Statistics for IT

	Period	N	Mean	Std. Deviation	Std. Error Mean
Inventory Turnover	post1-IFRS*	405	7,310	6,801	0,338
	post2-IFRS**	674	7,342	8,721	0,336

*post1-IFRS covers the period 2005 to 2007
**post1-IFRS covers the period 2008 to 2012

A comparison between the periods reveals that the mean values are not significantly different from other. When the IT ratio of the post2-IFRS period of 7,34 compared with that of post1-IFRS period, the IT ratio of post2-IFRS period has not significantly different mean than that in post1-IFRS period, 7,31. Standard deviation increases from 6,80 to 8,72.

Table 25 provides t-test for equality of means for IT of both post1-IFRS and post2-IFRS periods. As can be seen from Table 27, test shows that IT is not statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.950 for equal variances assumed and Sig.(2-tailed) is 0.947 for equal variances not assumed) hypothesis constructed (H_{ITc-0}) in the thesis is accepted.

Table 25: Independent Samples Test for IT

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Inventory Turnover	Equal variances assumed	1,278	0,259	-0,063	1.077,000	0,950	-0,0317	0,506
	Equal variances not assumed			-0,067	1.006,772	0,947	-0,032	0,476

3.5.1.4. IFRS Impact on Receivables Turnover Ratio

In this part of the thesis, RT is taken into account to reveal whether there is a significant difference between the currents ratios of two periods based on different accounting regulations and also based on two different parts of the similar accounting regulations of IFRS or not. 135 firms' financial statements data are used in this part for the analysis.

3.5.1.4.1. Comparison of pre-IFRS and post1-IFRS

RT is an activity ratio or efficiency ratio. RT measures how many times a business can turn its accounts receivable into cash during a given period. In other words, the accounts receivable turnover ratio measures how many times a business can collect its average accounts receivable during the given accounting year. If a firm had 10,000 TL of average receivables during the given year and collected 20,000 TL of receivables during the same given year, the firm would have turned its receivables twice because it collected twice the amount of average receivables.

The following hypothesis is formulated to determine the primary aim of the thesis.

$H_{RTa\text{-}0}$: There is no significant difference between the receivables turnover ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

H_{RTa-1}: There is significant difference between the receivables turnover ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

Table 26 presents the descriptive statistics for RT ratios of both pre-IFRS and post1-IFRS periods.

Table 26: Descriptive Statistics for RT

	Period	N	Mean	Std. Deviation	Std. Error Mean
Receivable Turnover	pre-IFRS*	270	10,687	22,868	1,392
	post1-IFRS**	405	14,964	41,835	2,079

*pre-IFRS covers the period 2002 to 2003
**post1-IFRS covers the period 2005 to 2007

RT measures the efficiency of a firm in collecting its credit sales. Generally a high value of RT is favorable. At the same time, lower figure may indicate inefficiency in collecting outstanding sales. Increasing in RT overtime generally demonstrates improvement in the process of cash collection on credit sales.

However, a normal level of RT is different for different industries. Also, very high values of the ratio may not be suitable, if achieved by extremely strict credit terms since such policies may repel potential buyers.

A comparison between the periods reveals that the mean values are significantly different from each other. When the RT ratio of the post1-IFRS period of 14,96 compared with that of pre-IFRS period, the RT ratio of post1-IFRS period has significantly higher mean than that in pre-IFRS period, 10,69. In other words, it can be said that the RT of post1-IFRS is nearly ((14,96-10,69)/10,69*100=) %40 more according to the ratio of pre-IFRS. As can be seen from Table 28, on the other hand, standard deviation increases from 22,87 to 41,83 as it can be seen from Table 28.

Table 27 provides t-test for equality of means for RT of both pre-IFRS and post1-IFRS periods. According to independent sample test, RT is not statistically significant at 5% level with “t” statistics. Based on the statistical test (Sig.(2-tailed) is

0.126 for equal variances assumed and Sig.(2-tailed) is 0.088 for equal variances not assumed) hypothesis constructed (H_{RTa-0}) in the thesis is accepted.

Table 27: Independent Samples Test for RT

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Receivable Turnover	Equal variances assumed	7,649	0,006	-1,534	673,000	0,126	-4,276	2,788
	Equal variances not assumed			-1,709	650,919	0,088	-4,276	2,501

3.5.1.4.2. Comparison of pre-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{RTb-0}: There is no significant difference between the receivables turnover ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

H_{RTb-1}: There is significant difference between the receivables turnover ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

Table 28 presents the descriptive statistics for RT ratios of both pre-IFRS and post2-IFRS periods.

Table 28: Descriptive Statistics for RT

	Period	N	Mean	Std. Deviation	Std. Error Mean
Receivable Turnover	pre-IFRS*	270	10,687	22,868	1,392
	post2-IFRS**	675	7,565	10,573	0,407

*pre-IFRS covers the period 2002 to 2003
**post2-IFRS covers the period 2008 to 2012

RT measures the efficiency of a firm in collecting its credit sales. Generally a high value of RT is favorable. At the same time, lower figure may indicate inefficiency in collecting outstanding sales. Increasing in RT overtime generally demonstrates improvement in the process of cash collection on credit sales.

However, a normal level of RT is different for different industries. Also, very high values of the ratio may not be suitable, if achieved by extremely strict credit terms since such policies may repel potential buyers.

A comparison between the periods reveals that the mean values are significantly different from each other. When the RT ratio of the post2-IFRS period of 14,96 compared with that of pre-IFRS period, the RT ratio of post1-IFRS period has significantly higher mean than that in pre-IFRS period, 10,69. In other words, it can be said that the RT of post1-IFRS is nearly ((14,96-10,69)/10,69*100=) %40 more according to the ratio of pre-IFRS. As can be seen from Table 30, on the other hand standard deviation increases from 22,86 to 10,57 as it can be seen from Table 28.

Table 29 provides t-test for equality of means for RT of both pre-IFRS and post2-IFRS periods. According to independent sample test, RT is statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.004 for equal variances assumed and Sig.(2-tailed) is 0.032 for equal variances not assumed) hypothesis constructed (H_{RTb-0}) in the thesis is rejected.

Table 29: Independent Samples Test for RT

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Receivable Turnover	Equal variances assumed	7,630	0,006	2,864	943,000	0,004	3,122	1,090
	Equal variances not assumed			2,153	316,052	0,032	3,122	1,450

3.5.1.4.3. Comparison of post1-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{RTc-0}: There is no significant difference between the receivables turnover ratios obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

H_{RTc-1}: There is significant difference between the receivables turnover ratios obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

Table 30 presents the descriptive statistics for RT of both post1-IFRS and post2-IFRS periods.

Table 30: Descriptive Statistics for RT

	Period	N	Mean	Std. Deviation	Std. Error Mean
Receivable Turnover	post1-IFRS	405	14,964	41,835	2,079
	post2-IFRS	675	7,565	10,573	0,407

*post1-IFRS covers the period 2005 to 2007
**post2-IFRS covers the period 2008 to 2012

A comparison between the periods reveals that the mean values are significantly different from each other. When RT of the post1-IFRS period of 14,96 compared with that of post2-IFRS period, RT of post1-IFRS period has significantly higher mean than that in post2-IFRS period, 7,57. As can be seen from Table 32, RT decreases from 14,96 based on the financial statement of post1-IFRS period to 7,57 based on the financial statement of post2-IFRS period. Standard deviation, on the other hand decreases from 14,96 to 7,57.

Table 31 provides t-test for equality of means for RT of both post1-IFRS and post2-IFRS periods. Independent sample test demonstrates that RT is statistically significant at 5% level with “t” statistics. Based on the statistical test (Sig.(2-tailed) is 0.000 for equal variances assumed and Sig.(2-tailed) is 0.001 for equal variances not assumed) hypothesis constructed (H_{RTc-0}) in the thesis is rejected.

Table 31: Independent Samples Test for RT

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Receivable Turnover	Equal variances assumed	40,311	0,000	4,369	1.078,000	0,000	7,398	1,693
	Equal variances not assumed			3,493	435,179	0,001	7,398	2,118

3.5.1.5. IFRS Impact on Assets Turnover Ratio

In this part of the thesis, AT is taken into account to reveal whether there is a significant difference between the currents ratios of two periods based on different accounting regulations and also based on two different parts of the similar accounting regulations of IFRS or not. 135 firms' financial statements data are used in this part for the analysis.

3.5.1.5.1. Comparison of pre-IFRS and post1-IFRS

Table 32 presents the descriptive statistics for AT ratio of both pre-IFRS and post1-IFRS periods. AT ratio is the ratio of a firm's sales to its assets. It is an efficiency ratio and demonstrates how successfully the firm uses its assets to generate revenue. If a firm has a higher AT ratio, it means that the firm can generate more sales with fewer assets and it can be said that the firm uses its assets effectively.

The following hypothesis is formulated to determine the primary aim of the thesis.

$H_{ATa\text{-}0}$: There is no significant difference between the assets turnover ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

$H_{ATa\text{-}1}$: There is significant difference between the assets turnover ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

Table 32: Descriptive Statistics for AT

	Period	N	Mean	Std. Deviation	Std. Error Mean
Assets Turnover	pre-IFRS*	270	1,199	0,610	0,037
	post1-IFRS**	405	1,049	0,536	0,027

*pre-IFRS covers the period 2002 to 2003
**post1-IFRS covers the period 2005 to 2007

As can be seen from Table 32, a comparison between the periods reveals that the mean values are not significantly different from each other. Also both means are very close together. When the mean AT ratio of the post1-IFRS period of 1,05, the mean of the AT ratio of pre-IFRS period is 1,20. Means and standard deviations for AT have approximately the same.

Table 33 provides t-test for equality of means for AT of both pre-IFRS and post1-IFRS periods.

As can be seen from Table 33, test results show that AT is statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.001 for equal variances assumed and Sig.(2-tailed) is 0.001 for equal variances not assumed) hypothesis constructed (H_{ATa-0}) in the thesis is rejected.

Table 33: Independent Samples Test for AT

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Assets Turnover	Equal variances assumed	1,887	0,170	3,374	673,000	0,001	0,150	0,0446
	Equal variances not assumed			3,288	524,517	0,001	0,150	0,046

3.5.1.5.2. Comparison of pre-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{ATb-0}: There is no significant difference between the assets turnover ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

H_{ATb-1}: There is significant difference between the assets turnover ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

Table 34 presents the descriptive statistics for AT of both pre-IFRS and post2-IFRS periods.

Table 34: Descriptive Statistics for AT

	Period	N	Mean	Std. Deviation	Std. Error Mean
Assets Turnover	pre-IFRS*	270	1,199	0,610	0,037
	post2-IFRS**	675	0,960	0,534	0,021

*pre-IFRS covers the period 2002 to 2003
**post2-IFRS covers the period 2008 to 2012

A comparison between the periods reveals that the mean values are significantly different from each other. When AT of the post2-IFRS period of 0,96 compared with that of pre-IFRS period, AT of post2-IFRS period has significantly higher mean than that in pre-IFRS period, 1,20. As can be seen from Table 36, AT decreases from 1,20 based on the financial statement of pre-IFRS period to 0,96 based on the financial statement of post2-IFRS period. Standard deviation, on the other hand, decreases from 0,61 to 0,53.

Table 35 provides t-test for equality of means for AT of both pre-IFRS and post2-IFRS periods. Independent sample test demonstrates that AT is statistically significant at 5% level with “t” statistics. Based on the statistical test (Sig.(2-tailed) is 0.000 for equal variances assumed and Sig.(2-tailed) is 0.000 for equal variances not assumed) hypothesis constructed (H_{ATb-0}) in the thesis is rejected.

Table 35: Independent Samples Test for AT

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Assets Turnover	Equal variances assumed	4,327	0,038	5,968	943,000	0,000	0,239	0,040
	Equal variances not assumed			5,634	442,050	0,000	0,239	0,042

3.5.1.5.3. Comparison of post1-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

$H_{ATc\text{-}0}$: There is no significant difference between the assets turnover ratios obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

$H_{ATc\text{-}1}$: There is significant difference between the assets turnover ratios obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

Table 36 presents the descriptive statistics for AT of both post1-IFRS and post2-IFRS periods.

Table 36: Descriptive Statistics for AT

	Period	N	Mean	Std. Deviation	Std. Error Mean
Assets Turnover	post1-IFRS*	405	1,049	0,536	0,027
	post2-IFRS**	675	0,960	0,534	0,021

*post1-IFRS covers the period 2005 to 2007
**post2-IFRS covers the period 2008 to 2012

A comparison between the periods reveals that the mean values are close to each other. When AT of the post1-IFRS period of 1,04 compared with that of post2-

IFRS period, AT of post1-IFRS period has close mean than that in post2-IFRS period, 0,96. Standard deviation again near the same 0,54 and 0,53.

As can be seen from Table 37, test results show that AT is statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.008 for equal variances assumed and Sig.(2-tailed) is 0.008 for equal variances not assumed) hypothesis constructed (H_{ATc-0}) in the thesis is rejected.

Table 37: Independent Samples Test for AT

		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Assets Turnover	Equal variances assumed	0,507	0,476	2,644	1.078,000	0,008	0,0889	9,034
	Equal variances not assumed			2,641	847,331	0,008	0,0889	9,0334

3.5.1.6. IFRS Impact on Fixed Assets Turnover Ratio

In this part of the thesis, FA is taken into account to reveal whether there is a significant difference between the currents ratios of two periods based on different accounting regulations and also based on two different parts of the similar accounting regulations of IFRS or not. 135 firms' financial statements data are used in this part for the analysis.

3.5.1.6.1. Comparison of pre-IFRS and post1-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{FAa-0}: There is no significant difference between the fixed assets turnover ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

H_{FAa-1}: There is significant difference between the fixed assets turnover ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

Table 38 presents the descriptive statistics for fixed assets turnover ratio (FA) of both pre-IFRS and post1-IFRS periods.

Table 38: Descriptive Statistics for FA

	Period	N	Mean	Std. Deviation	Std. Error Mean
Fixed Assets Turnover	pre-IFRS*	269	9,167	42,337	2,581
	post1-IFRS**	405	4,946	14,540	0,723

*pre-IFRS covers the period 2002 to 2003
**post1-IFRS covers the period 2005 to 2007

When the Table 38 is considered, a comparison between the periods reveals that the mean values are different from each other. When the mean of FA of pre-IFRS period is 9,17, the mean FA of post1-IFRS period is 4,95.

Standard deviation, on the other hand decreases from 42,34 to 14,54.

Table 39 provides t-test for equality of means for FA of both pre-IFRS and post1-IFRS periods.

Independent sample test demonstrates that FA is not statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.065 for equal variances assumed and Sig.(2-tailed) is 0.116 for equal variances not assumed) hypothesis constructed (H_{FAa-0}) in the thesis is accepted.

Table 39: Independent Samples Test for FA

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Fixed Assets Turnover	Equal variances assumed	8,181	0,004	1,850	672,000	0,065	4,222	2,282
	Equal variances not assumed			1,575	310,373	0,116	4,222	2,681

3.5.1.6.2. Comparison of pre-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{FAb-0}: There is no significant difference between the fixed assets turnover ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

H_{FAb-1}: There is significant difference between the fixed assets turnover ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

Table 40 presents the descriptive statistics for FA of both pre-IFRS and post2-IFRS periods.

Table 40: Descriptive Statistics for FA

	Period	N	Mean	Std. Deviation	Std. Error Mean
Fixed Assets Turnover	pre-IFRS	269	9,167	42,337	2,581
	post2-IFRS	675	4,710	12,459	0,480

*pre-IFRS covers the period 2002 to 2003
**post2-IFRS covers the period 2008 to 2012

A comparison between the periods reveals that the mean values are significantly different from each other. When FA of the pre-IFRS period of 9,17 compared with that of post2-IFRS period, FA of pre-IFRS period has significantly higher mean than that in post2-IFRS period, 4,70. As can be seen from Table 40, FA decreases from 9,17 based on the financial statement of pre-IFRS period to 4,70 based on the financial statement of post2-IFRS period. Standard deviation decreases from 42,34 to 12.46.

Table 41 provides t-test for equality of means for FA of both pre-IFRS and post2-IFRS periods. Independent sample test demonstrates that FA is statistically significant at 5% level with “t” statistics. Based on the statistical test (Sig.(2-tailed) is 0.013 for equal variances assumed) hypothesis constructed (H_{FAb-0}) in the thesis is rejected.

Table 41: Independent Samples Test for FA

		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Fixed Assets Turnover	Equal variances assumed	14,886	0,000	2,481	942,000	0,013	4,458	1,797
	Equal variances not assumed			1,698	286,683	0,091	4,458	2,625

3.5.1.6.3. Comparison of post1-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{FAc-0}: There is no significant difference between the fixed assets turnover ratios obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

H_{FAc-1}: There is significant difference between the fixed assets turnover ratios obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

Table 42 presents the descriptive statistics for FA ratios of both post1-IFRS and post2-IFRS periods.

Table 42: Descriptive Statistics for FA

	Period	N	Mean	Std. Deviation	Std. Error Mean
Fixed Assets Turnover	post1-IFRS	405	4,946	14,540	0,723
	post2-IFRS	675	4,710	12,460	0,480

*post1-IFRS covers the period 2005 to 2007
**post2-IFRS covers the period 2008 to 2012

A comparison between the periods reveals that the mean values are not significantly different from each other. When the FA ratio of the post1-IFRS period

of 4,95 while that of post2-IFRS period, 4,70. As can be seen from Table 44, standard deviation, on the other hand, decreases from 14,54 to 12,46.

Table 43 provides t-test for equality of means for FA of both post1-IFRS and post2-IFRS periods. According to independent sample test, FA is not statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.778 for equal variances assumed and Sig.(2-tailed) is 0.786 for equal variances not assumed) hypothesis constructed (H_{FAc-0}) in the thesis is accepted.

Table 43: Independent Samples Test for FA

		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Fixed Assets Turnover	Equal variances assumed	0,230	0,632	0,283	1.078,000	0,778	0,236	0,835
	Equal variances not assumed			0,272	751,006	0,786	0,236	0,867

3.5.1.7. IFRS Impact on Gross Profit Margin Ratio

In this part of the thesis, GPM is taken into account to reveal whether there is a significant difference between the currents ratios of two periods based on different accounting regulations and also based on two different parts of the similar accounting regulations of IFRS or not. 135 firms' financial statements data are used in this part for the analysis.

3.5.1.7.1. Comparison of pre-IFRS and post1-IFRS

GPM is used as one indicator of a firm's financial health. It shows how efficiently a business is using its materials and labor in the production process and gives an indication of the pricing, cost structure, and production efficiency of the business. The higher the gross profit margin ratio is favorable.

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{GPMa-0}: There is no significant difference between the gross profit margin turnover ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

H_{GPMa-1}: There is significant difference between the gross profit margin ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

Table 44 presents the descriptive statistics for receivables GPM of both pre-IFRS and post1-IFRS periods.

Table 44: Descriptive Statistics for GPM

	Period	N	Mean	Std. Deviation	Std. Error Mean
Gross Profit Margin	pre-IFRS*	270	0,230	0,140	0,009
	post1-IFRS**	405	0,230	0,165	0,008

*pre-IFRS covers the period 2002 to 2003
**post1-IFRS covers the period 2005 to 2007

GPM is a key measure of profitability by which investors and analysts compare similar firms and firms to their overall industry. The ratio demonstrates the financial success and viability of a particular product or service. The higher the percentage gets, the more the business retains on each TL of sales to service its other costs and obligations.

When the Table 44 is considered, a comparison between the periods reveals that the mean values are not different from each other. Also it can be said that both means of the ratios are the same. Because when the mean of GPM of post1-IFRS period is 0,23, the mean GPM of pre-IFRS period is 0,23.

As can be seen from Table 44, Means of GPM for different terms, pre-IFRS and post1-IFRS periods have approximately the same. Standard deviation, on the other hand increases from 1,40 to 1.65.

Table 45 provides t-test for equality of means for GPM of both pre-IFRS and post1-IFRS periods.

Independent sample test demonstrates that GPM is not statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.956 for equal variances assumed and Sig.(2-tailed) is 0.955 for equal variances not assumed) hypothesis constructed (H_{GPMa-0}) in the thesis is accepted.

Table 45: Independent Samples Test for GPM

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Gross Profit Margin	Equal variances assumed	2,109	0,147	-0,055	673,000	0,956	-0,001	0,012
	Equal variances not assumed			-0,057	635,373	0,955	-0,001	0,012

3.5.1.7.2. Comparison of pre-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{GPMb-0}: There is no significant difference between the gross profit margin turnover ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

H_{GPMb-1}: There is significant difference between the gross profit margin ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

Table 46 presents the descriptive statistics for GPM of both pre-IFRS and post2-IFRS periods.

Table 46: Descriptive Statistics for GPM

	Period	N	Mean	Std. Deviation	Std. Error Mean
Gross Profit Margin	pre-IFRS*	270	0,230	0,140	0,009
	post2-IFRS**	675	0,193	0,155	0,006

*pre-IFRS covers the period 2002 to 2003
**post2-IFRS covers the period 2008 to 2012

A comparison between the periods reveals that the mean values are not significantly different from each other. When GPM of the post2-IFRS period of 0,19 compared with that of pre-IFRS period, GPM of post2-IFRS period has not significantly higher mean than that in pre-IFRS period, 0,22. Standard deviation, on the other hand, slightly increases from 0,14 to 0,15.

Table 47 provides t-test for equality of means for GPM of both pre-IFRS and post2-IFRS periods. Independent sample test demonstrates that GPM is statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.001 for equal variances assumed and Sig.(2-tailed) is 0.001 for equal variances not assumed) hypothesis constructed (H_{GPMb-0}) in the thesis is rejected.

Table 47: Independent Samples Test for GPM

		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Gross Profit Margin	Equal variances assumed	0,401	0,527	3,301	943,000	0,001	0,036	0,011
	Equal variances not assumed			3,445	544,180	0,001	0,036	0,010

3.5.1.7.3. Comparison of post1-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{GPMc-0}: There is no significant difference between the gross profit margin ratios obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

H_{GPMc-1}: There is significant difference between the gross profit margin ratios obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

Table 48 presents the descriptive statistics for GPM of both post1-IFRS and post2-IFRS periods.

Table 48: Descriptive Statistics for GPM

	Period	N	Mean	Std. Deviation	Std. Error Mean
Gross Profit Margin	post1-IFRS*	405	0,230	0,165	0,008
	post2-IFRS*	675	0,193	0,155	0,006

*post1-IFRS covers the period 2005 to 2007
**post2-IFRS covers the period 2008 to 2012

A comparison between the periods reveals that the mean values are significantly different from each other. When GPM of the post1-IFRS period of 0,23 compared with that of post2-IFRS period, GPM of post1-IFRS period has higher mean than that in post2-IFRS period, 0,19. As can be seen from Table 50, GPM decreases from 0,23 based on the financial statement of post1-IFRS period to 0,19 based on the financial statement of post2-IFRS period. Standard deviation decreases from 0,17 to 0.15.

Table 49 provides t-test for equality of means for GPM of both post1-IFRS and post2-IFRS periods. Independent sample test demonstrates that GPM is statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.000 for equal variances assumed and Sig.(2-tailed) is 0.000 for equal variances not assumed) hypothesis constructed ($H_{GPMca-0}$) in the thesis is rejected.

Table 49: Independent Samples Test for GPM

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Gross Profit Margin	Equal variances assumed	5,492	0,019	3,658	1.078,000	0,000	0,036	0,010
	Equal variances not assumed			3,599	807,517	0,000	0,036	0,010

3.5.1.8. IFRS Impact on Operating Profit Margin

In this part of the thesis, OPM is taken into account to reveal whether there is a significant difference between the currents ratios of two periods based on different accounting regulations and also based on two different parts of the similar accounting regulations of IFRS or not. 135 firms' financial statements data are used in this part for the analysis.

3.5.1.8.1. Comparison of pre-IFRS and post1-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

$H_{OPMa\text{-}0}$: There is no significant difference between the receivables operating profit margins obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

$H_{OPMa\text{-}1}$: There is significant difference between the receivables operating profit margins obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

Table 50 presents the descriptive statistics for OPM of both pre-IFRS and post1-IFRS periods. OPM is a measure of efficiency of a business. It measures what percentage of total revenues is composed by operating income. In other word OPM is a profitability ratio.

Demonstrating how strong and profitable a firm's operations are, the ratio is significant to both investors and creditors. The higher ratio is desirable by them, because the higher the OPM means that the business is making enough money from its ongoing operations to pay its variable costs as well as its fixed costs. There are a number of factors that affects OPM such as pricing strategy, labor costs, etc.

Table 50: Descriptive Statistics for OPM

	Period	N	Mean	Std. Deviation	Std. Error Mean
Operating Profit Margin	pre-IFRS*	270	0,066	0,127	0,008
	post1-IFRS**	405	0,073	0,157	0,008

*pre-IFRS covers the period 2002 to 2003
**post1-IFRS covers the period 2005 to 2007

A comparison between the periods reveals that the mean values are not significantly different from each other. Also both means are very close each other. When OPM ratio's mean for the post1-IFRS period of 0,073, the mean of the OPM ratio of pre-IFRS period is 0,066. As can be seen from Table 50, OPM increases from 0,066 based on the financial statement of pre-IFRS period to only 0,073 based on the financial statement of post1-IFRS period. Standard deviation, on the other hand increases from 1,26 to 1.57.

Table 51 provides t-test for equality of means for OPM of both pre-IFRS and post1-IFRS periods. According to the statistical results, OPM based on financial statements of pre-IFRS period are not significantly different when compared to OPM based on financial statements of post1-IFRS period. Based on the statistical test (Sig.(2-tailed) is 0.535 for equal variances assumed and Sig.(2-tailed) is 0.517 for equal variances not assumed) hypothesis constructed (H_{OPMa-0}) in the thesis is accepted.

Table 51: Independent Samples Test for OPM

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Operating Profit Margin	Equal variances assumed	2,524	0,113	-0,621	673,000	0,535	-0,007	0,011
	Equal variances not assumed			-0,648	649,749	0,517	-0,007	0,011

3.5.1.8.2. Comparison of pre-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{OPMb-0}: There is no significant difference between the receivables operating profit margins obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

H_{OPMb-1}: There is significant difference between the receivables operating profit margins obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

Table 52 presents the descriptive statistics for OPM of both pre-IFRS and post2-IFRS periods.

Table 52: Descriptive Statistics for OPM

	Period	N	Mean	Std. Deviation	Std. Error Mean
Operating Profit Margin	pre-IFRS*	270	0,066	0,127	0,008
	post2-IFRS**	675	0,030	0,182	0,007

*pre-IFRS covers the period 2002 to 2003
**post2-IFRS covers the period 2008 to 2012

A comparison between the periods reveals that the mean values are significantly different from each other. When OPM of the post2-IFRS period of 0,03 compared with that of pre-IFRS period, OPM of post2-IFRS period has significantly lower mean than that in pre-IFRS period, 0,07. As can be seen from Table 54, OPM decreases from 0,07 based on the financial statement of pre-IFRS period to 0,03 based on the financial statement of post2-IFRS period. Standard deviation, on the other hand increases from 0,13 to 0,18.

Table 53 provides t-test for equality of means for OPM of both pre-IFRS and post2-IFRS periods. Independent sample test demonstrates that OPM is statistically significant at 5% level with “t” statistics. Based on the statistical test (Sig.(2-tailed) is

0.003 for equal variances assumed and Sig.(2-tailed) is 0.001 for equal variances not assumed) hypothesis constructed (H_{OPMb-0}) in the thesis is rejected.

Table 53: Independent Samples Test for OPM

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Operating Profit Margin	Equal variances assumed	1,517	0,218	2,986	943,000	0,003	0,036	0,012
	Equal variances not assumed			3,471	705,764	0,001	0,036	0,010

3.5.1.8.3. Comparison of post1-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{OPMc-0}: There is no significant difference between the receivables operating profit margins obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

H_{OPMc-1}: There is significant difference between the receivables operating profit margins obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

Table 54 presents the descriptive statistics for OPM of both post1-IFRS and post2-IFRS periods.

Table 54: Descriptive Statistics for OPM

	Period	N	Mean	Std. Deviation	Std. Error Mean
Operating Profit Margin	post1-IFRS*	405	0,073	0,157	0,008
	post2-IFRS**	675	0,030	0,182	0,007

*post1-IFRS covers the period 2005 to 2007
**post2-IFRS covers the period 2008 to 2012

A comparison between the periods reveals that the mean values are significantly different from each other. When OPM of the post1-IFRS period of 0,07 compared with that of post2-IFRS period, OPM of post1-IFRS period has significantly higher mean than that in post2-IFRS period, 0,03. As can be seen from Table 54, OPM decreases from 0,07 based on the financial statement of pre-IFRS period to 0,03 based on the financial statement of post2-IFRS period. Standard deviation, on the other hand increases from 0,16 to 0,18.

Table 55 provides t-test for equality of means for OPM of both post1-IFRS and post2-IFRS periods. Independent sample test demonstrates that OPM is statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.000 for equal variances assumed and Sig.(2-tailed) is 0.000 for equal variances not assumed) hypothesis constructed (H_{OPMc-0}) in the thesis is rejected.

Table 55: Independent Samples Test for OPM

		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Operating Profit Margin	Equal variances assumed	0,032	0,858	3,973	1.078,000	0,000	0,043	0,011
	Equal variances not assumed			4,119	947,253	0,000	0,043	0,011

3.5.1.9. IFRS Impact on Return on Equity Ratio

In this part of the thesis, ROE is taken into account to reveal whether there is a significant difference between the currents ratios of two periods based on different accounting regulations and also based on two different parts of the similar accounting regulations of IFRS or not. 135 firms' financial statements data are used in this part for the analysis.

3.5.1.9.1. Comparison of pre-IFRS and post1-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{ROEa-0}: There is no significant difference between the return on equity ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

H_{ROEa-1}: There is significant difference between the return on equity ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

Table 56 presents the descriptive statistics for ROE of both pre-IFRS and post1-IFRS periods.

ROE is another profitability ratio used in this thesis. It measures the ability of a firm to generate profits from its shareholders investments in the firm. In other words, it shows a firm's efficiency at generating profits from every unit of shareholders' equity. Equity means assets minus liabilities. ROE is also indicator of how effective management is at using equity financing to fund operation and grow the firm. Because of this reason, ROE is generally considered an important financial indicator for investors. (Chen, Cheng and Hwang, 2005: 159-176)

Higher ratios are almost better than lower ratios but have to be compared to other firms' ratios in the industry. For example, Peer Company, industry and overall market comparisons should be appropriate. But there should be variations in ROEs among some types of businesses. It needs to be awarded that disproportionate amount of debt in a firm's capital structure would translate into a smaller equity base. Therefore a small amount of net income could still produce a high ROE.

Table 56: Descriptive Statistics for ROE

	Period	N	Mean	Std. Deviation	Std. Error Mean
Return On Equity	pre-IFRS**	270	0,005	1,145	0,070
	post1-IFRS**	405	0,096	0,457	0,023

*pre-IFRS covers the period 2002 to 2003
**post1-IFRS covers the period 2005 to 2007

Using information of Table 56, a comparison between the periods reveals that the mean values are different from each other. Also it can be said that both means of the ratios are too close together. Because when the mean of ROE of post1-IFRS period is 0,096, the mean ROE of pre-IFRS period is 0,004. It could be said that under Pre-IFRS the mean of ROE decreased 1,14 to 0,45.

Table 57 provides t-test for equality of means for ROE of both pre-IFRS and post1-IFRS periods. The table indicates that independent sample test demonstrates that there is no statistical significance at 5% significance level for ROE between the pre-IFRS and post1-IFRS periods. Based on the statistical test (Sig.(2-tailed) is 0.149 for equal variances assumed and Sig.(2-tailed) is 0.213 for equal variances not assumed) hypothesis constructed (H_{ROEa-0}) in the thesis is accepted.

Table 57: Independent Samples Test for ROE

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Return On Equity	Equal variances assumed	17,626	0,000	-1,444	673,000	0,149	-0,091	0,063
	Equal variances not assumed			-1,248	326,692	0,213	-0,091	0,073

3.5.1.9.2. Comparison of pre-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{ROEb-0}: There is no significant difference between the return on equity ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

H_{ROEb-1}: There is significant difference between the return on equity ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

Table 58 presents the descriptive statistics for ROE of both pre-IFRS and post2-IFRS periods.

Table 58: Descriptive Statistics for ROE

	Period	N	Mean	Std. Deviation	Std. Error Mean
Return On Equity	pre-IFRS*	270	0,005	1,145	0,070
	post2-IFRS**	675	0,038	0,349	0,013

*pre-IFRS covers the period 2002 to 2003
**post2-IFRS covers the period 2008 to 2012

Using information of Table 59, a comparison between the periods reveals that the mean values are different from each other. Also it can be said that both means of the ratios are too close to each other. Because when the mean of ROE of pre-IFRS period is 0,004, the mean ROE of post2-IFRS period is 0,037. It could be said that under pre-IFRS the mean of ROE decreased 1,14 to 0,35.

Table 59 provides t-test for equality of means for ROE of both pre-IFRS and post2-IFRS periods. The table indicates that independent sample test demonstrates that there is no statistical significance at 5% significance level for ROE between the pre-IFRS and post2-IFRS periods. Based on the statistical test (Sig.(2-tailed) is 0.499 for equal variances assumed and Sig.(2-tailed) is 0.642 for equal variances not assumed) hypothesis constructed (H_{ROEb-0}) in the thesis is accepted.

Table 59: Independent Samples Test for ROE

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Return On Equity	Equal variances assumed	29,661	0,000	-0,676	943,000	0,499	-0,033	0,049
	Equal variances not assumed			-0,466	289,253	0,642	-0,033	0,071

3.5.1.9.3. Comparison of post1-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{ROEc-0}: There is no significant difference between the return on equity ratios obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

H_{ROEc-1}: There is significant difference between the return on equity ratios obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

Table 60 presents the descriptive statistics for ROE of both post1-IFRS and post2-IFRS periods.

Table 60: Descriptive Statistics for ROE

	Period	N	Mean	Std. Deviation	Std. Error Mean
Return On Equity	post1-IFRS*	405	0,096	0,457	0,023
	post2-IFRS**	675	0,038	0,349	0,014

*post1-IFRS covers the period 2005 to 2007
**post2-IFRS covers the period 2008 to 2012

A comparison between the periods reveals that the mean values are significantly different from each other. When ROE of the post1-IFRS period of 0,10 compared with that of post2-IFRS period, ROE of post1-IFRS period has significantly higher mean than that in post2-IFRS period, 0,04. As can be seen from Table 60, ROE decreases from 0,10 based on the financial statement of post1-IFRS period to 0,04 based on the financial statement of post2-IFRS period. Standard deviation decreases from 0,46 to 0,35.

Table 61 provides t-test for equality of means for ROE of both post1-IFRS and post2-IFRS periods. Independent sample test demonstrates that ROE is statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.018 for equal variances assumed and Sig.(2-tailed) is 0.027 for equal variances not assumed) hypothesis constructed (H_{ROEc-0}) in the thesis is rejected.

Table 61: Independent Samples Test for ROE

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Return On Equity	Equal variances assumed	0,017	0,896	2,363	1.078,000	0,018	0,058	0,025
	Equal variances not assumed			2,213	686,588	0,027	0,058	0,026

3.5.1.10. IFRS Impact on Return on Assets Ratio

In this part of the thesis, ROA is taken into account to reveal whether there is a significant difference between the currents ratios of two periods based on different accounting regulations and also based on two different parts of the similar accounting regulations of IFRS or not. 135 firms' financial statements data are used in this part for the analysis.

3.5.1.10.1. Comparison of pre-IFRS and post1-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

$H_{ROAa\text{-}0}$: There is no significant difference between the return on assets ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

$H_{ROAa\text{-}1}$: There is significant difference between the return on assets ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

Table 62 presents the descriptive statistics for ROA of both pre-IFRS and post1-IFRS periods. ROA indicates how effectively the assets of the publishing firm businesses were working to generate profit (Kranenburg, 2004). Higher value of ROA means that firm is more profitable. ROA always would have a lower value than the ROA of firms which are low asset-intensive. Because of the reason ROA should be compared within the same industry.

Table 62: Descriptive Statistics for ROA

	Period	N	Mean	Std. Deviation	Std. Error Mean
Return On Assets	pre-IFRS*	270	0,037	0,156	0,010
	post1-IFRS**	405	0,050	0,141	0,007

*pre-IFRS covers the period 2002 to 2003
**post1-IFRS covers the period 2005 to 2007

A comparison between the periods reveals that the mean values are not from each other. It can be said that both means of the ratios are close to each other. Because when the mean of ROA of pre-IFRS period is 0,038, the mean ROA of post1-IFRS period is 0,050.

As can be seen from Table 62, ROA increases from 0,037 based on the financial statement of pre-IFRS period to 0,050 based on the financial statement of post1-IFRS period. Standard deviation, on the other hand decreases from 0,16 to 0,14.

Table 63 provides t-test for equality of means for ROA of both pre-IFRS and post1-IFRS periods.

Independent sample test demonstrates that ROA is not statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.268 for equal variances assumed and Sig.(2-tailed) is 0.279 for equal variances not assumed) hypothesis constructed (H_{ROAa-0}) in the thesis is accepted.

Table 63: Independent Samples Test for ROA

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Return On Assets	Equal variances assumed	1,463	0,227	-1,108	673,000	0,268	-0,013	0,012
	Equal variances not assumed			-1,085	533,547	0,279	-0,013	0,012

3.5.1.10.2. Comparison of pre-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{ROAb-0}: There is no significant difference between the return on assets ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

H_{ROAb-1}: There is significant difference between the return on assets ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

Table 64 presents the descriptive statistics for ROA of both pre-IFRS and post2-IFRS periods.

Table 64: Descriptive Statistics for ROA

	Period	N	Mean	Std. Deviation	Std. Error Mean
Return On Assets	pre-IFRS	270	0,038	0,156	0,010
	post2-IFRS	675	0,024	0,130	0,005

A comparison between the periods reveals that the mean values are not significantly different each from other. When ROA of the pre-IFRS period of 0,037 compared with that of post2-IFRS period, ROA of pre-IFRS period has not significantly higher mean than that in post2-IFRS period, 0,024. As can be seen from Table 66, ROA decreases from 0,037 based on the financial statement of pre-IFRS period to 0,024 based on the financial statement of post2-IFRS period. Standard deviation decreases from 0,16 to 0,13.

Table 65 provides t-test for equality of means for ROA of both pre-IFRS and post2-IFRS periods. Independent sample test demonstrates that ROA is statistically significant at 5% level with “t” statistics. Based on the statistical test (Sig.(2-tailed) is 0.169 for equal variances assumed and Sig.(2-tailed) is 0.204 for equal variances not assumed) hypothesis constructed (H_{ROAb-0}) in the thesis is accepted.

Table 65: Independent Samples Test for ROA

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Return On Assets	Equal variances assumed	4,554	0,033	1,377	943,000	0,169	0,014	0,010
	Equal variances not assumed			1,273	425,423	0,204	0,014	0,011

3.5.1.10.3. Comparison of post1-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{ROAc-0}: There is no significant difference between the return on assets ratios obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

H_{ROAc-1}: There is significant difference between the return on assets ratios obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

Table 66 presents the descriptive statistics for ROA of both post1-IFRS and post2-IFRS periods.

Table 66: Descriptive Statistics for ROA

	Period	N	Mean	Std. Deviation	Std. Error Mean
Return On Assets	post1-IFRS*	405	0,050	0,141	0,007
	post2-IFRS**	675	0,024	0,130	0,005

*post1-IFRS covers the period 2005 to 2007
**post2-IFRS covers the period 2008 to 2012

A comparison between the periods reveals that the mean values are significantly different from each other. When ROA of the post2-IFRS period of 0,050 compared with that of post2-IFRS period, ROA of post2-IFRS period has significantly higher mean than that in post2-IFRS period, 0,024. As can be seen from Table 68, ROA decreases from 0,050 based on the financial statement of post1-IFRS

period to 0,024 based on the financial statement of post2-IFRS period. Standard deviation decreases from 0,14 to 0,13.

Table 67 provides t-test for equality of means for ROA of both post1-IFRS and post2-IFRS periods. Independent sample test demonstrates that ROA is statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.002 for equal variances assumed and Sig.(2-tailed) is 0.002 for equal variances not assumed) hypothesis constructed (H_{ROAc-0}) in the thesis is rejected.

Table 67: Independent Samples Test for ROA

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Return On Assets	Equal variances assumed	0,724	0,395	3,144	1.078,000	0,002	0,027	0,008
	Equal variances not assumed			3,084	799,475	0,002	0,027	0,009

3.5.1.11. IFRS Impact on Net Profit Margin

In this part of the thesis, NPM is taken into account to reveal whether there is a significant difference between the currents ratios of two periods based on different accounting regulations and also based on two different parts of the similar accounting regulations of IFRS or not. 135 firms' financial statements data are used in this part for the analysis.

3.5.1.11.1. Comparison of pre-IFRS and post1-IFRS

NPM is the most basic profitability ratio. It measures the percentage of net income of a business to its net sales. NPM is used to compare profitability of competitors in the same industry. It firstly depends on the extent of competition, competitive strategy of the firm, production differentiation, elasticity of demand, etc. to the relevant market or product.

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{NPMa-0}: There is no significant difference between the net profit margins obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

H_{NPMa-1}: There is significant difference between the net profit margins obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

Table 68 presents the descriptive statistics for NPM of both pre-IFRS and post1-IFRS periods.

Table 68: Descriptive Statistics for NPM

	Period	N	Mean	Std. Deviation	Std. Error Mean
Net Profit Margin	pre-IFRS*	270	0,027	0,215	0,013
	post1-IFRS**	405	7,041	0,283	0,014

*pre-IFRS covers the period 2002 to 2003
**post1-IFRS covers the period 2005 to 2007

A comparison between the periods reveals that the mean values are not different from each other. It can be said that both means of the ratios are close to each other. Because when the mean of NPM of post1-IFRS period is 0,04, the mean NPM of pre-IFRS period is 0,03.

As can be seen from Table 68, mean of NPM increases from 0,03 based on the financial statement of pre-IFRS period to 0,04 based on the financial statement of post1-IFRS period. Standard deviation, on the other hand increases from 0,22 to 0.28.

Table 69 provides t-test for equality of means for NPM of both pre-IFRS and post-IFRS periods. According to independent sample test, NPM is not statistically significant at 5% level with “t” statistics. Based on the statistical test (Sig.(2-tailed) is 0.488 for equal variances assumed and Sig.(2-tailed) is 0.465 for equal variances not assumed) hypothesis constructed (H_{NPMa-0}) in the thesis is accepted.

Table 69: : Independent Samples Test for NPM

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Net Profit Margin	Equal variances assumed	0,698	0,404	-0,693	673,000	0,488	-0,014	0,020
	Equal variances not assumed			-0,731	660,942	0,465	-0,014	0,019

3.5.1.11.2. Comparison of pre-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{NPMb-0}: There is no significant difference between the net profit margins obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

H_{NPMb-1}: There is significant difference between the net profit margins obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

Table 70 presents the descriptive statistics for NPM of both pre-IFRS and post2-IFRS periods.

Table 70: Descriptive Statistics for NPM

	Period	N	Mean	Std. Deviation	Std. Error Mean
Net Profit Margin	pre-IFRS*	270	0,027	0,215	0,013
	post2-IFRS*	675	0,001	0,318	0,012

*pre-IFRS covers the period 2002 to 2003
**post2-IFRS covers the period 2008 to 2012

Using information of Table 70, a comparison between the periods reveals that the mean values are different from each other. Because when the mean of NPM of pre-IFRS period is 0,028, the mean NPM of post2-IFRS period is 0,001.

Table 71 provides t-test for equality of means for NPM of both pre-IFRS and post2-IFRS periods. The table indicates that independent sample test demonstrates that there is no statistical significance at 5% significance level for NPM between the pre-IFRS and post2-IFRS periods. Based on the statistical test (Sig.(2-tailed) is 0.224 for equal variances assumed and Sig.(2-tailed) is 0.153 for equal variances not assumed) hypothesis constructed (H_{NPMb-0}) in the thesis is accepted.

Table 71: Independent Samples Test for NPM

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Net Profit Margin	Equal variances assumed	1,851	0,174	1,218	943,000	0,224	0,026	0,021
	Equal variances not assumed			1,429	722,522	0,153	0,026	0,018

3.5.1.11.3. Comparison of post1-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{NPMc-0}: There is no significant difference between the net profit margins obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

H_{NPMc-1}: There is significant difference between the receivables net profit margins obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

Table 72 presents the descriptive statistics for NPM of both post1-IFRS and post2-IFRS periods.

Table 72: Descriptive Statistics for NPM

	Period	N	Mean	Std. Deviation	Std. Error Mean
Net Profit Margin	post1-IFRS*	405	0,041	0,283	0,014
	post2-IFRS**	675	0,001	0,318	0,012

*post1-IFRS covers the period 2005 to 2007
**post2-IFRS covers the period 2008 to 2012

A comparison between the periods reveals that the mean values are significantly different from each other. When NPM of the post1-IFRS period of 0,040 compared with that of post2-IFRS period, NPM of post1-IFRS period has significantly higher mean than that in post2-IFRS period, 0,001. As can be seen from Table 72, NPM decreases from 0,040 based on the financial statement of post1-IFRS period to 0,001 based on the financial statement of post2-IFRS period. Standard deviation increases from 0,28 to 0,32.

Table 73 provides t-test for equality of means for NPM of both post1-IFRS and post2-IFRS periods. Independent sample test demonstrates that NPM is statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.039 for equal variances assumed and Sig.(2-tailed) is 0.033 for equal variances not assumed) hypothesis constructed (H_{NPMc-0}) in the thesis is rejected.

Table 73: Independent Samples Test for NPM

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Net Profit Margin	Equal variances assumed	0,384	0,536	2,069	1.078,000	0,039	0,040	0,019
	Equal variances not assumed			2,131	929,167	0,033	0,040	0,019

3.5.1.12. IFRS Impact on Debt Ratio

In this part of the thesis, DR is taken into account to reveal whether there is a significant difference between the currents ratios of two periods based on different accounting regulations and also based on two different parts of the similar accounting regulations of IFRS or not. 135 firms' financial statements data are used in this part for the analysis.

3.5.1.12.1. Comparison of pre-IFRS and post1-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{DRa-0}: There is no significant difference between the debt ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

H_{DRa-1}: There is significant difference between the debt ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

Table 74 presents the descriptive statistics for DR of both pre-IFRS and post1-IFRS periods.

Table 74: Descriptive Statistics for DR

	Period	N	Mean	Std. Deviation	Std. Error Mean
Debt Ratio	pre-IFRS*	270	0,153	0,246	0,015
	post1-IFRS**	405	0,151	0,235	0,012

*pre-IFRS covers the period 2002 to 2003
**post1-IFRS covers the period 2005 to 2007

A comparison between the periods reveals that the mean values are the same. When DR of the pre-IFRS period of 0,15 compared with that of post1-IFRS period, DR of pre-IFRS period has the same mean with that in post1-IFRS period, 0,15. As can be seen from Table 74, DR of both terms are 0,15. Standard deviations, on the other hand, are nearly same for both terms.

Table 75 provides t-test for equality of means for DR of both pre-IFRS and post1-IFRS periods. Independent sample test demonstrates that DR is not statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.903 for equal variances assumed and Sig.(2-tailed) is 0.904 for equal variances not assumed) hypothesis constructed (H_{DRa-0}) in the thesis is accepted.

Table 75: Independent Samples Test for DR

		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Debt Ratio	Equal variances assumed	0,010	0,922	0,122	673,000	0,903	0,002	0,019
	Equal variances not assumed			0,120	557,469	0,904	0,002	0,019

3.5.1.12.2. Comparison of pre-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{DRb-0}: There is no significant difference between the debt ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

H_{DRb-1}: There is significant difference between the debt ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

Table 76 presents the descriptive statistics for DR of both pre-IFRS and post2-IFRS periods.

Table 76: Descriptive Statistics for DR

	Period	N	Mean	Std. Deviation	Std. Error Mean
Debt Ratio	pre-IFRS*	270	0,153	0,246	0,015
	post2-IFRS**	675	0,126	0,149	0,006

*pre-IFRS covers the period 2002 to 2003
**post2-IFRS covers the period 2008 to 2012

Using information of Table 76, a comparison between the periods reveals that the mean values are slightly different from each other. Because when the mean of DR of pre-IFRS period is 0,15, the mean DR of post2-IFRS period is 0,13.

Table 77 provides t-test for equality of means for DR of both pre-IFRS and post2-IFRS periods. The table indicates that independent sample test demonstrates that there is no statistically significant at 5% significance level for DR between the

pre-IFRS and post2-IFRS periods. Based on the statistical test (Sig.(2-tailed) is 0.035 for equal variances assumed) hypothesis constructed (H_{DRb-0}) in the thesis is rejected.

Table 77: Independent Samples Test for DR

		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Debt Ratio	Equal variances assumed	6,816	0,009	2,106	943,000	0,035	0,028	0,013
	Equal variances not assumed			1,720	350,283	0,086	0,028	0,016

3.5.1.12.3. Comparison of post1-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{DRc-0}: There is no significant difference between the debt ratios obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

H_{DRc-1}: There is significant difference between the debt ratios obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

Table 78 presents the descriptive statistics for DR of both post1-IFRS and post2-IFRS periods.

Table 78: Descriptive Statistics for DR

	Period	N	Mean	Std. Deviation	Std. Error Mean
Debt Ratio	post1-IFRS*	405	0,151	0,235	0,012
	post2-IFRS**	675	0,126	0,149	0,006

*post1-IFRS covers the period 2005 to 2007
**post2-IFRS covers the period 2008 to 2012

Using information of Table 78, a comparison between the periods reveals that the mean values are slightly different from each other. Because when the mean of DR of post1-IFRS period is 0,15, the mean DR of post2-IFRS period is 0,13.

Table 79 provides t-test for equality of means for DR of both post1-IFRS and post2-IFRS periods. The table indicates that independent sample test demonstrates that there is statistical significance at 5% significance level for DR between the post1-IFRS and post2-IFRS periods. Based on the statistical test (Sig.(2-tailed) is 0.030 for equal variances assumed) hypothesis constructed (H_{DRc-0}) in the thesis is rejected.

Table 79: Independent Samples Test for DR

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Debt Ratio	Equal variances assumed	7,634	0,006	2,169	1.078,000	0,030	0,025	0,012
	Equal variances not assumed			1,948	601,180	0,052	0,025	0,013

3.5.1.13. IFRS Impact on Debt to Worth Ratio

In this part of the thesis, DW is taken into account to reveal whether there is a significant difference between the currents ratios of two periods based on different accounting regulations and also based on two different parts of the similar accounting regulations of IFRS or not. 135 firms' financial statements data are used in this part for the analysis.

3.5.1.13.1. Comparison of pre-IFRS and post1-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{DWa-0}: There is no significant difference between the debt to worth ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

H_{DWa-1}: There is significant difference between the debt to worth ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

Table 80 presents the descriptive statistics for DW of both pre-IFRS and post1-IFRS periods.

Table 80: Descriptive Statistics for DW

	Period	N	Mean	Std. Deviation	Std. Error Mean
Debt to Worth	pre-IFRS*	270	1,107	6,894	0,420
	post1-IFRS**	405	1,147	6,293	0,313

*pre-IFRS covers the period 2002 to 2003
**post1-IFRS covers the period 2005 to 2007

A comparison between the periods reveals that the mean values are close to each other. As can be seen from Table 80, when mean of pre-IFRS period for DW is 1,11, mean of post1-IFRS is 1,15

Table 81 provides t-test for equality of means for DW of both pre-IFRS and post1-IFRS periods. Independent sample test demonstrates that DW is not statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.937 for equal variances assumed and Sig.(2-tailed) is 0.938 for equal variances not assumed) hypothesis constructed (H_{DWa-0}) in the thesis is accepted.

Table 81: Independent Samples Test for DW

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Debt to Worth	Equal variances assumed	1,660	0,198	-0,079	673,000	0,937	-0,041	0,514
	Equal variances not assumed			-0,078	539,911	0,938	-0,041	0,523

3.5.1.13.2. Comparison of pre-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{DWb-0}: There is no significant difference between the debt to worth ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

H_{DWb-1}: There is significant difference between the debt to worth ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

Table 82 presents the descriptive statistics for DW of both pre-IFRS and post2-IFRS periods.

Table 82: Descriptive Statistics for DW

	Period	N	Mean	Std. Deviation	Std. Error Mean
Debt to Worth	pre-IFRS*	270	1,107	6,894	0,420
	post2-IFRS**	675	1,626	8,579	0,330

*pre-IFRS covers the period 2002 to 2003
**post2-IFRS covers the period 2008 to 2012

A comparison between the periods reveals that the mean values are not significantly different from each other. When DW of the pre-IFRS period of 1,11 compared with that of post2-IFRS period, DW of pre-IFRS period has fewer mean than that in post-IFRS period, 1,63. As can be seen from Table 84, DW increases from 1,11 based on the financial statement of pre-IFRS period to 1,63 based on the financial statement of post1-IFRS period. Standard deviation, on the other hand decreases from 0,42 to 0,33.

Table 83 provides t-test for equality of means for DW of both pre-IFRS and post1-IFRS periods. Independent sample test demonstrates that DW is statistically significant at 5% level with “t” statistics. Based on the statistical test (Sig.(2-tailed) is

0.375 for equal variances assumed and Sig.(2-tailed) is 0.331 for equal variances not assumed) hypothesis constructed (H_{DWb-0}) in the thesis is accepted.

Table 83: Independent Samples Test for DW

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Debt to Worth	Equal variances assumed	0,007	0,933	-0,887	943,000	0,375	-0,520	0,586
	Equal variances not assumed			-0,973	611,750	0,331	-0,520	0,534

3.5.1.13.3. Comparison of post1-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{DWc-0}: There is no significant difference between the debt to worth ratios obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

H_{DWc-1}: There is significant difference between the debt to worth ratios obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

Table 84 presents the descriptive statistics for DW of both post1-IFRS and post2-IFRS periods.

Table 84: Descriptive Statistics for DW

	Period	N	Mean	Std. Deviation	Std. Error Mean
Debt to Worth	post1-IFRS*	405	1,147	6,293	0,313
	post2-IFRS**	675	1,626	8,579	0,330

*post1-IFRS covers the period 2005 to 2007
**post2-IFRS covers the period 2008 to 2012

When a comparison between the periods being implemented, the comparison reveals that the mean of post2-IFRS period substantially increased compared to the mean of post1-IFRS period. Table 84 shows that when the mean of post1-IFRS is

1,48, the mean of post2-IFRS is 1,63. By the way, standard deviation for these periods presents a large increase.

Table 85 provides t-test for equality of means for DW of both post1-IFRS and post2-IFRS periods. Independent sample test demonstrates that DW is not statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.329 for equal variances assumed and Sig.(2-tailed) is 0.292 for equal variances not assumed) hypothesis constructed (H_{DWc-0}) in the thesis is accepted.

Table 85: Independent Samples Test for DW

		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Debt to Worth	Equal variances assumed	2,087	0,149	-0,977	1.078,000	0,329	-0,479	0,490
	Equal variances not assumed			-1,053	1035,533	0,292	-0,479	0,455

3.5.1.14. IFRS Impact on Equity Ratio

In this part of the thesis, EQ is taken into account to reveal whether there is a significant difference between the currents ratios of two periods based on different accounting regulations and also based on two different parts of the similar accounting regulations of IFRS or not. 135 firms' financial statements data are used in this part for the analysis

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3.5.1.14.1. Comparison of pre-IFRS and post1-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{EQa-0}: There is no significant difference between the equity ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

H_{EQa-1}: There is significant difference between the equity ratios obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post1-IFRS.

Table 86 presents the descriptive statistics for EQ of both pre-IFRS and post1-IFRS periods.

Table 86: Descriptive Statistics for EQ

	Period	N	Mean	Std. Deviation	Std. Error Mean
Equity	pre-IFRS*	270	0,464	0,516	0,031
	post1-IFRS**	405	0,524	0,395	0,020

*pre-IFRS covers the period 2002 to 2003
**post1-IFRS covers the period 2005 to 2007

A comparison between the periods reveals that the mean values are not significantly different from each other. When EQ of the pre-IFRS period of 0,46 compared with that of post1-IFRS period, EQ of pre-IFRS period has not significantly fewer mean than that in post2-IFRS period, 0,52. As can be seen from Table 86, EQ increases from 0,46 based on the financial statement of pre-IFRS period to 0,52 based on the financial statement of post1-IFRS period. Standard deviation decreases from 0,52 to 0,39.

Table 87 provides t-test for equality of means for EQ of both pre-IFRS and post1-IFRS periods. Independent sample test demonstrates that EQ is statistically significant at 5% level with “t” statistics. Based on the statistical test (Sig.(2-tailed) is 0.087 for equal variances assumed and Sig.(2-tailed) is 0.105 for equal variances not assumed) hypothesis constructed (H_{EQa-0}) in the thesis is accepted.

Table 87: Independent Samples Test for EQ

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Equity	Equal variances assumed	2,401	0,122	-1,714	673,000	0,087	-0,060	0,035
	Equal variances not assumed			-1,626	472,113	0,105	-0,060	0,037

3.5.1.14.2. Comparison of pre-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

$H_{EQb\text{-}0}$: There is no significant difference between the equity ratio obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

$H_{EQb\text{-}1}$: There is significant difference between the equity ratio obtained from the financial statements prepared in accordance with the different accounting regulations, pre-IFRS and post2-IFRS.

Table 88 presents the descriptive statistics for EQ of both pre-IFRS and post2-IFRS periods.

Table 88: Descriptive Statistics for EQ

	Period	N	Mean	Std. Deviation	Std. Error Mean
Equity	pre-IFRS*	270	0,464	0,516	0,031
	post2-IFRS**	675	0,457	0,643	0,025

*pre-IFRS covers the period 2002 to 2003
**post2-IFRS covers the period 2008 to 2012

Using information of Table 88, a comparison between the periods reveals that the mean values are the same. Because when the mean of EQ of pre-IFRS period is 0,464, the mean EQ of post2-IFRS period is 0,457.

Table 89 provides t-test for equality of means for EQ of both pre-IFRS and post2-IFRS periods. The table indicates that independent sample test demonstrates that there is no statistical significance at 5% significance level for EQ between the pre-IFRS and post2-IFRS periods. Based on the statistical test (Sig.(2-tailed) is 0.868 for equal variances assumed and Sig.(2-tailed) is 0.855 for equal variances not assumed) hypothesis constructed (H_{EQb-0}) in the thesis is accepted.

Table 89: Independent Samples Test for EQ

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Equity	Equal variances assumed	0,070	0,791	0,166	943,000	0,868	0,007	0,044
	Equal variances not assumed			0,183	613,040	0,855	0,007	0,040

3.5.1.14.3. Comparison of post1-IFRS and post2-IFRS

The following hypothesis is formulated to determine the primary aim of the thesis.

H_{EQc-0}: There is no significant difference between the equity ratio obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

H_{EQc-1}: There is significant difference between the equity ratio obtained from the financial statements prepared in accordance with the different periods of the IFRS accounting regulations, post1-IFRS and post2-IFRS.

Table 90 presents the descriptive statistics for EQ of both post1-IFRS and post2-IFRS periods.

Table 90: Descriptive Statistics for EQ

	Period	N	Mean	Std. Deviation	Std. Error Mean
Equity	post1-IFRS*	405	0,524	0,395	0,020
	post2-IFRS**	675	0,457	0,643	0,025

*post1-IFRS covers the period 2005 to 2007
**post2-IFRS covers the period 2008 to 2012

A comparison between the periods reveals that the mean values are close to each other. But it can be seen from Table 92, when mean of post1-IFRS period for EQ is 0,52, mean of post2-IFRS is 0,46

Table 91 provides t-test for equality of means for EQ of both post1-IFRS and post2-IFRS periods. Independent sample test demonstrates that EQ is not statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.033 for equal variances not assumed) hypothesis constructed (H_{EQc-0}) in the thesis is rejected.

Table 91: Independent Samples Test for EQ

		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Equity	Equal variances assumed	3,183	0,075	1,907	1.078,000	0,057	0,068	0,035
	Equal variances not assumed			2,137	1077,459	0,033	0,068	0,032

3.5.2. IFRS Impact on Sub-Industry

In this part of the thesis, examining the impact of reporting result under IFRS on financial statement analysis, when the comparison of results between pre-IFRS and post-IFRS periods examined for each selected financial ratios for each sub-sector respectively we can see differences in some sub sectors. But, as explained before with reasons, post-IFRS period is divided into two sections, post1-IFRS and post2-IFRS. On the one hand the thesis analyses pre-IFRS and post1-IFRS, and pre-IFRS and post2-IFRS periods against each other on the other hand the thesis uses post1-IFRS and post2-IFRS periods as a comparison. That is why there are three different comparisons at the same time in the thesis.

As mentioned before in detail, sample of the thesis selection resulted in 135 firm and observations for three years. The final sample consists of 135 listed firms on BIST, which provides 1.350 firm-year observations for the thesis. In the thesis there are eight sub-sectors under the main sector that is operating in manufacturing industry (thereinafter "MI"). These sub-sectors are "Food, Beverage and Tobacco" (thereinafter "FBT"), "Chemicals, Petroleum Rubber and Plastic Products"

(thereinafter “CPR”), “Paper and Paper Products, Printing and Publishing” (thereinafter “PPP”), “Basic Metal Industries” (thereinafter “BMI”), “Fabricated Metal Products Machinery and Equipment” (thereinafter “FME”), “Vehicle and Vehicle Subordinate Industry” (thereinafter “VSI”), “Textile, Wearing Apparel and Leather” (thereinafter “TWL”), and “Construction, Public Works, Non-Metallic Mineral Products” (thereinafter “CMP”). The distribution of these 135 firms by sub-sectors is shown in Table 4.

Fourteen different financial ratios are calculated and analyzed with the t-test for each sub-sector in the sample. These ratios are CR, ATR, IT, RT, AT, FA, GPM, OPM, ROE, ROA, NPM, DR, DW, and EQ.

3.5.2.1. IFRS Impact on Food, Beverage and Tobacco Industry

In this part of the thesis FBT is considered separately from other sub-sectors for the analysis. 18 firms’ financial statements data are used for FBT for the analysis. IFRS impacts are shown for all selected ratios at the same time.

3.5.2.1.1. Comparison of pre-IFRS and post1-IFRS

Table 92 shows the descriptive statistics of fourteen selected financial ratios of both pre-IFRS and post1-IFRS periods for FBT.

As can be seen from the Table; CR is 1,52, ATR is 0,99, IT is 6,05, ROE is minus 0,35 and, EQ is 0,13 according to domestic legislation, in pre-IFRS period, CR, ATR, IT, ROE and EQ increase to 1,58, 1,03, 6,93, 17,93, 1,04, minus 0,03, 0,29 respectively based on IFRS, in post1-IFRS period. On the other hand, FA, OPM, DR and, DW decrease to 2,88, 0,004, 0,29 and, 0,79 respectively based on the post1-IFRS period, whereas FA, OPM, DR and, DW are 3,16, 0,02, 0,33, 1,32 respectively based on pre-IFRS period. Also, GPM, ROA, and, NPM stays nearly the same for both terms.

Table 92: Descriptive Statistics for All Selected Ratios

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	pre-IFRS*	36	1,521	2,065	0,344
	post1-IFRS**	54	1,578	1,405	0,191
Acid Test Ratio	pre-IFRS*	36	0,991	1,915	0,319
	post1-IFRS**	54	1,026	1,322	0,180
Inventory Turnover	pre-IFRS*	36	6,046	4,388	0,731
	post1-IFRS**	54	6,927	7,128	0,970
Receivables Turnover	pre-IFRS*	36	11,537	10,621	1,770
	post1-IFRS**	54	17,483	21,292	2,897
Assets Turnover	pre-IFRS*	36	1,014	0,391	0,065
	post1-IFRS**	54	1,037	0,390	0,053
Fixed Asset Turnover	pre-IFRS*	36	3,157	1,968	0,328
	post1-IFRS**	54	2,877	1,575	0,214
Gross Profit Margin	pre-IFRS*	36	0,194	0,121	0,020
	post1-IFRS	54	0,199	0,179	0,024
Operating Profit Margin	pre-IFRS*	36	0,022	0,100	0,017
	post1-IFRS**	54	0,004	0,209	0,028
Return On Equity	pre-IFRS*	36	-0,349	1,529	0,255
	post1-IFRS**	54	-0,030	0,287	0,039
Return On Assets	pre-IFRS*	36	-0,004	0,228	0,038
	post1-IFRS**	54	-0,008	0,161	0,022
Net Profit Margin	pre-IFRS*	36	-0,027	0,223	0,037
	post1-IFRS**	54	-0,037	0,267	0,036
Debt Ratio	pre-IFRS*	36	0,325	0,569	0,095
	post1-IFRS**	54	0,287	0,524	0,071
Debt to Worth	pre-IFRS*	36	1,322	4,364	0,727
	post1-IFRS**	54	0,792	2,100	0,286
Equity Ratio	pre-IFRS*	36	0,132	0,964	0,161
	post1-IFRS**	54	0,288	0,735	0,100

*pre-IFRS covers the period 2002 to 2003
**post1-IFRS covers the period 2005 to 2007

Table 93 shows that t-test statistics of equality of means for all fourteen selected ratios of both pre-IFRS and post1-IFRS periods. So the Table presents statistics of the financial ratios in order to see whether there are statistically significant differences between domestic legislation and IFRS based on financial statements.

According to the statistical results, all financial ratios based on financial statements of pre-IFRS period are not significantly different when compared with the ratios based on financial statements of post1-IFRS period. So, for all financial ratios of FBT hypothesis constructed (H_0) in the thesis is accepted.

Table 93: Independent Samples Test for All Selected Ratios

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	0,493	0,484	-0,157	88,000	0,876	-0,057	0,365
	Equal variances not assumed			-0,146	56,396	0,885	-0,057	0,394
Acid Test Ratio	Equal variances assumed	0,185	0,668	-0,103	88,000	0,919	-0,035	0,341
	Equal variances not assumed			-0,095	56,981	0,924	-0,035	0,366
Inventory Turnover	Equal variances assumed	1,657	0,201	-0,662	88,000	0,510	-0,881	1,331
	Equal variances not assumed			-0,725	87,544	0,470	-0,881	1,215
Receivables Turnover	Equal variances assumed	6,344	0,014	-1,550	88,000	0,125	-5,946	3,836
	Equal variances not assumed			-1,751	82,535	0,084	-5,946	3,395
Assets Turnover	Equal variances assumed	0,089	0,766	-0,281	88,000	0,779	-0,024	0,084
	Equal variances not assumed			-0,281	75,066	0,780	-0,024	0,084
Fixed Asset Turnover	Equal variances assumed	2,127	0,148	0,749	88,000	0,456	0,281	0,375
	Equal variances not assumed			0,716	63,610	0,477	0,281	0,392
Gross Profit Margin	Equal variances assumed	0,653	0,421	-0,127	88,000	0,899	-0,004	0,034
	Equal variances not assumed			-0,137	87,981	0,891	-0,004	0,032
Operating Profit Margin	Equal variances assumed	1,011	0,317	0,492	88,000	0,624	0,018	0,037
	Equal variances not assumed			0,559	81,026	0,578	0,018	0,033
Return On Equity	Equal variances assumed	8,528	0,004	-1,494	88,000	0,139	-0,318	0,213
	Equal variances not assumed			-1,234	36,644	0,225	-0,318	0,258
Return On Assets	Equal variances assumed	0,382	0,538	0,088	88,000	0,930	0,004	0,041

	Equal variances not assumed			0,082	57,880	0,935	0,004	0,044
Net Profit Margin	Equal variances assumed	0,020	0,887	0,184	88,000	0,855	0,010	0,054
	Equal variances not assumed			0,190	83,474	0,850	0,010	0,052
Debt Ratio	Equal variances assumed	0,044	0,834	0,326	88,000	0,745	0,038	0,117
	Equal variances not assumed			0,321	70,908	0,749	0,038	0,119
Debt to Worth	Equal variances assumed	3,272	0,074	0,770	88,000	0,443	0,530	0,688
	Equal variances not assumed			0,678	45,917	0,501	0,530	0,782
Equity Ratio	Equal variances assumed	0,940	0,335	-0,869	88,000	0,387	-0,156	0,179
	Equal variances not assumed			-0,823	61,276	0,414	-0,156	0,189

3.5.2.1.2. Comparison of pre-IFRS and post2-IFRS

Table 94 shows the descriptive statistics of fourteen selected financial ratios of both pre-IFRS and post2-IFRS periods for FBT.

As can be seen from the Table; CR is 1,52, ATR is 0,99, IT is 6,05, CPM is 0,19, ROE minus 0,35 and, EQ is 0,13 according to domestic legislation, in pre-IFRS period, CR, ATR, IT, CPM, ROE and EQ increase to 1,62, 1,16, 8,13, 0,21, minus 0,02, 0,14 respectively based on IFRS, in post2-IFRS period.

On the other hand, RT, AT, FA, DR and, DW decrease to 8,68, 0,95, 2,83, 0,17, 0,14 respectively based on the post2-IFRS period, whereas RT, AT, FA, DR and, DW are 11,53, 1,01, 3,16, 0,33, 1,32 respectively based on pre-IFRS period. Also, OPM, ROA, NPM stays nearly the same for both terms.

Table 94: Descriptive Statistics for All Selected Ratios

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	pre-IFRS*	36	1,521	2,065	0,344
	post2-IFRS**	90	1,621	1,710	0,180
Acid Test Ratio	pre-IFRS*	36	0,991	1,915	0,319
	post2-IFRS**	90	1,158	1,625	0,171
Inventory Turnover	pre-IFRS*	36	6,046	4,388	0,731
	post2-IFRS**	90	8,126	13,392	1,412
Receivables Turnover	pre-IFRS*	36	11,537	10,621	1,770
	post2-IFRS**	90	8,678	11,534	1,216
Assets Turnover	pre-IFRS*	36	1,014	0,391	0,065
	post2-IFRS**	90	0,954	0,419	0,044
Fixed Asset Turnover	pre-IFRS*	36	3,157	1,968	0,328
	post2-IFRS**	90	2,935	1,508	0,159
Gross Profit Margin	pre-IFRS*	36	0,194	0,121	0,020
	post2-IFRS**	90	0,213	0,128	0,013
Operating Profit Margin	pre-IFRS*	36	0,022	0,100	0,017
	post2-IFRS**	90	0,023	0,100	0,011
Return On Equity	pre-IFRS*	36	-0,349	1,529	0,255
	post2-IFRS**	90	-0,022	0,416	0,044
Return On Assets	pre-IFRS*	36	-0,004	0,228	0,038
	post2-IFRS**	90	-0,024	0,184	0,019
Net Profit Margin	pre-IFRS*	36	-0,027	0,223	0,037
	post2-IFRS**	90	-0,033	0,231	0,024
Debt Ratio	pre-IFRS*	36	0,325	0,569	0,095
	post2-IFRS**	90	0,170	0,296	0,031
Debt to Worth	pre-IFRS*	36	1,322	4,364	0,727
	post2-IFRS**	90	1,136	5,831	0,615
Equity Ratio	pre-IFRS*	36	0,132	0,964	0,161
	post2-IFRS**	90	0,143	1,314	0,138

*pre-IFRS covers the period 2002 to 2003
**post2-IFRS covers the period 2008 to 2012

Table 95 shows t-test statistics of equality of means for all selected ratios of both pre-IFRS and post2-IFRS periods. So the Table presents statistics of the financial ratios in order to see whether there are statistically significant differences between domestic legislation and IFRS based on financial statements.

According to the statistical results, thirteen financial ratios, except DR, based on financial statements of pre-IFRS period are not significantly different when compared with the ratios based on financial statements of post2-IFRS period. So, for thirteen financial ratios, except DR, of FBT hypothesis constructed (H_0) in the thesis is accepted.

But, independent sample test demonstrates that DR is statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.047 for equal variances assumed) hypothesis constructed (H_0) in the thesis is rejected for DR in FBT.

Table 95: Independent Samples Test for All Selected Ratios

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	0,049	0,826	-0,279	124,000	0,780	-0,100	0,358
	Equal variances not assumed			-0,258	55,198	0,798	-0,100	0,388
Acid Test Ratio	Equal variances assumed	0,012	0,913	-0,495	124,000	0,621	-0,167	0,338
	Equal variances not assumed			-0,462	56,242	0,646	-0,167	0,362
Inventory Turnover	Equal variances assumed	1,233	0,269	-0,911	124,000	0,364	-2,080	2,284
	Equal variances not assumed			-1,308	121,018	0,193	-2,080	1,590
Receivables Turnover	Equal variances assumed	0,894	0,346	1,285	124,000	0,201	2,859	2,225
	Equal variances not assumed			1,331	69,712	0,187	2,859	2,147
Assets Turnover	Equal variances assumed	0,011	0,918	0,730	124,000	0,466	0,059	0,081
	Equal variances not assumed			0,753	68,826	0,454	0,059	0,079
Fixed Asset Turnover	Equal variances assumed	3,818	0,053	0,684	124,000	0,495	0,223	0,326
	Equal variances not assumed			0,611	52,219	0,544	0,223	0,365
Gross Profit Margin	Equal variances assumed	0,135	0,714	-0,760	124,000	0,448	-0,019	0,025
	Equal variances not assumed			-0,780	68,100	0,438	-0,019	0,024

Operating Profit Margin	Equal variances assumed	0,379	0,539	-0,036	124,000	0,971	-0,001	0,020
	Equal variances not assumed			-0,036	64,950	0,971	-0,001	0,020
Return On Equity	Equal variances assumed	10,767	0,001	-1,870	124,000	0,064	-0,327	0,175
	Equal variances not assumed			-1,263	37,090	0,215	-0,327	0,259
Return On Assets	Equal variances assumed	0,431	0,513	0,516	124,000	0,607	0,020	0,039
	Equal variances not assumed			0,470	54,096	0,640	0,020	0,043
Net Profit Margin	Equal variances assumed	0,049	0,825	0,128	124,000	0,899	0,006	0,045
	Equal variances not assumed			0,129	66,509	0,897	0,006	0,044
Debt Ratio	Equal variances assumed	6,513	0,012	2,002	124,000	0,047	0,155	0,077
	Equal variances not assumed			1,553	42,777	0,128	0,155	0,100
Debt to Worth	Equal variances assumed	0,003	0,959	0,173	124,000	0,863	0,186	1,076
	Equal variances not assumed			0,195	85,655	0,846	0,186	0,952
Equity Ratio	Equal variances assumed	0,113	0,737	-0,045	124,000	0,964	-0,011	0,242
	Equal variances not assumed			-0,051	87,349	0,960	-0,011	0,212

3.5.2.1.3. Comparison of post1-IFRS and post2-IFRS

Table 96 shows the descriptive statistics of fourteen selected financial ratios of both post1-IFRS and post2-IFRS periods for FBT.

As can be seen from the Table; CR is 1,58, ATR is 1,03, IT is 6,92, FA is 2,88, GPM is 0,20, OPM is 0,004 and, DW is 0,79 according to IFRS, in post1-IFRS period, CR, ATR, IT, FA, GPM, OPM and DW increase to 1,62, 1,16, 8,13, 2,93, 0,21, 0,03, 1,14 respectively based on IFRS, in post2-IFRS period.

On the other hand, RT, AT, ROA, DR, and, EQ decrease to 8,68, 0,95, minus 0,024, 0,17, 0,14 respectively based on the post2-IFRS period, whereas RT, AT, ROA, DR, and, EQ are 17,48, 1,04, minus 0,008, 0,29, 0,29 respectively based on post1-IFRS period. Also, ROE and NPM stay nearly the same for both terms.

Table 96: Descriptive Statistics for All Selected Ratios

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	post1-IFRS*	54	1,578	1,405	0,191
	post2-IFRS**	90	1,621	1,710	0,180
Acid Test Ratio	post1-IFRS*	54	1,026	1,322	0,180
	post2-IFRS**	90	1,158	1,625	0,171
Inventory Turnover	post1-IFRS*	54	6,927	7,128	0,970
	post2-IFRS**	90	8,126	13,392	1,412
Receivables Turnover	post1-IFRS*	54	17,483	21,292	2,897
	post2-IFRS**	90	8,678	11,534	1,216
Assets Turnover	post1-IFRS*	54	1,037	0,390	0,053
	post2-IFRS**	90	0,954	0,419	0,044
Fixed Asset Turnover	post1-IFRS*	54	2,877	1,575	0,214
	post2-IFRS**	90	2,935	1,508	0,159
Gross Profit Margin	post1-IFRS*	54	0,199	0,179	0,024
	post2-IFRS**	90	0,213	0,128	0,013
Operating Profit Margin	post1-IFRS*	54	0,004	0,209	0,028
	post2-IFRS**	90	0,023	0,100	0,011
Return On Equity	post1-IFRS*	54	-0,030	0,287	0,039
	post2-IFRS**	90	-0,022	0,416	0,044
Return On Assets	post1-IFRS*	54	-0,008	0,161	0,022
	post2-IFRS**	90	-0,024	0,184	0,019
Net Profit Margin	post1-IFRS*	54	-0,037	0,267	0,036
	post2-IFRS**	90	-0,033	0,231	0,024
Debt Ratio	post1-IFRS*	54	0,287	0,524	0,071
	post2-IFRS**	90	0,170	0,296	0,031
Debt to Worth	post1-IFRS*	54	0,792	2,100	0,286
	post2-IFRS**	90	1,136	5,831	0,615
Equity Ratio	post1-IFRS*	54	0,288	0,735	0,100
	post2-IFRS**	90	0,143	1,314	0,138

*post1-IFRS covers the period 2005 to 2007
**post2-IFRS covers the period 2008 to 2012

Table 97 shows t-test statistics of equality of means for thirteen selected ratios of both post1-IFRS and post2-IFRS periods. So the Table presents statistics of the financial ratios in order to see whether there are statistically significant differences between both IFRS terms' financial statements.

According to the statistical results, thirteen financial ratios based on financial statements of post1-IFRS period are not significantly different when compared to the ratios based on financial statements of post2-IFRS period. So, for all these financial ratios of FBT hypothesis constructed (H_0) in the thesis is accepted.

But, independent sample test demonstrates that RT is statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.002 for equal variances assumed and (Sig.(2-tailed) is 0.007 for equal variances not assumed), hypothesis constructed (H_0) in the thesis is rejected for RT in FBT.

Table 97: Independent Samples Test for All Selected Ratios

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	0,432	0,512	-0,155	142,000	0,877	-0,043	0,276
	Equal variances not assumed			-0,163	128,573	0,871	-0,043	0,263
Acid Test Ratio	Equal variances assumed	0,522	0,471	-0,506	142,000	0,614	-0,132	0,262
	Equal variances not assumed			-0,532	129,357	0,596	-0,132	0,248
Inventory Turnover	Equal variances assumed	0,371	0,544	-0,608	142,000	0,544	-1,200	1,973
	Equal variances not assumed			-0,700	140,346	0,485	-1,200	1,713
Receivables Turnover	Equal variances assumed	17,096	0,000	3,219	142,000	0,002	8,806	2,736
	Equal variances not assumed			2,802	71,979	0,007	8,806	3,142
Assets Turnover	Equal variances assumed	0,214	0,644	1,178	142,000	0,241	0,083	0,070
	Equal variances not assumed			1,200	118,034	0,233	0,083	0,069
Fixed Asset Turnover	Equal variances assumed	0,120	0,729	-0,219	142,000	0,827	-0,058	0,264
	Equal variances not assumed			-0,217	107,855	0,829	-0,058	0,267
Gross Profit Margin	Equal variances assumed	0,618	0,433	-0,567	142,000	0,572	-0,015	0,026
	Equal variances not assumed			-0,522	85,598	0,603	-0,015	0,028
Operating Profit	Equal variances assumed	1,306	0,255	-0,739	142,000	0,461	-0,019	0,026

Margin	Equal variances not assumed			-0,630	67,890	0,531	-0,019	0,030
Return On Equity	Equal variances assumed	0,814	0,369	-0,129	142,000	0,897	-0,008	0,064
	Equal variances not assumed			-0,141	139,223	0,888	-0,008	0,059
Return On Assets	Equal variances assumed	0,001	0,971	0,544	142,000	0,587	0,016	0,030
	Equal variances not assumed			0,563	123,376	0,575	0,016	0,029
Net Profit Margin	Equal variances assumed	0,169	0,681	-0,098	142,000	0,922	-0,004	0,042
	Equal variances not assumed			-0,095	99,221	0,925	-0,004	0,044
Debt Ratio	Equal variances assumed	6,512	0,012	1,711	142,000	0,089	0,117	0,068
	Equal variances not assumed			1,500	73,524	0,138	0,117	0,078
Debt to Worth	Equal variances assumed	2,124	0,147	-0,417	142,000	0,677	-0,344	0,825
	Equal variances not assumed			-0,507	122,060	0,613	-0,344	0,678
Equity Ratio	Equal variances assumed	1,599	0,208	0,744	142,000	0,458	0,145	0,195
	Equal variances not assumed			0,849	141,433	0,397	0,145	0,171

3.5.2.2. IFRS Impact on Chemicals, Petroleum Rubber and Plastic Products

In this part of the thesis analyses is done for all fourteen ratios of pre-IFRS, post1-IFRS and post2-IFRS period for only CPR. There are 18 firms' financial statements data are used for analysis of CPR.

3.5.2.2.1. Comparison of pre-IFRS and post1-IFRS

Table 98 presents the descriptive statistics for all selected ratios of both pre-IFRS and post-IFRS periods for CPR.

As shown in the Table below; CR is 1,41, ATR is 1,03, ROA is 0,02, DR is 0,10 and, EQ is 0,33 according to previous legislation, in pre-IFRS period, CR, ATR, ROA, DR and, EQ increase to 1,75, 1,22, 0,04, 0,13 and, 0,49 respectively based on IFRS, in post1-IFRS period.

Meanwhile, IT, RT, AT, FA, GPM, OPM, ROE and DW decrease to 8,51, 14,16, 1,18, 4,67, 0,19, 0,04, 0,06, and, 0,78 respectively based on the post1-IFRS period, whereas IT, RT, AT, FA, GPM, OPM, ROE and DW are 11,67, 20,48, 1,54, 39,40, 0,22, 0,06, 0,20, and, 2,85 respectively based on pre-IFRS period,

Besides, NPM stays nearly the same for both periods.

Table 98: Descriptive Statistics for All Selected Ratios

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	pre-IFRS*	36	1,407	0,755	0,126
	post1-IFRS**	54	1,753	0,808	0,110
Acid Test Ratio	pre-IFRS*	36	1,027	0,653	0,109
	post1-IFRS**	54	1,221	0,668	0,091
Inventory Turnover	pre-IFRS*	36	11,665	13,050	2,175
	post1-IFRS**	54	8,509	6,373	0,867
Receivables Turnover	pre-IFRS*	36	20,482	57,874	9,646
	post1-IFRS**	54	14,164	19,471	2,650
Assets Turnover	pre-IFRS*	36	1,544	0,915	0,153
	post1-IFRS**	54	1,180	0,765	0,104
Fixed Asset Turnover	pre-IFRS*	35	39,395	112,671	19,045
	post1-IFRS**	54	4,673	5,507	0,749
Gross Profit Margin	pre-IFRS*	36	0,221	0,167	0,028
	post1-IFRS**	54	0,189	0,126	0,017
Operating Profit Margin	pre-IFRS*	36	0,064	0,104	0,017
	post1-IFRS**	54	0,036	0,085	0,012
Return On Equity	pre-IFRS*	36	0,203	0,794	0,132
	post1-IFRS**	54	0,059	0,227	0,031
Return On Assets	pre-IFRS*	36	0,024	0,187	0,031
	post1-IFRS**	54	0,037	0,104	0,014
Net Profit Margin	pre-IFRS*	36	0,022	0,140	0,023
	post1-IFRS**	54	0,018	0,152	0,021
Debt Ratio	pre-IFRS*	36	0,097	0,095	0,016
	post1-IFRS**	54	0,127	0,144	0,020
Debt to Worth	pre-IFRS*	36	2,848	15,398	2,566
	post1-IFRS**	54	0,778	1,198	0,163
Equity Ratio	pre-IFRS*	36	0,333	0,765	0,128
	post1-IFRS**	54	0,485	0,418	0,057

*pre-IFRS covers the period 2002 to 2003
**post1-IFRS covers the period 2005 to 2007

Table 99 provides t-test for equality of means for all selected ratios of both pre-IFRS and post1-IFRS periods. So the Table presents statistics of the financial ratios in order to see whether there are statistically significant differences between domestic legislation and IFRS based on financial statements.

According to the statistical results, for eleven financial ratios (except CR, AT and FA) based on financial statements of pre-IFRS period are not significantly different when compared to the ratios based on financial statements of post1-IFRS period. So, for these financial ratios of CPR hypotheses constructed (H_0) in the thesis are accepted.

But independent sample test demonstrates that CPR is statistically significant at 5% level with "t" statistics for CR, AT and FA. Based on the statistical test (Sig.(2-tailed) is 0.044 for equal variances assumed and Sig.(2-tailed) is 0.042 for equal variances not assumed), hypotheses constructed (H_{CR0}) in the thesis is rejected. Based on the statistical test (Sig.(2-tailed) is 0.044 for equal variances assumed and Sig.(2-tailed) is 0.053 for equal variances not assumed), hypotheses constructed (H_{AT0}) in the thesis is rejected. Based on the statistical test (Sig.(2-tailed) is 0.026 for equal variances assumed), hypotheses constructed (H_{FA0}) in the thesis is rejected.

Table 99: Independent Samples Test for All Selected Ratios

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	0,103	0,749	-2,041	88,000	0,044	-0,346	0,169
	Equal variances not assumed			-2,070	78,610	0,042	-0,346	0,167
Acid Test Ratio	Equal variances assumed	0,113	0,738	-1,356	88,000	0,179	-0,193	0,143
	Equal variances not assumed			-1,363	76,359	0,177	-0,193	0,142
Inventory Turnover	Equal variances assumed	4,138	0,045	1,528	88,000	0,130	3,156	2,066
	Equal variances not assumed			1,348	46,242	0,184	3,156	2,342
Receivables Turnover	Equal variances assumed	1,080	0,301	0,743	88,000	0,459	6,318	8,500
	Equal variances not assumed			0,632	40,330	0,531	6,318	10,003
Assets Turnover	Equal variances assumed	1,664	0,200	2,045	88,000	0,044	0,364	0,178

	Equal variances not assumed			1,973	65,750	0,053	0,364	0,185
Fixed Asset Turnover	Equal variances assumed	18,842	0,000	2,267	87,000	0,026	34,722	15,313
	Equal variances not assumed			1,822	34,105	0,077	34,722	19,060
Gross Profit Margin	Equal variances assumed	2,350	0,129	1,028	88,000	0,307	0,032	0,031
	Equal variances not assumed			0,971	60,612	0,335	0,032	0,033
Operating Profit Margin	Equal variances assumed	2,468	0,120	1,427	88,000	0,157	0,029	0,020
	Equal variances not assumed			1,370	64,420	0,176	0,029	0,021
Return On Equity	Equal variances assumed	4,222	0,043	1,261	88,000	0,211	0,144	0,114
	Equal variances not assumed			1,060	38,834	0,296	0,144	0,136
Return On Assets	Equal variances assumed	2,004	0,160	-0,402	88,000	0,689	-0,012	0,031
	Equal variances not assumed			-0,361	49,676	0,720	-0,012	0,034
Net Profit Margin	Equal variances assumed	0,065	0,800	0,107	88,000	0,915	0,003	0,032
	Equal variances not assumed			0,109	79,241	0,914	0,003	0,031
Debt Ratio	Equal variances assumed	1,841	0,178	-1,119	88,000	0,266	-0,031	0,027
	Equal variances not assumed			-1,213	87,990	0,229	-0,031	0,025
Debt to Worth	Equal variances assumed	5,069	0,027	0,986	88,000	0,327	2,069	2,099
	Equal variances not assumed			0,805	35,283	0,426	2,069	2,571
Equity Ratio	Equal variances assumed	2,769	0,100	-1,212	88,000	0,229	-0,152	0,125
	Equal variances not assumed			-1,086	49,015	0,283	-0,152	0,140

3.5.2.2.2. Comparison of pre-IFRS and post2-IFRS

Table 100 presents the descriptive statistics for all selected ratios of both pre-IFRS and post-IFRS periods for CPR.

As shown in the Table below; CR is 1,41, ATR is 1,03, and, DR is 0,10 according to previous legislation, in pre-IFRS period, CR, ATR, and, DR increase to 1,69, 1,22, and, 1,11 respectively based on IFRS, in post2-IFRS period.

Meanwhile, IT, RT, AT, FA, GPM, OPM, ROE, ROA, NPM, and DW decrease to 8,17, 12,46, 1,09, 4,91, 0,19, 0,05, 0,07, 0,02, minus 0,02, and, 2,56 respectively based on the post2-IFRS period, whereas IT, RT, AT, FA, GPM, OPM, ROE, ROA, NPM, and DW are 11,67, 20,48, 1,54, 39,40, 0,22, 0,06, 0,20, 0,02, 0,02, and, 2,85 respectively based on pre-IFRS period,

Besides, EQ stays nearly the same for both periods.

Table 100: Descriptive Statistics for All Selected Ratios

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	pre-IFRS*	36	1,407	0,755	0,126
	post2-IFRS**	90	1,689	1,048	0,110
Acid Test Ratio	pre-IFRS*	36	1,027	0,653	0,109
	post2-IFRS**	90	1,216	0,857	0,090
Inventory Turnover	pre-IFRS*	36	11,665	13,050	2,175
	post2-IFRS**	90	8,166	7,329	0,773
Receivables Turnover	pre-IFRS*	36	20,482	57,874	9,646
	post2-IFRS**	90	12,458	21,095	2,224
Assets Turnover	pre-IFRS*	36	1,544	0,915	0,153
	post2-IFRS**	90	1,094	0,698	0,074
Fixed Asset Turnover	pre-IFRS*	35	39,395	112,671	19,045
	post2-IFRS**	90	4,909	4,666	0,492
Gross Profit Margin	pre-IFRS*	36	0,221	0,167	0,028
	post2-IFRS**	90	0,193	0,118	0,012
Operating Profit Margin	pre-IFRS*	36	0,064	0,104	0,017
	post2-IFRS**	90	0,046	0,109	0,011
Return On Equity	pre-IFRS*	36	0,203	0,794	0,132
	post2-IFRS**	90	0,069	0,334	0,035
Return On Assets	pre-IFRS*	36	0,024	0,187	0,031
	post2-IFRS**	90	0,018	0,149	0,016
Net Profit Margin	pre-IFRS*	36	0,022	0,140	0,023
	post2-IFRS**	90	-0,024	0,269	0,028
Debt Ratio	pre-IFRS*	36	0,097	0,095	0,016
	post2-IFRS**	90	0,111	0,113	0,012
Debt to Worth	pre-IFRS*	36	2,848	15,398	2,566
	post2-IFRS**	90	2,564	9,560	1,008
Equity Ratio	pre-IFRS*	36	0,333	0,765	0,128
	post2-IFRS**	90	0,304	0,933	0,098

*pre-IFRS covers the period 2002 to 2003
**post2-IFRS covers the period 2008 to 2012

Table 101 provides t-test for equality of means for all selected ratios of both pre-IFRS and post2-IFRS periods. So the Table presents statistics of the financial ratios in order to see whether there are statistically significant differences between domestic legislation and IFRS based on financial statements.

According to the statistical results, for eleven financial ratios based on financial statements of pre-IFRS period are not significantly different when compared to the ratios based on financial statements of post2-IFRS period. So, for these financial ratios of CPR hypotheses constructed (H_0) in the thesis are accepted.

But independent sample test demonstrates that CPR is statistically significant at 5% level with "t" statistics for AT and FA. Based on the statistical test (Sig.(2-tailed) is 0.003 for equal variances assumed and Sig.(2-tailed) is 0.010 for equal variances not assumed), hypotheses constructed (H_{AT0}) in the thesis is rejected. Based on the statistical test (Sig.(2-tailed) is 0.004 for equal variances assumed), hypotheses constructed (H_{FA0}) in the thesis is rejected.

Table 101: Independent Samples Test for All Selected Ratios

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	2,734	0,101	-1,466	124,000	0,145	-0,282	0,192
	Equal variances not assumed			-1,682	88,984	0,096	-0,282	0,167
Acid Test Ratio	Equal variances assumed	1,979	0,162	-1,190	124,000	0,236	-0,189	0,159
	Equal variances not assumed			-1,335	84,100	0,185	-0,189	0,141
Inventory Turnover	Equal variances assumed	4,673	0,033	1,906	124,000	0,059	3,498	1,835
	Equal variances not assumed			1,516	44,111	0,137	3,498	2,308
Receivables Turnover	Equal variances assumed	2,106	0,149	1,144	124,000	0,255	8,023	7,013
	Equal variances not assumed			0,811	38,776	0,423	8,023	9,899
Assets Turnover	Equal variances assumed	4,499	0,036	2,982	124,000	0,003	0,450	0,151
	Equal variances not assumed			2,658	52,080	0,010	0,450	0,169
Fixed Asset	Equal variances assumed	31,878	0,000	2,916	123,000	0,004	34,486	11,827

Turnover	Equal variances not assumed			1,810	34,045	0,079	34,486	19,051
Gross Profit Margin	Equal variances assumed	4,236	0,042	1,042	124,000	0,299	0,028	0,026
	Equal variances not assumed			0,902	49,624	0,372	0,028	0,031
Operating Profit Margin	Equal variances assumed	0,015	0,902	0,853	124,000	0,395	0,018	0,021
	Equal variances not assumed			0,869	67,250	0,388	0,018	0,021
Return On Equity	Equal variances assumed	3,110	0,080	1,331	124,000	0,185	0,133	0,100
	Equal variances not assumed			0,974	40,060	0,336	0,133	0,137
Return On Assets	Equal variances assumed	0,354	0,553	0,195	124,000	0,846	0,006	0,032
	Equal variances not assumed			0,177	53,641	0,860	0,006	0,035
Net Profit Margin	Equal variances assumed	3,639	0,059	0,972	124,000	0,333	0,046	0,047
	Equal variances not assumed			1,252	115,543	0,213	0,046	0,037
Debt Ratio	Equal variances assumed	1,641	0,203	-0,670	124,000	0,504	-0,014	0,021
	Equal variances not assumed			-0,722	76,464	0,472	-0,014	0,020
Debt to Worth	Equal variances assumed	0,881	0,350	0,125	124,000	0,901	0,284	2,270
	Equal variances not assumed			0,103	46,195	0,918	0,284	2,757
Equity Ratio	Equal variances assumed	0,050	0,823	0,165	124,000	0,869	0,029	0,175
	Equal variances not assumed			0,179	78,104	0,858	0,029	0,161

3.5.2.2.3. Comparison of post1-IFRS and post2-IFRS

Table 102 shows the descriptive statistics of fourteen selected financial ratios of both post1-IFRS and post2-IFRS periods for CPR.

As can be seen from the Table; FA is 4,67 and, DW is 0,78 according to IFRS, in post1-IFRS period, FA, and DW increase to 4,91, and, 2,56 respectively based on IFRS, in post2-IFRS period.

On the other hand, CR, IT, RT, AT, ROA, NPM, DR, and, EQ decrease to 1,69, 8,17, 12,46, 1,09, 0,02, minus 0,02, 0,11, and, 0,30 respectively based on the post2-IFRS period, whereas CR, IT, RT, AT, ROA NPM, DR, and, EQ are 1,75,

8,51, 14,16, 1,18, 0,04, 0,02, 0,13, and, 0,49 respectively based on post1-IFRS period. Also, ATR, GPM, OPM, and, ROA stay nearly the same for both terms.

Table 102: Descriptive Statistics for All Selected Ratios

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	post1-IFRS*	54	1,753	0,808	0,110
	post2-IFRS**	90	1,689	1,048	0,110
Acid Test Ratio	post1-IFRS*	54	1,221	0,668	0,091
	post2-IFRS**	90	1,216	0,857	0,090
Inventory Turnover	post1-IFRS*	54	1,753	0,808	0,110
	post2-IFRS**	90	1,689	1,048	0,110
Receivables Turnover	post1-IFRS*	54	8,509	6,373	0,867
	post2-IFRS**	90	8,166	7,329	0,773
Assets Turnover	post1-IFRS*	54	14,164	19,471	2,650
	post2-IFRS**	90	12,458	21,095	2,224
Fixed Asset Turnover	post1-IFRS*	54	1,180	0,765	0,104
	post2-IFRS**	90	1,094	0,698	0,074
Gross Profit Margin	post1-IFRS*	54	4,673	5,507	0,749
	post2-IFRS**	90	4,909	4,666	0,492
Operating Profit Margin	post1-IFRS*	54	0,189	0,126	0,017
	post2-IFRS**	90	0,193	0,118	0,012
Return On Equity	post1-IFRS*	54	0,036	0,085	0,012
	post2-IFRS**	90	0,046	0,109	0,011
Return On Assets	post1-IFRS*	54	0,059	0,227	0,031
	post2-IFRS**	90	0,069	0,334	0,035
Net Profit Margin	post1-IFRS*	54	0,037	0,104	0,014
	post2-IFRS**	90	0,018	0,149	0,016
Debt Ratio	post1-IFRS*	54	0,018	0,152	0,021
	post2-IFRS**	90	-0,024	0,269	0,028
Debt to Worth	post1-IFRS*	54	0,127	0,144	0,020
	post2-IFRS**	90	0,111	0,113	0,012
Equity Ratio	post1-IFRS*	54	0,778	1,198	0,163
	post2-IFRS**	90	2,564	9,560	1,008
Current Ratio	post1-IFRS*	54	0,485	0,418	0,057
	post2-IFRS**	90	0,304	0,933	0,098

*post1-IFRS covers the period 2005 to 2007
**post2-IFRS covers the period 2008 to 2012

Table 103 provides t-test for equality of means for all selected ratios of both post1-IFRS and post2-IFRS periods. So the Table presents statistics of the financial ratios in order to see whether there are statistically significant differences between domestic legislation and IFRS based on financial statements.

According to the statistical results, for all selected financial ratios based on financial statements of post1-IFRS period are not significantly different when compared to the ratios based on financial statements of post2-IFRS period. So, for all selected financial ratios of CPR hypotheses constructed (H_0) in the thesis are accepted.

Table 103: Independent Samples Test for All Selected Ratios

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	2,539	0,113	0,386	142,000	0,700	0,064	0,166
	Equal variances not assumed			0,412	133,183	0,681	0,064	0,156
Acid Test Ratio	Equal variances assumed	1,747	0,188	0,033	142,000	0,974	0,004	0,136
	Equal variances not assumed			0,035	132,386	0,972	0,004	0,128
Inventory Turnover	Equal variances assumed	2,539	0,113	0,386	142,000	0,700	0,064	0,166
	Equal variances not assumed			0,412	133,183	0,681	0,064	0,156
Receivables Turnover	Equal variances assumed	0,022	0,882	0,285	142,000	0,776	0,342	1,203
	Equal variances not assumed			0,295	123,987	0,769	0,342	1,161
Assets Turnover	Equal variances assumed	0,182	0,670	0,483	142,000	0,630	1,705	3,529
	Equal variances not assumed			0,493	118,838	0,623	1,705	3,459
Fixed Asset Turnover	Equal variances assumed	0,565	0,454	0,690	142,000	0,492	0,086	0,125
	Equal variances not assumed			0,674	103,815	0,502	0,086	0,127
Gross Profit Margin	Equal variances assumed	0,168	0,683	-0,274	142,000	0,784	-0,236	0,860
	Equal variances not assumed			-0,263	97,702	0,793	-0,236	0,896

Operating Profit Margin	Equal variances assumed	0,032	0,859	-0,203	142,000	0,840	-0,004	0,021
	Equal variances not assumed			-0,200	106,453	0,842	-0,004	0,021
Return On Equity	Equal variances assumed	2,625	0,107	-0,604	142,000	0,547	-0,010	0,017
	Equal variances not assumed			-0,642	132,571	0,522	-0,010	0,016
Return On Assets	Equal variances assumed	1,663	0,199	-0,206	142,000	0,837	-0,011	0,051
	Equal variances not assumed			-0,226	139,789	0,822	-0,011	0,047
Net Profit Margin	Equal variances assumed	1,168	0,282	0,803	142,000	0,423	0,018	0,023
	Equal variances not assumed			0,875	138,419	0,383	0,018	0,021
Debt Ratio	Equal variances assumed	4,238	0,041	1,065	142,000	0,289	0,043	0,040
	Equal variances not assumed			1,213	141,587	0,227	0,043	0,035
Debt to Worth	Equal variances assumed	0,366	0,546	0,752	142,000	0,453	0,016	0,022
	Equal variances not assumed			0,708	91,787	0,481	0,016	0,023
Equity Ratio	Equal variances assumed	3,887	0,051	-1,364	142,000	0,175	-1,785	1,309
	Equal variances not assumed			-1,749	93,614	0,084	-1,785	1,021
Current Ratio	Equal variances assumed	3,111	0,080	1,342	142,000	0,182	0,181	0,135
	Equal variances not assumed			1,589	133,426	0,114	0,181	0,114

3.5.2.3. IFRS Impact on Paper and Paper Products, Printing and Publishing

In this part of the thesis PPP is considered separately from other sub-sectors for the analysis. 14 firms' financial statements data are used for PPP in the analysis. IFRS impacts are shown for all selected ratios at the same time.

3.5.2.3.1. Comparison of pre-IFRS and post1-IFRS

Table 104 presents the descriptive statistics for all selected ratios of both pre-IFRS and post1-IFRS periods for PPP.

As can be seen from the Table; CR is 2,26, ATR is 1,52, IT is 9,67, RT is 6,85, and EQ is 0,60 according to previous legislation, in pre-IFRS period, CR, ATR, IT, RT, and EQ increase to 2,82, 2,00, 11,16, 7,32 and 0,63 respectively based on IFRS, in post-IFRS period.

Meanwhile, AT, FA, ROE, DR, and DW decrease to 1,07, 4,75, 0,06, and 0,10 respectively based on the post1-IFRS period, whereas AT, FA, ROE, DR, and DW are 1,26, 5,48, 0,11, 0,12, and 1,00 respectively based on pre-IFRS period.

Table 104: Descriptive Statistics for All Selected Ratios

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	pre-IFRS*	28	2,261	1,242	0,235
	post1-IFRS**	42	2,822	1,948	0,301
Acid Test Ratio	pre-IFRS*	28	1,521	0,973	0,184
	post1-IFRS**	42	1,995	1,525	0,235
Inventory Turnover	pre-IFRS*	28	9,668	7,388	1,396
	post1-IFRS**	42	11,161	12,309	1,899
Receivables Turnover	pre-IFRS*	28	6,848	3,334	0,630
	post1-IFRS**	42	7,316	5,933	0,915
Assets Turnover	pre-IFRS*	28	1,257	0,493	0,093
	post1-IFRS**	42	1,074	0,315	0,049
Fixed Asset Turnover	pre-IFRS*	28	5,481	10,225	1,932
	post1-IFRS**	42	4,754	6,960	1,074
Gross Profit Margin	pre-IFRS*	28	0,287	0,111	0,021
	post1-IFRS**	42	0,290	0,146	0,023
Operating Profit Margin	pre-IFRS*	28	0,079	0,076	0,014
	post1-IFRS**	42	0,077	0,114	0,018
Return On Equity	pre-IFRS*	28	0,106	0,173	0,033
	post1-IFRS**	42	0,062	0,231	0,036
Return On Assets	pre-IFRS*	28	0,062	0,069	0,013
	post1-IFRS**	42	0,052	0,083	0,013
Net Profit Margin	pre-IFRS*	28	0,055	0,060	0,011
	post1-IFRS**	42	0,055	0,094	0,014
Debt Ratio	pre-IFRS*	28	0,124	0,125	0,024
	post1-IFRS**	42	0,104	0,112	0,017
Debt to Worth	pre-IFRS*	28	0,991	1,031	0,195
	post1-IFRS**	42	0,926	1,220	0,188
Equity Ratio	pre-IFRS*	28	0,596	0,201	0,038
	post1-IFRS**	42	0,626	0,231	0,036

*pre-IFRS covers the period 2002 to 2003
**post1-IFRS covers the period 2005 to 2007

Table 105 provides t-test for equality of means for all selected ratios of both pre-IFRS and post1-IFRS periods. So the Table presents statistics of the financial ratios in order to see whether there are statistically significant differences between domestic legislation and IFRS based on financial statements.

According to the statistical results, fourteen financial ratios based on financial statements of pre-IFRS period are not significantly different when compared to the ratios based on financial statements of post1-IFRS period. So, for all financial ratios of PPP hypotheses constructed (H_0) in the thesis are accepted.

Table 105: Independent Samples Test for All Selected Ratios

		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	5,117	0,027	-1,352	68,000	0,181	-0,562	0,416
	Equal variances not assumed			-1,473	67,903	0,145	-0,562	0,381
Acid Test Ratio	Equal variances assumed	3,115	0,082	-1,458	68,000	0,149	-0,474	0,325
	Equal variances not assumed			-1,589	67,910	0,117	-0,474	0,299
Inventory Turnover	Equal variances assumed	3,174	0,079	-0,576	68,000	0,567	-1,493	2,594
	Equal variances not assumed			-0,633	67,398	0,529	-1,493	2,357
Receivables Turnover	Equal variances assumed	1,368	0,246	-0,379	68,000	0,706	-0,469	1,235
	Equal variances not assumed			-0,422	66,413	0,675	-0,469	1,111
Assets Turnover	Equal variances assumed	8,852	0,004	1,902	68,000	0,061	0,183	0,096
	Equal variances not assumed			1,746	41,681	0,088	0,183	0,105
Fixed Asset Turnover	Equal variances assumed	0,160	0,690	0,354	68,000	0,724	0,727	2,052
	Equal variances not assumed			0,329	43,521	0,744	0,727	2,211
Gross Profit Margin	Equal variances assumed	3,799	0,055	-0,106	68,000	0,916	-0,003	0,032
	Equal variances not assumed			-0,112	66,779	0,911	-0,003	0,031
Operating Profit	Equal variances assumed	1,776	0,187	0,059	68,000	0,953	0,001	0,025

Margin	Equal variances not assumed			0,064	67,998	0,950	0,001	0,023
Return On Equity	Equal variances assumed	0,395	0,532	0,875	68,000	0,385	0,045	0,051
	Equal variances not assumed			0,926	66,951	0,358	0,045	0,048
Return On Assets	Equal variances assumed	1,013	0,318	0,489	68,000	0,627	0,009	0,019
	Equal variances not assumed			0,507	64,487	0,614	0,009	0,018
Net Profit Margin	Equal variances assumed	3,573	0,063	-0,010	68,000	0,992	0,000	0,020
	Equal variances not assumed			-0,011	67,944	0,991	0,000	0,018
Debt Ratio	Equal variances assumed	1,001	0,321	0,711	68,000	0,479	0,020	0,029
	Equal variances not assumed			0,696	53,729	0,489	0,020	0,029
Debt to Worth	Equal variances assumed	0,159	0,691	0,230	68,000	0,819	0,064	0,280
	Equal variances not assumed			0,238	64,132	0,813	0,064	0,271
Equity Ratio	Equal variances assumed	1,135	0,290	-0,564	68,000	0,574	-0,030	0,054
	Equal variances not assumed			-0,581	63,239	0,564	-0,030	0,052

3.5.2.3.2. Comparison of pre-IFRS and post2-IFRS

Table 106 shows the descriptive statistics of fourteen selected financial ratios of both pre-IFRS and post2-IFRS periods for PPP.

As can be seen from the Table; CR is 2,26, ATR is 1,52, IT is 9,67, RT is 6,85, FA is 5,48, and, DW is 1,00 according to IFRS, in pre-IFRS period, CR, ATR, RT, FA, and DW increase to 2,57, 1,81, 11,83, 7,12, 6,97, and, 1,54 respectively based on IFRS, in post2-IFRS period.

On the other hand, AT, ROE, ROA, NPM, and, EQ decrease to 1,02, 0,00, 0,03, 0,03, and, 0,56 respectively based on the post2-IFRS period, whereas AT, ROE, ROA, NPM, and, EQ are 1,26, 0,11, 0,06, 0,06, and, 0,60 respectively based on pre-IFRS period. Also, GPM, OPM, and, DR stay nearly the same for both terms.

Table 106: Descriptive Statistics for All Selected Ratios

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	pre-IFRS*	28	2,261	1,242	0,235
	post2-IFRS**	70	2,567	1,935	0,231
Acid Test Ratio	pre-IFRS*	28	1,521	0,973	0,184
	post2-IFRS**	70	1,814	1,324	0,158
Inventory Turnover	pre-IFRS*	28	2,261	1,242	0,235
	post2-IFRS**	70	2,567	1,935	0,231
Receivables Turnover	pre-IFRS*	28	9,668	7,388	1,396
	post2-IFRS**	70	11,832	13,669	1,634
Assets Turnover	pre-IFRS*	28	6,848	3,334	0,630
	post2-IFRS**	70	7,123	8,001	0,956
Fixed Asset Turnover	pre-IFRS*	28	1,257	0,493	0,093
	post2-IFRS**	70	1,021	0,348	0,042
Gross Profit Margin	pre-IFRS*	28	5,481	10,225	1,932
	post2-IFRS**	70	6,965	13,266	1,586
Operating Profit Margin	pre-IFRS*	28	0,287	0,111	0,021
	post2-IFRS**	70	0,296	0,143	0,017
Return On Equity	pre-IFRS*	28	0,079	0,076	0,014
	post2-IFRS**	70	0,072	0,149	0,018
Return On Assets	pre-IFRS*	28	0,106	0,173	0,033
	post2-IFRS**	70	0,001	0,442	0,053
Net Profit Margin	pre-IFRS*	28	0,062	0,069	0,013
	post2-IFRS**	70	0,034	0,131	0,016
Debt Ratio	pre-IFRS*	28	0,055	0,060	0,011
	post2-IFRS**	70	0,026	0,166	0,020
Debt to Worth	pre-IFRS*	28	0,124	0,125	0,024
	post2-IFRS**	70	0,108	0,125	0,015
Equity Ratio	pre-IFRS*	28	0,991	1,031	0,195
	post2-IFRS**	70	1,544	2,808	0,336
Current Ratio	pre-IFRS*	28	0,596	0,201	0,038
	post2-IFRS**	70	0,558	0,244	0,029

*pre-IFRS covers the period 2002 to 2003
**post2-IFRS covers the period 2008 to 2012

Table 107 provides t-test for equality of means for all selected ratios of both pre-IFRS and post2-IFRS periods. So the Table presents statistics of the financial ratios in order to see whether there are statistically significant differences between domestic legislation and IFRS based on financial statements.

According to the statistical results, for thirteen financial ratios, except AT, based on financial statements of pre-IFRS period are not significantly different when compared to the ratios based on financial statements of post2-IFRS period. So, for these financial ratios of PPP hypotheses constructed in the thesis are accepted.

But independent sample test demonstrates that PPP is statistically significant at 5% level with "t" statistics for only AT. Based on the statistical test (Sig.(2-tailed) is 0.009 for equal variances assumed and Sig.(2-tailed) is 0.026 for equal variances not assumed), hypotheses constructed (H_{AT0}) in the thesis is rejected.

Table 107: Independent Samples Test for All Selected Ratios

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	7,681	0,007	-0,776	96,000	0,440	-0,307	0,395
	Equal variances not assumed			-0,930	76,642	0,355	-0,307	0,329
Acid Test Ratio	Equal variances assumed	1,897	0,172	-1,063	96,000	0,290	-0,294	0,276
	Equal variances not assumed			-1,210	67,334	0,230	-0,294	0,243
Inventory Turnover	Equal variances assumed	7,681	0,007	-0,776	96,000	0,440	-0,307	0,395
	Equal variances not assumed			-0,930	76,642	0,355	-0,307	0,329
Receivables Turnover	Equal variances assumed	4,223	0,043	-0,791	96,000	0,431	-2,164	2,735
	Equal variances not assumed			-1,007	87,423	0,317	-2,164	2,149
Assets Turnover	Equal variances assumed	3,636	0,060	-0,176	96,000	0,861	-0,276	1,567
	Equal variances not assumed			-0,241	95,782	0,810	-0,276	1,145
Fixed Asset Turnover	Equal variances assumed	6,561	0,012	2,682	96,000	0,009	0,236	0,088
	Equal variances not assumed			2,316	38,225	0,026	0,236	0,102
Gross Profit Margin	Equal variances assumed	1,195	0,277	-0,532	96,000	0,596	-1,484	2,792
	Equal variances not assumed			-0,594	64,207	0,555	-1,484	2,500
Operating Profit	Equal variances assumed	3,774	0,055	-0,304	96,000	0,761	-0,009	0,030

Margin	Equal variances not assumed			-0,340	64,123	0,735	-0,009	0,027
Return On Equity	Equal variances assumed	2,826	0,096	0,227	96,000	0,821	0,007	0,030
	Equal variances not assumed			0,295	90,293	0,769	0,007	0,023
Return On Assets	Equal variances assumed	5,143	0,026	1,218	96,000	0,226	0,105	0,086
	Equal variances not assumed			1,690	95,992	0,094	0,105	0,062
Net Profit Margin	Equal variances assumed	7,083	0,009	1,074	96,000	0,286	0,028	0,026
	Equal variances not assumed			1,376	88,558	0,172	0,028	0,020
Debt Ratio	Equal variances assumed	9,344	0,003	0,895	96,000	0,373	0,029	0,032
	Equal variances not assumed			1,263	95,455	0,210	0,029	0,023
Debt to Worth	Equal variances assumed	0,043	0,837	0,578	96,000	0,565	0,016	0,028
	Equal variances not assumed			0,579	49,962	0,566	0,016	0,028
Equity Ratio	Equal variances assumed	3,091	0,082	-1,013	96,000	0,313	-0,554	0,546
	Equal variances not assumed			-1,426	95,596	0,157	-0,554	0,388
Current Ratio	Equal variances assumed	3,378	0,069	0,727	96,000	0,469	0,038	0,052
	Equal variances not assumed			0,790	60,204	0,432	0,038	0,048

3.5.2.3.3. Comparison of post1-IFRS and post2-IFRS

Table 108 shows the descriptive statistics of fourteen selected financial ratios of both post1-IFRS and post2-IFRS periods for PPP.

As can be seen from the Table; IT is 11,16, FA is 4,75, and, DW is 0,92 according to IFRS, in post1-IFRS period, IT, FA, and DW increase to 11,83, 6,97, and, 1,54 respectively based on IFRS, in post2-IFRS period.

On the other hand, CR, ATR, ROE, ROA, NPM, and, EQ decrease to 2,57, 1,81, 0,00, 0,03, 0,03,, and, 0,56 respectively based on the post2-IFRS period, whereas CR, ATR, ROE, ROA, NPM, and, EQ are 2,82, 2,00, 0,06, 0,05, 0,06, and, 0,62 respectively based on post1-IFRS period. Also, RT, AT, GPM, OPM, and, DR stay nearly the same for both terms.

Table 108: Descriptive Statistics for All Selected Ratios

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	post1-IFRS*	42	2,822	1,948	0,301
	post2-IFRS**	70	2,567	1,935	0,231
Acid Test Ratio	post1-IFRS*	42	1,995	1,525	0,235
	post2-IFRS**	70	1,814	1,324	0,158
Inventory Turnover	post1-IFRS*	42	11,161	12,309	1,899
	post2-IFRS**	70	11,832	13,669	1,634
Receivables Turnover	post1-IFRS*	42	7,316	5,933	0,915
	post2-IFRS**	70	7,123	8,001	0,956
Assets Turnover	post1-IFRS*	42	1,074	0,315	0,049
	post2-IFRS**	70	1,021	0,348	0,042
Fixed Asset Turnover	post1-IFRS*	42	4,754	6,960	1,074
	post2-IFRS**	70	6,965	13,266	1,586
Gross Profit Margin	post1-IFRS*	42	0,290	0,146	0,023
	post2-IFRS**	70	0,296	0,143	0,017
Operating Profit Margin	post1-IFRS*	42	0,077	0,114	0,018
	post2-IFRS**	70	0,072	0,149	0,018
Return On Equity	post1-IFRS*	42	0,062	0,231	0,036
	post2-IFRS**	70	0,001	0,442	0,053
Return On Assets	post1-IFRS*	42	0,052	0,083	0,013
	post2-IFRS**	70	0,034	0,131	0,016
Net Profit Margin	post1-IFRS*	42	0,055	0,094	0,014
	post2-IFRS**	70	0,026	0,166	0,020
Debt Ratio	post1-IFRS*	42	0,104	0,112	0,017
	post2-IFRS**	70	0,108	0,125	0,015
Debt to Worth	post1-IFRS*	42	0,926	1,220	0,188
	post2-IFRS**	70	1,544	2,808	0,336
Equity Ratio	post1-IFRS*	42	0,626	0,231	0,036
	post2-IFRS**	70	0,558	0,244	0,029

*post1-IFRS covers the period 2005 to 2007
**post2-IFRS covers the period 2008 to 2012

Table 109 provides t-test for equality of means for all selected ratios of both post1-IFRS and post2-IFRS periods. So the Table presents statistics of the financial ratios in order to see whether there are statistically significant differences between domestic legislation and IFRS based on financial statements.

According to the statistical results, for all selected financial ratios based on financial statements of post1-IFRS period are not significantly different when compared to the ratios based on financial statements of post2-IFRS period. So, for all financial ratios of PPP hypotheses constructed (H_0) in the thesis are accepted.

Table 109: Independent Samples Test for All Selected Ratios

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	0,062	0,803	0,674	110,000	0,502	0,255	0,379
	Equal variances not assumed			0,673	85,997	0,503	0,255	0,379
Acid Test Ratio	Equal variances assumed	0,529	0,469	0,660	110,000	0,510	0,181	0,274
	Equal variances not assumed			0,637	77,098	0,526	0,181	0,284
Inventory Turnover	Equal variances assumed	0,201	0,655	-0,261	110,000	0,795	-0,671	2,572
	Equal variances not assumed			-0,268	93,654	0,789	-0,671	2,505
Receivables Turnover	Equal variances assumed	1,163	0,283	0,135	110,000	0,893	0,193	1,425
	Equal variances not assumed			0,146	105,006	0,884	0,193	1,324
Assets Turnover	Equal variances assumed	1,150	0,286	0,806	110,000	0,422	0,053	0,066
	Equal variances not assumed			0,826	93,217	0,411	0,053	0,064
Fixed Asset Turnover	Equal variances assumed	3,177	0,077	-1,000	110,000	0,320	-2,211	2,212
	Equal variances not assumed			-1,155	108,427	0,251	-2,211	1,915
Gross Profit Margin	Equal variances assumed	0,023	0,881	-0,204	110,000	0,838	-0,006	0,028
	Equal variances not assumed			-0,203	85,273	0,839	-0,006	0,028
Operating Profit Margin	Equal variances assumed	0,568	0,453	0,198	110,000	0,843	0,005	0,027
	Equal variances not assumed			0,212	103,456	0,833	0,005	0,025
Return On Equity	Equal variances assumed	4,904	0,029	0,819	110,000	0,415	0,060	0,074
	Equal variances not assumed			0,946	108,287	0,346	0,060	0,064

Return On Assets	Equal variances assumed	5,295	0,023	0,834	110,000	0,406	0,019	0,023
	Equal variances not assumed			0,930	109,633	0,355	0,019	0,020
Net Profit Margin	Equal variances assumed	5,430	0,022	1,040	110,000	0,301	0,029	0,028
	Equal variances not assumed			1,186	109,668	0,238	0,029	0,025
Debt Ratio	Equal variances assumed	0,947	0,333	-0,179	110,000	0,858	-0,004	0,024
	Equal variances not assumed			-0,184	93,910	0,854	-0,004	0,023
Debt to Worth	Equal variances assumed	3,624	0,060	-1,350	110,000	0,180	-0,618	0,458
	Equal variances not assumed			-1,606	102,213	0,111	-0,618	0,385
Equity Ratio	Equal variances assumed	0,566	0,453	1,456	110,000	0,148	0,068	0,047
	Equal variances not assumed			1,477	90,354	0,143	0,068	0,046

3.5.2.4. IFRS Impact on Basic Metal Industries

In this part of the thesis BMI is considered separately from other sub-sectors for the analysis. 16 firms' financial statements data are used for BMI in the analysis. IFRS impacts are shown for all selected ratios at the same time.

3.5.2.4.1. Comparison of pre-IFRS and post1-IFRS

Table 110 presents the descriptive statistics for all selected ratios of both pre-IFRS and post-IFRS periods for BMI.

As can be seen from the Table; CR is 1,28, ATR is 0,74, RT is 14,71, GPM is 0,13, OPM is 0,01, ROE is minus 0,15, ROA is minus 0,00, NPM is minus 0,04 and EQ is 0,39 according to previous legislation, in pre-IFRS period, CR, ATR, RT, GPM, OPM, ROE, ROA and EQ increase to 1,96, 0,97, 26,43, 0,16, 0,07, 0,18, 0,03, minus 0,02, and 0,50 respectively based on IFRS, in post1-IFRS period.

Meanwhile, IT, AT, FA, and DW decrease to 5,04, 1,17, 3,82, and 0,94 respectively based on the post1-IFRS period, whereas IT, AT, FA, and DW are 6,37, 1,27, 3,97, and 1,39 respectively based on pre-IFRS period.

Also, DR stays nearly the same for both terms.

Table 110: Descriptive Statistics for All Selected Ratios

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	pre-IFRS*	32	1,278	1,029	0,182
	post1-IFRS**	48	1,960	1,808	0,261
Acid Test Ratio	pre-IFRS*	32	0,741	0,544	0,096
	post1-IFRS**	48	0,970	1,003	0,145
Inventory Turnover	pre-IFRS*	32	6,371	2,743	0,485
	post1-IFRS**	48	5,044	2,506	0,362
Receivables Turnover	pre-IFRS*	32	14,710	17,128	3,028
	post1-IFRS**	48	26,425	72,728	10,497
Assets Turnover	pre-IFRS*	32	1,269	0,660	0,117
	post1-IFRS**	48	1,172	0,610	0,088
Fixed Asset Turnover	pre-IFRS*	32	3,965	3,538	0,625
	post1-IFRS**	48	3,828	3,689	0,533
Gross Profit Margin	pre-IFRS*	32	0,129	0,093	0,016
	post1-IFRS**	48	0,157	0,123	0,018
Operating Profit Margin	pre-IFRS*	32	0,011	0,098	0,017
	post1-IFRS**	48	0,068	0,111	0,016
Return On Equity	pre-IFRS*	32	-0,147	1,162	0,205
	post1-IFRS**	48	0,181	0,635	0,092
Return On Assets	pre-IFRS*	32	-0,003	0,198	0,035
	post1-IFRS**	48	0,027	0,210	0,030
Net Profit Margin	pre-IFRS*	32	-0,044	0,253	0,045
	post1-IFRS**	48	-0,024	0,481	0,069
Debt Ratio	pre-IFRS*	32	0,151	0,140	0,025
	post1-IFRS**	48	0,144	0,165	0,024
Debt to Worth	pre-IFRS*	32	1,391	2,618	0,463
	post1-IFRS**	48	0,936	0,875	0,126
Equity Ratio	pre-IFRS*	32	0,389	0,309	0,055
	post1-IFRS**	48	0,499	0,390	0,056

*pre-IFRS covers the period 2002 to 2003
**post1-IFRS covers the period 2005 to 2007

Table 111 provides t-test for equality of means for all selected ratios of both pre-IFRS and post1-IFRS periods. In other words the Table presents statistics of the financial ratios in order to see whether there are statistically significant differences between domestic legislation and IFRS based on financial statements.

According to the statistical results, eleven financial ratios based on financial statements of pre-IFRS period are not significantly different when compared to the ratios based on financial statements of post1-IFRS period. So, for all financial ratios, except CR, IT, OPM, of BMI, hypotheses constructed (H_0) in the thesis are accepted.

But, independent sample test demonstrates that CR, IT, and OPM are statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.035 for equal variances not assumed), hypotheses constructed (H_{CR0}) in the thesis is rejected. Based on the statistical test (Sig.(2-tailed) is 0.028 for equal variances assumed and Sig.(2-tailed) is 0.032 for equal variances not assumed), hypotheses constructed (H_{IT0}) in the thesis is rejected. Based on the statistical test (Sig.(2-tailed) is 0.021 for equal variances assumed and Sig.(2-tailed) is 0.018 for equal variances not assumed), hypotheses constructed (H_{OPM0}) in the thesis is rejected.

Table 111: Independent Samples Test for All Selected Ratios

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	1,093	0,299	-1,931	78,000	0,057	-0,681	0,353
	Equal variances not assumed			-2,141	76,427	0,035	-0,681	0,318
Acid Test Ratio	Equal variances assumed	1,253	0,266	-1,184	78,000	0,240	-0,230	0,194
	Equal variances not assumed			-1,322	75,369	0,190	-0,230	0,174
Inventory Turnover	Equal variances assumed	0,239	0,627	2,233	78,000	0,028	1,327	0,594
	Equal variances not assumed			2,193	62,354	0,032	1,327	0,605
Receivables Turnover	Equal variances assumed	3,210	0,077	-0,893	78,000	0,375	-11,714	13,118
	Equal variances not assumed			-1,072	54,573	0,288	-11,714	10,925
Assets Turnover	Equal variances assumed	0,866	0,355	0,675	78,000	0,502	0,097	0,144
	Equal variances not assumed			0,664	62,909	0,509	0,097	0,146
Fixed Asset Turnover	Equal variances assumed	0,294	0,589	0,165	78,000	0,870	0,136	0,828

	Equal variances not assumed			0,166	68,492	0,869	0,136	0,821
Gross Profit Margin	Equal variances assumed	1,040	0,311	-1,093	78,000	0,278	-0,028	0,026
	Equal variances not assumed			-1,155	76,728	0,252	-0,028	0,024
Operating Profit Margin	Equal variances assumed	0,086	0,770	-2,352	78,000	0,021	-0,057	0,024
	Equal variances not assumed			-2,411	71,944	0,018	-0,057	0,024
Return On Equity	Equal variances assumed	7,185	0,009	-1,626	78,000	0,108	-0,328	0,202
	Equal variances not assumed			-1,457	43,443	0,152	-0,328	0,225
Return On Assets	Equal variances assumed	1,361	0,247	-0,625	78,000	0,533	-0,029	0,047
	Equal variances not assumed			-0,633	69,219	0,529	-0,029	0,046
Net Profit Margin	Equal variances assumed	0,012	0,912	-0,216	78,000	0,830	-0,020	0,093
	Equal variances not assumed			-0,242	74,596	0,810	-0,020	0,083
Debt Ratio	Equal variances assumed	0,011	0,917	0,204	78,000	0,839	0,007	0,036
	Equal variances not assumed			0,211	73,423	0,833	0,007	0,034
Debt to Worth	Equal variances assumed	15,531	0,000	1,117	78,000	0,268	0,455	0,407
	Equal variances not assumed			0,948	35,654	0,349	0,455	0,480
Equity Ratio	Equal variances assumed	0,782	0,379	-1,347	78,000	0,182	-0,111	0,082
	Equal variances not assumed			-1,411	75,581	0,162	-0,111	0,078

3.5.2.4.2. Comparison of pre-IFRS and post2-IFRS

Table 112 presents the descriptive statistics for all selected ratios of both pre-IFRS and post2-IFRS periods for BMI.

As can be seen from the Table; CR is 1,28, ATR is 0,74, OPM is 0,01, ROE is minus 0,15, ROA is minus 0,00, NPM is minus 0,04, and EQ is 0,39 according to previous legislation, in pre-IFRS period, CR, ATR, OPM, ROE, ROA and EQ increase to 1,76, 0,96, 0,03, 0,03, 0,02, minus 0,01, and 0,46 respectively based on IFRS, in post2-IFRS period.

Meanwhile, IT, RT, AT, FA, GPM, and DW decrease to 5,36, 8,91, 1,09, 3,81, 0,12,, and 0,81 respectively based on the post2-IFRS period, whereas IT, RT, AT, FA, GPM, and DW are 6,37, 14,71, 1,27, 3,97, 0,13, and 1,40 respectively based on pre-IFRS period.

Also, DR stays nearly the same for both terms.

Table 112: Descriptive Statistics for All Selected Ratios

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	pre-IFRS*	32	1,278	1,029	0,182
	post2-IFRS**	80	1,758	1,478	0,165
Acid Test Ratio	pre-IFRS*	32	0,741	0,544	0,096
	post2-IFRS**	80	0,959	0,989	0,111
Inventory Turnover	pre-IFRS*	32	1,278	1,029	0,182
	post2-IFRS**	80	1,758	1,478	0,165
Receivables Turnover	pre-IFRS*	32	6,371	2,743	0,485
	post2-IFRS**	80	5,362	3,907	0,437
Assets Turnover	pre-IFRS*	32	14,710	17,128	3,028
	post2-IFRS**	80	8,914	7,041	0,787
Fixed Asset Turnover	pre-IFRS*	32	1,269	0,660	0,117
	post2-IFRS**	80	1,090	0,545	0,061
Gross Profit Margin	pre-IFRS*	32	3,965	3,538	0,625
	post2-IFRS**	80	3,811	4,452	0,498
Operating Profit Margin	pre-IFRS*	32	0,129	0,093	0,016
	post2-IFRS**	80	0,118	0,088	0,010
Return On Equity	pre-IFRS*	32	0,011	0,098	0,017
	post2-IFRS**	80	0,026	0,106	0,012
Return On Assets	pre-IFRS*	32	-0,147	1,162	0,205
	post2-IFRS**	80	0,028	0,204	0,023
Net Profit Margin	pre-IFRS*	32	-0,003	0,198	0,035
	post2-IFRS**	80	0,015	0,093	0,010
Debt Ratio	pre-IFRS*	32	-0,044	0,253	0,045
	post2-IFRS**	80	-0,005	0,130	0,015
Debt to Worth	pre-IFRS*	32	0,151	0,140	0,025
	post2-IFRS**	80	0,147	0,113	0,013
Equity Ratio	pre-IFRS*	32	1,391	2,618	0,463
	post2-IFRS**	80	0,808	1,439	0,161
Current Ratio	pre-IFRS*	32	0,389	0,309	0,055
	post2-IFRS**	80	0,463	0,280	0,031

*pre-IFRS covers the period 2002 to 2003
**post2-IFRS covers the period 2008 to 2012

Table 113 provides t-test for equality of means for all selected ratios of both pre-IFRS and post2-IFRS periods. In other words the Table presents statistics of the financial ratios in order to see whether there are statistically significant differences between domestic legislation and IFRS based on financial statements.

According to the statistical results, thirteen financial ratios based on financial statements of pre-IFRS period are not significantly different when compared to the ratios based on financial statements of post2-IFRS period. So, for all financial ratios, except RT, of BMI, hypotheses constructed (H_0) in the thesis are accepted.

But, independent sample test demonstrates that RT is statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.012 for equal variances assumed and Sig.(2-tailed) is 0.072 for equal variances not assumed), hypotheses constructed (H_{RT0}) in the thesis is rejected.

Table 113: Independent Samples Test for All Selected Ratios

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	0,609	0,437	-1,676	110,000	0,097	-0,479	0,286
	Equal variances not assumed			-1,949	81,487	0,055	-0,479	0,246
Acid Test Ratio	Equal variances assumed	0,938	0,335	-1,181	110,000	0,240	-0,219	0,185
	Equal variances not assumed			-1,494	99,158	0,138	-0,219	0,146
Inventory Turnover	Equal variances assumed	0,609	0,437	-1,676	110,000	0,097	-0,479	0,286
	Equal variances not assumed			-1,949	81,487	0,055	-0,479	0,246
Receivables Turnover	Equal variances assumed	1,066	0,304	1,333	110,000	0,185	1,009	0,757
	Equal variances not assumed			1,546	80,824	0,126	1,009	0,653
Assets Turnover	Equal variances assumed	17,313	0,000	2,548	110,000	0,012	5,796	2,275
	Equal variances not assumed			1,853	35,269	0,072	5,796	3,129
Fixed Asset Turnover	Equal variances assumed	4,127	0,045	1,472	110,000	0,144	0,179	0,121
	Equal variances not assumed			1,356	48,806	0,181	0,179	0,132

Gross Profit Margin	Equal variances assumed	0,001	0,971	0,175	110,000	0,862	0,154	0,882
	Equal variances not assumed			0,193	71,456	0,848	0,154	0,799
Operating Profit Margin	Equal variances assumed	0,120	0,729	0,590	110,000	0,557	0,011	0,019
	Equal variances not assumed			0,575	54,254	0,568	0,011	0,019
Return On Equity	Equal variances assumed	0,013	0,908	-0,683	110,000	0,496	-0,015	0,022
	Equal variances not assumed			-0,707	61,607	0,482	-0,015	0,021
Return On Assets	Equal variances assumed	26,094	0,000	-1,304	110,000	0,195	-0,175	0,134
	Equal variances not assumed			-0,845	31,764	0,404	-0,175	0,207
Net Profit Margin	Equal variances assumed	13,623	0,000	-0,628	110,000	0,531	-0,017	0,027
	Equal variances not assumed			-0,472	36,534	0,640	-0,017	0,037
Debt Ratio	Equal variances assumed	9,602	0,002	-1,078	110,000	0,283	-0,039	0,036
	Equal variances not assumed			-0,833	37,703	0,410	-0,039	0,047
Debt to Worth	Equal variances assumed	1,795	0,183	0,172	110,000	0,864	0,004	0,025
	Equal variances not assumed			0,157	47,914	0,876	0,004	0,028
Equity Ratio	Equal variances assumed	10,063	0,002	1,508	110,000	0,134	0,583	0,387
	Equal variances not assumed			1,190	38,723	0,241	0,583	0,490
Current Ratio	Equal variances assumed	1,855	0,176	-1,228	110,000	0,222	-0,074	0,060
	Equal variances not assumed			-1,176	52,449	0,245	-0,074	0,063

3.5.2.4.3. Comparison of post1-IFRS and post2-IFRS

Table 114 presents the descriptive statistics for all selected ratios of both pre-IFRS and post2-IFRS periods for BMI.

As can be seen from the Table; AT is 5,04, and NPM is minus 0,02 according to legislation, in post1-IFRS period, AT and NPM increase to 5,36 and minus 0,01 respectively based on IFRS, in post2-IFRS period.

Meanwhile, CR, ATR, RT, AT, GPM, OPM, ROE, ROA, DW, and EQ decrease to 1,76, 0,96, 8,91, 1,09, 0,12, 0,03, 0,03, 0,02, 0,80 and 0,46 respectively

based on the post2-IFRS period, whereas CR, ATR, RT, AT, GPM, OPM, ROE, ROA, DW and EQ are 1,96, 0,97, 26,43, 1,17, 0,16, 0,07, 0,18, 0,03, 0,94, and 0,50 respectively based on post1-IFRS period.

Also, FA and DR stay nearly the same for both terms.

Table 114: Descriptive Statistics for All Selected Ratios

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	post1-IFRS*	48	1,960	1,808	0,261
	post2-IFRS**	80	1,758	1,478	0,165
Acid Test Ratio	post1-IFRS*	48	0,970	1,003	0,145
	post2-IFRS**	80	0,959	0,989	0,111
Inventory Turnover	post1-IFRS*	48	5,044	2,506	0,362
	post2-IFRS**	80	5,362	3,907	0,437
Receivables Turnover	post1-IFRS*	48	26,425	72,728	10,497
	post2-IFRS**	80	8,914	7,041	0,787
Assets Turnover	post1-IFRS*	48	1,172	0,610	0,088
	post2-IFRS**	80	1,090	0,545	0,061
Fixed Asset Turnover	post1-IFRS*	48	3,828	3,689	0,533
	post2-IFRS**	80	3,811	4,452	0,498
Gross Profit Margin	post1-IFRS*	48	0,157	0,123	0,018
	post2-IFRS**	80	0,118	0,088	0,010
Operating Profit Margin	post1-IFRS*	48	0,068	0,111	0,016
	post2-IFRS**	80	0,026	0,106	0,012
Return On Equity	post1-IFRS*	48	0,181	0,635	0,092
	post2-IFRS**	80	0,028	0,204	0,023
Return On Assets	post1-IFRS*	48	0,027	0,210	0,030
	post2-IFRS**	80	0,015	0,093	0,010
Net Profit Margin	post1-IFRS*	48	-0,024	0,481	0,069
	post2-IFRS**	80	-0,005	0,130	0,015
Debt Ratio	post1-IFRS*	48	0,144	0,165	0,024
	post2-IFRS**	80	0,147	0,113	0,013
Debt to Worth	post1-IFRS*	48	0,936	0,875	0,126
	post2-IFRS**	80	0,808	1,439	0,161
Equity Ratio	post1-IFRS*	48	0,499	0,390	0,056
	post2-IFRS**	80	0,463	0,280	0,031

*post1-IFRS covers the period 2005 to 2007
**post2-IFRS covers the period 2008 to 2012

Table 115 provides t-test for equality of means for all selected ratios of both post1-IFRS and post2-IFRS periods. In other words the Table presents statistics of the financial ratios in order to see whether there are statistically significant differences between local legislation and IFRS based on financial statements.

According to the statistical results, ten financial ratios based on financial statements of post1-IFRS period are not significantly different when compared to the ratios based on financial statements of post2-IFRS period. So, for ten financial ratios, except RT, GPM, OPM, ROE, of BMI hypothesis constructed (H_0) in the thesis are accepted.

But, independent sample test demonstrates that RT, GPM, OPM, ROE are statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.034 for equal variances assumed), hypothesis constructed (H_{RT0}) in the thesis is rejected. Based on the statistical test (Sig.(2-tailed) is 0.039 for equal variances assumed), hypothesis constructed (H_{GPM0}) in the thesis is rejected. Based on the statistical test (Sig.(2-tailed) is 0.035 for equal variances assumed and Sig.(2-tailed) is 0.038 for equal variances not assumed), hypothesis constructed (H_{OPM0}) in the thesis is rejected. Based on the statistical test (Sig.(2-tailed) is 0.048 for equal variances assumed), hypothesis constructed (H_{ROE0}) in the thesis is rejected.

Table 115: Independent Samples Test for All Selected Ratios

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	0,257	0,613	0,688	126,000	0,493	0,202	0,294
	Equal variances not assumed			0,654	84,221	0,515	0,202	0,309
Acid Test Ratio	Equal variances assumed	0,032	0,859	0,060	126,000	0,952	0,011	0,181
	Equal variances not assumed			0,060	97,975	0,952	0,011	0,182
Inventory Turnover	Equal variances assumed	2,759	0,099	-0,504	126,000	0,615	-0,318	0,630
	Equal variances not assumed			-0,560	125,389	0,576	-0,318	0,567
Receivables Turnover	Equal variances assumed	14,801	0,000	2,142	126,000	0,034	17,510	8,173

	Equal variances not assumed			1,663	47,529	0,103	17,510	10,527
Assets Turnover	Equal variances assumed	1,293	0,258	0,782	126,000	0,435	0,081	0,104
	Equal variances not assumed			0,761	90,481	0,449	0,081	0,107
Fixed Asset Turnover	Equal variances assumed	0,229	0,633	0,023	126,000	0,982	0,018	0,764
	Equal variances not assumed			0,024	113,477	0,981	0,018	0,729
Gross Profit Margin	Equal variances assumed	1,334	0,250	2,085	126,000	0,039	0,039	0,019
	Equal variances not assumed			1,919	75,683	0,059	0,039	0,020
Operating Profit Margin	Equal variances assumed	0,051	0,822	2,132	126,000	0,035	0,042	0,020
	Equal variances not assumed			2,109	95,678	0,038	0,042	0,020
Return On Equity	Equal variances assumed	1,650	0,201	1,996	126,000	0,048	0,153	0,077
	Equal variances not assumed			1,620	52,850	0,111	0,153	0,094
Return On Assets	Equal variances assumed	1,240	0,268	0,448	126,000	0,655	0,012	0,027
	Equal variances not assumed			0,377	58,112	0,707	0,012	0,032
Net Profit Margin	Equal variances assumed	2,019	0,158	-0,337	126,000	0,737	-0,019	0,057
	Equal variances not assumed			-0,270	51,128	0,788	-0,019	0,071
Debt Ratio	Equal variances assumed	1,103	0,296	-0,118	126,000	0,906	-0,003	0,025
	Equal variances not assumed			-0,108	73,642	0,915	-0,003	0,027
Debt to Worth	Equal variances assumed	1,490	0,225	0,558	126,000	0,578	0,128	0,230
	Equal variances not assumed			0,627	125,965	0,531	0,128	0,205
Equity Ratio	Equal variances assumed	0,000	1,000	0,617	126,000	0,538	0,037	0,059
	Equal variances not assumed			0,569	76,184	0,571	0,037	0,064

3.5.2.5. IFRS Impact on Fabricated Metal Products, Machinery and Equipment

FME which is one of the sub-sectors of MI is considered separately from other sub-sectors for the analysis in this part. Nine firms' financial statements data is used for FME for the analysis.

3.5.2.5.1. Comparison of pre-IFRS and post1-IFRS

Table 116 shows the descriptive statistics of fourteen selected financial ratios of both pre-IFRS and post1-IFRS periods for FME.

As can be seen from Table 116; RT is 3,81, AT is 1,22, FA is 10,10, ROE is minus 0,14, NPM is 0,00, DR is 0,10 and DW is 0,07 according to domestic legislation, in pre-IFRS period, RT, AT, FA, ROE, NPM, DR and DW increase to 4,56, 1,32, 19,70, 0,32, 0,02, 0,13, and 1,26 respectively based on IFRS, in post1-IFRS period.

Otherwise, CR, ATR, IT, GPM, OPM, ROA, and EQ decrease to 2,03, 1,43, 5,06, 0,19, 0,03, 0,02 and 0,42 respectively based on the post1-IFRS period, whereas CR, ATR, IT, GPM, OPM, ROA, and EQ are 2,15, 1,49, 5,39, 0,21, 0,05, 0,04, and 0,45 respectively based on pre-IFRS period.

Table 116: Descriptive Statistics for All Selected Ratios

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	pre-IFRS*	18	2,146	1,401	0,330
	post1-IFRS**	27	2,033	1,343	0,258
Acid Test Ratio	pre-IFRS*	18	1,485	0,891	0,210
	post1-IFRS**	27	1,427	1,039	0,200
Inventory Turnover	pre-IFRS*	18	5,389	2,527	0,596
	post1-IFRS**	27	5,062	1,745	0,336
Receivables Turnover	pre-IFRS*	18	3,813	1,094	0,258
	post1-IFRS**	27	4,557	1,812	0,349
Assets Turnover	pre-IFRS*	18	1,222	0,358	0,084
	post1-IFRS**	27	1,321	0,390	0,075
Fixed Asset	pre-IFRS*	18	10,093	9,388	2,213

Turnover	post1-IFRS**	27	19,697	47,847	9,208
Gross Profit Margin	pre-IFRS*	18	0,208	0,106	0,025
	post1-IFRS**	27	0,186	0,059	0,011
Operating Profit Margin	pre-IFRS*	18	0,048	0,171	0,040
	post1-IFRS**	27	0,028	0,081	0,016
Return On Equity	pre-IFRS*	18	-0,137	1,067	0,251
	post1-IFRS**	27	0,319	1,052	0,202
Return On Assets	pre-IFRS*	18	0,038	0,085	0,020
	post1-IFRS**	27	0,021	0,076	0,015
Net Profit Margin	pre-IFRS*	18	0,001	0,166	0,039
	post1-IFRS**	27	0,017	0,067	0,013
Debt Ratio	pre-IFRS*	18	0,103	0,111	0,026
	post1-IFRS**	27	0,128	0,133	0,026
Debt to Worth	pre-IFRS*	18	0,068	7,471	1,761
	post1-IFRS**	27	1,257	2,975	0,573
Equity Ratio	pre-IFRS*	18	0,447	0,241	0,057
	post1-IFRS**	27	0,421	0,278	0,054

*pre-IFRS covers the period 2002 to 2003
**post1-IFRS covers the period 2005 to 2007

Table 117 provides t-test for equality of means for all selected ratios of both pre-IFRS and post1-IFRS periods. So the Table presents statistics of the financial ratios in order to see whether there are statistically significant differences between domestic legislation and IFRS based on financial statements.

According to the statistical results, fourteen financial ratios based on financial statements of pre-IFRS period are not significantly different when compared to the ratios based on financial statements of post1-IFRS period. So, for all selected financial ratios of FME hypotheses constructed (H_0) in the thesis are accepted.

Table 117: Independent Samples Test for All Selected Ratios

		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	0,004	0,948	0,273	43,000	0,786	0,113	0,416
	Equal variances not assumed			0,271	35,508	0,788	0,113	0,419
Acid Test Ratio	Equal variances assumed	0,371	0,546	0,191	43,000	0,849	0,057	0,299

	Equal variances not assumed			0,197	40,194	0,845	0,057	0,290
Inventory Turnover	Equal variances assumed	3,221	0,080	0,514	43,000	0,610	0,327	0,636
	Equal variances not assumed			0,478	27,694	0,637	0,327	0,684
Receivables Turnover	Equal variances assumed	5,757	0,021	-1,559	43,000	0,126	-0,744	0,477
	Equal variances not assumed			-1,715	42,689	0,094	-0,744	0,434
Assets Turnover	Equal variances assumed	0,064	0,801	-0,863	43,000	0,393	-0,099	0,115
	Equal variances not assumed			-0,879	38,735	0,385	-0,099	0,113
Fixed Asset Turnover	Equal variances assumed	3,514	0,068	-0,838	43,000	0,407	-9,604	11,463
	Equal variances not assumed			-1,014	28,942	0,319	-9,604	9,470
Gross Profit Margin	Equal variances assumed	4,785	0,034	0,912	43,000	0,367	0,022	0,025
	Equal variances not assumed			0,817	23,999	0,422	0,022	0,027
Operating Profit Margin	Equal variances assumed	1,439	0,237	0,523	43,000	0,604	0,020	0,038
	Equal variances not assumed			0,459	22,067	0,651	0,020	0,043
Return On Equity	Equal variances assumed	0,046	0,830	-1,417	43,000	0,164	-0,456	0,322
	Equal variances not assumed			-1,413	36,234	0,166	-0,456	0,323
Return On Assets	Equal variances assumed	0,269	0,607	0,698	43,000	0,489	0,017	0,024
	Equal variances not assumed			0,684	33,867	0,499	0,017	0,025
Net Profit Margin	Equal variances assumed	1,545	0,221	-0,467	43,000	0,643	-0,017	0,036
	Equal variances not assumed			-0,402	20,682	0,692	-0,017	0,041
Debt Ratio	Equal variances assumed	0,008	0,928	-0,660	43,000	0,513	-0,025	0,038
	Equal variances not assumed			-0,685	40,690	0,497	-0,025	0,037
Debt to Worth	Equal variances assumed	1,268	0,266	-0,746	43,000	0,460	-1,189	1,593
	Equal variances not assumed			-0,642	20,634	0,528	-1,189	1,852
Equity Ratio	Equal variances assumed	0,189	0,666	0,322	43,000	0,749	0,026	0,080
	Equal variances not assumed			0,332	39,954	0,742	0,026	0,078

3.5.2.5.2. Comparison of pre-IFRS and post2-IFRS

Table 118 presents the descriptive statistics for all selected ratios of both pre-IFRS and post2-IFRS periods for FME.

As can be seen from the Table; ATR is 1,49, IT is 5,39, RT is 3,81, FA is 10,10, ROE is minus 0,14, DR is 0,10 and DW is 0,07 according to domestic legislation, in pre-IFRS period, ATR, IT, RT,FA, ROE, DR and DW increase to 1,56, 5,83, 4,24, 13,01, 0,02, 0,15 and 2,11 respectively based on IFRS, in post2-IFRS period.

Meanwhile, CR, AT, GPM, OPM, ROA, and EQ decrease to 1,99, 1,22, 0,21, 0,03, 0,02, and 0,41 respectively based on the post2-IFRS period, whereas CR, AT, GPM, OPM, ROA and EQ are 2,15, 1,22, 0,21, 0,05, 0,04 and 0,45 respectively based on pre-IFRS period.

Also, EQ stays nearly the same for both terms.

Table 118: Descriptive Statistics for All Selected Ratios

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	pre-IFRS*	18	2,146	1,401	0,330
	post2-IFRS**	45	1,994	1,431	0,213
Acid Test Ratio	pre-IFRS*	18	1,485	0,891	0,210
	post2-IFRS**	45	1,561	1,220	0,182
Inventory Turnover	pre-IFRS*	18	5,389	2,527	0,596
	post2-IFRS**	45	5,829	2,856	0,426
Receivables Turnover	pre-IFRS*	18	3,813	1,094	0,258
	post2-IFRS**	45	4,236	2,859	0,426
Assets Turnover	pre-IFRS*	18	1,222	0,358	0,084
	post2-IFRS**	45	1,110	0,440	0,066
Fixed Asset Turnover	pre-IFRS*	18	10,093	9,388	2,213
	post2-IFRS**	45	13,014	38,472	5,735
Gross Profit Margin	pre-IFRS*	18	0,208	0,106	0,025
	post2-IFRS**	45	0,190	0,074	0,011
Operating Profit Margin	pre-IFRS*	18	0,048	0,171	0,040
	post2-IFRS**	45	0,025	0,055	0,008
Return On Equity	pre-IFRS*	18	-0,137	1,067	0,251
	post2-IFRS**	45	0,019	0,219	0,033
Return On	pre-IFRS*	18	0,038	0,085	0,020

Assets	post2-IFRS**	45	0,015	0,064	0,010
Net Profit Margin	pre-IFRS*	18	0,001	0,166	0,039
	post2-IFRS**	45	0,006	0,084	0,013
Debt Ratio	pre-IFRS*	18	0,103	0,111	0,026
	post2-IFRS**	45	0,145	0,104	0,015
Debt to Worth	pre-IFRS*	18	0,068	7,471	1,761
	post2-IFRS**	45	2,106	3,002	0,447
Equity Ratio	pre-IFRS*	18	0,447	0,241	0,057
	post2-IFRS**	45	0,406	0,229	0,034

*pre-IFRS covers the period 2002 to 2003
**post2-IFRS covers the period 2008 to 2012

Table 119 provides t-test for equality of means for all selected ratios of both pre-IFRS and post2-IFRS periods. So the Table presents statistics of the financial ratios in order to see whether there are statistically significant differences between domestic legislation and IFRS based on financial statements.

According to the statistical results, all selected financial ratios based on financial statements of pre-IFRS period are not significantly different when compared to the ratios based on financial statements of post2-IFRS period. So, for all selected financial ratios of FME hypotheses constructed (H_0) in the thesis are accepted.

Table 119: Independent Samples Test for All Selected Ratios

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	0,005	0,943	0,383	61,000	0,703	0,152	0,397
	Equal variances not assumed			0,387	32,008	0,702	0,152	0,393
Acid Test Ratio	Equal variances assumed	0,560	0,457	-0,241	61,000	0,810	-0,077	0,317
	Equal variances not assumed			-0,275	42,781	0,784	-0,077	0,278
Inventory Turnover	Equal variances assumed	0,006	0,941	-0,570	61,000	0,571	-0,440	0,772
	Equal variances not assumed			-0,601	35,251	0,552	-0,440	0,732
Receivables Turnover	Equal variances assumed	3,610	0,062	-0,607	61,000	0,546	-0,422	0,696

	Equal variances not assumed			-0,848	60,966	0,400	-0,422	0,498
Assets Turnover	Equal variances assumed	0,363	0,549	0,963	61,000	0,339	0,112	0,117
	Equal variances not assumed			1,053	38,359	0,299	0,112	0,107
Fixed Asset Turnover	Equal variances assumed	0,506	0,479	-0,317	61,000	0,752	-2,921	9,217
	Equal variances not assumed			-0,475	54,926	0,637	-2,921	6,147
Gross Profit Margin	Equal variances assumed	2,329	0,132	0,781	61,000	0,438	0,018	0,023
	Equal variances not assumed			0,669	23,818	0,510	0,018	0,027
Operating Profit Margin	Equal variances assumed	3,792	0,056	0,811	61,000	0,420	0,023	0,028
	Equal variances not assumed			0,560	18,433	0,583	0,023	0,041
Return On Equity	Equal variances assumed	5,582	0,021	-0,947	61,000	0,347	-0,157	0,165
	Equal variances not assumed			-0,618	17,575	0,545	-0,157	0,254
Return On Assets	Equal variances assumed	0,389	0,535	1,187	61,000	0,240	0,023	0,020
	Equal variances not assumed			1,054	25,173	0,302	0,023	0,022
Net Profit Margin	Equal variances assumed	0,772	0,383	-0,169	61,000	0,867	-0,005	0,032
	Equal variances not assumed			-0,129	20,596	0,898	-0,005	0,041
Debt Ratio	Equal variances assumed	0,152	0,698	-1,439	61,000	0,155	-0,043	0,030
	Equal variances not assumed			-1,399	29,615	0,172	-0,043	0,030
Debt to Worth	Equal variances assumed	1,498	0,226	-1,556	61,000	0,125	-2,038	1,310
	Equal variances not assumed			-1,122	19,236	0,276	-2,038	1,817
Equity Ratio	Equal variances assumed	0,027	0,870	0,628	61,000	0,532	0,041	0,065
	Equal variances not assumed			0,614	29,988	0,544	0,041	0,066

3.5.2.5.3. Comparison of post1-IFRS and post2-IFRS

Table 120 presents the descriptive statistics for all selected ratios of both post1-IFRS and post2-IFRS periods for FME.

As can be seen from the Table; ATR is 1,43, IT is 5,06, DR is 0,13 and DW is 1,26 according to legislation, in post1-IFRS period, ATR, IT, DR and DW increase to 1,56, 5,83, 0,15, and 2,11 respectively based on IFRS, in post2-IFRS period.

Meanwhile, CR, RT, AT, FA, ROE, and NPM decrease to 1,99, 4,24, 1,11, 13,01, 0,02, and 0,01 respectively based on the post2-IFRS period, whereas CR, RT, AT, FA, ROE, and NPM are 2,03, 4,56, 1,32, 19,70, 0,32, and 0,02 respectively based on post1-IFRS period.

Also, GPM, OPM, ROA, and EQ stay nearly the same for both terms.

Table 120: Descriptive Statistics for All Selected Ratios

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	post1-IFRS*	27	2,033	1,343	0,258
	post2-IFRS**	45	1,994	1,431	0,213
Acid Test Ratio	post1-IFRS*	27	1,427	1,039	0,200
	post2-IFRS**	45	1,561	1,220	0,182
Inventory Turnover	post1-IFRS*	27	5,062	1,745	0,336
	post2-IFRS**	45	5,829	2,856	0,426
Receivables Turnover	post1-IFRS*	27	4,557	1,812	0,349
	post2-IFRS**	45	4,236	2,859	0,426
Assets Turnover	post1-IFRS*	27	1,321	0,390	0,075
	post2-IFRS**	45	1,110	0,440	0,066
Fixed Asset Turnover	post1-IFRS*	27	19,697	47,847	9,208
	post2-IFRS**	45	13,014	38,472	5,735
Gross Profit Margin	post1-IFRS*	27	0,186	0,059	0,011
	post2-IFRS**	45	0,190	0,074	0,011
Operating Profit Margin	post1-IFRS*	27	0,028	0,081	0,016
	post2-IFRS**	45	0,025	0,055	0,008
Return On Equity	post1-IFRS*	27	0,319	1,052	0,202
	post2-IFRS**	45	0,019	0,219	0,033
Return On Assets	post1-IFRS*	27	0,021	0,076	0,015
	post2-IFRS**	45	0,015	0,064	0,010
Net Profit Margin	post1-IFRS*	27	0,017	0,067	0,013
	post2-IFRS**	45	0,006	0,084	0,013
Debt Ratio	post1-IFRS*	27	0,128	0,133	0,026
	post2-IFRS**	45	0,145	0,104	0,015
Debt to Worth	post1-IFRS*	27	1,257	2,975	0,573
	post2-IFRS**	45	2,106	3,002	0,447
Equity Ratio	post1-IFRS*	27	0,421	0,278	0,054
	post2-IFRS**	45	0,406	0,229	0,034

*post1-IFRS covers the period 2005 to 2007
**post2-IFRS covers the period 2008 to 2012

Table 121 provides t-test for equality of means for all selected ratios of both post1-IFRS and post2-IFRS periods. In other words the Table presents statistics of the financial ratios in order to see whether there are statistically significant differences between national legislation and IFRS based on financial statements.

According to the statistical results, thirteen financial ratios based on financial statements of post1-IFRS period are not significantly different when compared to the ratios based on financial statements of post2-IFRS period. So, for thirteen financial ratios, except AT, of FME hypothesis constructed in the thesis is accepted.

But, independent sample test demonstrates that AT is statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.043 for equal variances assumed and Sig.(2-tailed) is 0.038 for equal variances not assumed), hypothesis constructed (H_{AT0}) in the thesis is rejected.

Table 121: Independent Samples Test for All Selected Ratios

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	0,026	0,872	0,113	70,000	0,910	0,039	0,341
	Equal variances not assumed			0,115	57,674	0,909	0,039	0,335
Acid Test Ratio	Equal variances assumed	0,077	0,783	-0,475	70,000	0,636	-0,134	0,281
	Equal variances not assumed			-0,495	61,830	0,623	-0,134	0,270
Inventory Turnover	Equal variances assumed	3,195	0,078	-1,259	70,000	0,212	-0,767	0,609
	Equal variances not assumed			-1,414	69,956	0,162	-0,767	0,542
Receivables Turnover	Equal variances assumed	0,653	0,422	0,524	70,000	0,602	0,322	0,614
	Equal variances not assumed			0,584	69,739	0,561	0,322	0,551
Assets Turnover	Equal variances assumed	0,170	0,682	2,060	70,000	0,043	0,212	0,103
	Equal variances not assumed			2,123	60,105	0,038	0,212	0,100
Fixed Asset Turnover	Equal variances assumed	1,706	0,196	0,651	70,000	0,517	6,683	10,272
	Equal variances not assumed			0,616	45,994	0,541	6,683	10,848

Gross Profit Margin	Equal variances assumed	1,323	0,254	-0,249	70,000	0,804	-0,004	0,017
	Equal variances not assumed			-0,264	64,294	0,793	-0,004	0,016
Operating Profit Margin	Equal variances assumed	0,354	0,554	0,201	70,000	0,841	0,003	0,016
	Equal variances not assumed			0,184	40,841	0,855	0,003	0,018
Return On Equity	Equal variances assumed	3,626	0,061	1,853	70,000	0,068	0,300	0,162
	Equal variances not assumed			1,461	27,356	0,155	0,300	0,205
Return On Assets	Equal variances assumed	0,011	0,916	0,381	70,000	0,704	0,006	0,017
	Equal variances not assumed			0,365	47,668	0,717	0,006	0,018
Net Profit Margin	Equal variances assumed	1,069	0,305	0,591	70,000	0,556	0,011	0,019
	Equal variances not assumed			0,627	64,682	0,533	0,011	0,018
Debt Ratio	Equal variances assumed	0,037	0,849	-0,622	70,000	0,536	-0,017	0,028
	Equal variances not assumed			-0,585	45,048	0,561	-0,017	0,030
Debt to Worth	Equal variances assumed	0,116	0,735	-1,166	70,000	0,248	-0,849	0,728
	Equal variances not assumed			-1,169	55,275	0,248	-0,849	0,727
Equity Ratio	Equal variances assumed	0,573	0,452	0,245	70,000	0,807	0,015	0,061
	Equal variances not assumed			0,234	46,923	0,816	0,015	0,064

3.5.2.6. IFRS Impact on Vehicle and Vehicle Subordinate Industry

VSI is other sub-sector of MI. This part of the thesis is related the analysis of VSI. So, 13 firms' financial statements data of VSI are used for the analysis in this part of the thesis.

3.5.2.6.1. Comparison of pre-IFRS and post1-IFRS

Table 122 shows the descriptive statistics of fourteen selected financial ratios of both pre-IFRS and post-IFRS periods for VSI.

As it can be seen from the Table; CR is 1,74, ATR is 1,90, RT is 9,97, AT is 1,37, FA is 3,41, and NPM is 0,04 according to domestic legislation, in pre-IFRS

period, CR, ATR, RT, AT, FA and NPM increase to 2,17, 1,19, 18,90, 1,44, 3,99, and 0,05 respectively based on IFRS, in post1-IFRS period. Otherwise, IT, GPM, DR and DW decrease to 9,18, 0,17, 0,10, and 0,80 respectively based on the post1-IFRS period, whereas IT GPM, DR and DW are 9,51, 0,20 0,14, and 0,93 respectively based on pre-IFRS period. Also, OPM, ROE, ROA, and EQ stay nearly the same for both terms.

Table 122: Descriptive Statistics for All Selected Ratios

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	pre-IFRS*	26	1,737	0,915	0,180
	post1-IFRS**	39	2,168	1,455	0,233
Acid Test Ratio	pre-IFRS*	26	1,189	0,694	0,136
	post1-IFRS**	39	1,523	1,319	0,211
Inventory Turnover	pre-IFRS*	26	9,510	6,117	1,200
	post1-IFRS**	39	9,179	5,914	0,947
Receivables Turnover	pre-IFRS*	26	9,971	6,752	1,324
	post1-IFRS**	39	18,897	55,528	8,892
Assets Turnover	pre-IFRS*	26	1,371	0,321	0,063
	post1-IFRS**	39	1,437	0,460	0,074
Fixed Asset Turnover	pre-IFRS*	26	3,413	1,560	0,306
	post1-IFRS**	39	3,981	2,033	0,325
Gross Profit Margin	pre-IFRS*	26	0,196	0,088	0,017
	post1-IFRS**	39	0,170	0,074	0,012
Operating Profit Margin	pre-IFRS*	26	0,059	0,071	0,014
	post1-IFRS**	39	0,059	0,061	0,010
Return On Equity	pre-IFRS*	26	0,093	0,239	0,047
	post1-IFRS**	39	0,092	0,188	0,030
Return On Assets	pre-IFRS*	26	0,060	0,110	0,021
	post1-IFRS**	39	0,065	0,097	0,016
Net Profit Margin	pre-IFRS*	26	0,037	0,085	0,017
	post1-IFRS**	39	0,050	0,069	0,011
Debt Ratio	pre-IFRS*	26	0,137	0,092	0,018
	post1-IFRS**	39	0,107	0,109	0,017
Debt to Worth	pre-IFRS*	26	0,928	0,706	0,139
	post1-IFRS**	39	0,795	0,524	0,084
Equity Ratio	pre-IFRS*	26	0,566	0,146	0,029
	post1-IFRS**	39	0,590	0,152	0,024

*pre-IFRS covers the period 2002 to 2003
**post1-IFRS covers the period 2005 to 2007

Table 123 provides t-test for equality of means for all selected ratios of both pre-IFRS and post1-IFRS periods. The Table presents statistics of the financial ratios in order to see whether there are statistically significant differences between domestic legislation and IFRS based on financial statements.

According to the statistical results, all financial ratios based on financial statements of pre-IFRS period are not significantly different when compared to the ratios based on financial statements of post1-IFRS period. So, for all financial ratios of VSI hypotheses constructed (H0) in the thesis are accepted.

Table 123: Independent Samples Test for All Selected Ratios

		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	1,085	0,301	-1,342	63,000	0,185	-0,431	0,321
	Equal variances not assumed			-1,465	62,848	0,148	-0,431	0,294
Acid Test Ratio	Equal variances assumed	2,175	0,145	-1,186	63,000	0,240	-0,334	0,282
	Equal variances not assumed			-1,331	60,315	0,188	-0,334	0,251
Inventory Turnover	Equal variances assumed	0,120	0,731	0,218	63,000	0,828	0,331	1,518
	Equal variances not assumed			0,217	52,462	0,829	0,331	1,528
Receivables Turnover	Equal variances assumed	1,630	0,206	-0,814	63,000	0,419	-8,926	10,972
	Equal variances not assumed			-0,993	39,674	0,327	-8,926	8,990
Assets Turnover	Equal variances assumed	2,059	0,156	-0,637	63,000	0,526	-0,066	0,104
	Equal variances not assumed			-0,683	62,826	0,497	-0,066	0,097
Fixed Asset Turnover	Equal variances assumed	1,938	0,169	-1,207	63,000	0,232	-0,568	0,471
	Equal variances not assumed			-1,272	61,654	0,208	-0,568	0,447
Gross Profit Margin	Equal variances assumed	1,631	0,206	1,293	63,000	0,201	0,026	0,020
	Equal variances not assumed			1,248	47,216	0,218	0,026	0,021
Operating Profit	Equal variances assumed	1,637	0,205	0,016	63,000	0,987	0,000	0,017

Margin	Equal variances not assumed			0,015	47,683	0,988	0,000	0,017
Return On Equity	Equal variances assumed	1,003	0,320	0,017	63,000	0,987	0,001	0,053
	Equal variances not assumed			0,016	44,882	0,987	0,001	0,056
Return On Assets	Equal variances assumed	0,383	0,538	-0,174	63,000	0,862	-0,005	0,026
	Equal variances not assumed			-0,170	49,241	0,865	-0,005	0,027
Net Profit Margin	Equal variances assumed	0,831	0,366	-0,651	63,000	0,517	-0,012	0,019
	Equal variances not assumed			-0,624	45,887	0,536	-0,012	0,020
Debt Ratio	Equal variances assumed	0,063	0,803	1,132	63,000	0,262	0,029	0,026
	Equal variances not assumed			1,170	59,323	0,247	0,029	0,025
Debt to Worth	Equal variances assumed	1,248	0,268	0,869	63,000	0,388	0,133	0,153
	Equal variances not assumed			0,819	42,902	0,417	0,133	0,162
Equity Ratio	Equal variances assumed	0,019	0,891	-0,642	63,000	0,523	-0,024	0,038
	Equal variances not assumed			-0,648	55,316	0,520	-0,024	0,038

3.5.2.6.2. Comparison of pre-IFRS and post2-IFRS

Table 124 presents the descriptive statistics for all selected ratios of both pre-IFRS and post2-IFRS periods for VSI.

As can be seen from the Table; CR is 1,74, ATR is 1,19, and FA is 3,41 according to domestic legislation, in pre-IFRS period, CR, ATR and FA increase to 2,65, 2,02, and 4,41 respectively based on IFRS, in post2-IFRS period.

Meanwhile, IT, RT, AT, GPM, OPM, DR, DW, and EQ decrease to 7,37, 6,07, 1,25, 0,16, 0,09, 0,11, 1,72, and 0,50 respectively based on the post2-IFRS period, whereas IT, RT, AT, GPM, OPM, DR, DW, and EQ are 9,51, 9,97, 1,37, 0,20, 0,06, 0,14, 0,93, and 0,57 respectively based on pre-IFRS period.

Also, ROE, ROA and NPM stay nearly the same for both terms.

Table 124: Descriptive Statistics for All Selected Ratios

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	pre-IFRS*	26	1,737	0,915	0,180
	post1-IFRS**	65	2,652	3,990	0,495
Acid Test Ratio	pre-IFRS*	26	1,189	0,694	0,136
	post1-IFRS**	65	2,016	3,785	0,469
Inventory Turnover	pre-IFRS*	26	1,737	0,915	0,180
	post1-IFRS**	65	2,652	3,990	0,495
Receivables Turnover	pre-IFRS*	26	9,510	6,117	1,200
	post1-IFRS**	65	7,373	5,070	0,629
Assets Turnover	pre-IFRS*	26	9,971	6,752	1,324
	post1-IFRS**	65	6,066	2,428	0,301
Fixed Asset Turnover	pre-IFRS*	26	1,371	0,321	0,063
	post1-IFRS**	65	1,245	0,506	0,063
Gross Profit Margin	pre-IFRS*	26	3,413	1,560	0,306
	post1-IFRS**	65	4,410	2,331	0,289
Operating Profit Margin	pre-IFRS*	26	0,196	0,088	0,017
	post1-IFRS**	65	0,155	0,072	0,009
Return On Equity	pre-IFRS*	26	0,059	0,071	0,014
	post1-IFRS**	65	0,044	0,087	0,011
Return On Assets	pre-IFRS*	26	0,093	0,239	0,047
	post1-IFRS**	65	0,087	0,310	0,038
Net Profit Margin	pre-IFRS*	26	0,060	0,110	0,021
	post1-IFRS**	65	0,056	0,123	0,015
Debt Ratio	pre-IFRS*	26	0,037	0,085	0,017
	post1-IFRS**	65	0,041	0,125	0,016
Debt to Worth	pre-IFRS*	26	0,137	0,092	0,018
	post1-IFRS**	65	0,105	0,082	0,010
Equity Ratio	pre-IFRS*	26	0,928	0,706	0,139
	post1-IFRS**	65	1,723	2,637	0,327
Current Ratio	pre-IFRS*	26	0,566	0,146	0,029
	post1-IFRS**	65	0,504	0,208	0,026

*pre-IFRS covers the period 2002 to 2003
**post1-IFRS covers the period 2005 to 2007

Table 125 provides t-test for equality of means for all selected ratios of both pre-IFRS and post2-IFRS periods. The Table presents statistics of the financial ratios in order to see whether there are statistically significant differences between domestic legislation and IFRS based on financial statements.

According to the statistical results, ten financial ratios based on financial statements of pre-IFRS period are not significantly different when compared to the ratios based on financial statements of post2-IFRS period. So, for ten selected financial ratios of VSI hypotheses constructed (H_0) in the thesis are accepted.

But, independent sample test demonstrates that RT, FA, GPM, and DW are statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.000 for equal variances assumed and Sig.(2-tailed) is 0.008 for equal variances not assumed), hypothesis constructed (H_{RT0}) in the thesis is rejected. Based on the statistical test (Sig.(2-tailed) is 0.048 for equal variances assumed and Sig.(2-tailed) is 0.021 for equal variances not assumed), hypothesis constructed (H_{FA0}) in the thesis is rejected. Based on the statistical test (Sig.(2-tailed) is 0.025 for equal variances assumed and Sig.(2-tailed) is 0.044 for equal variances not assumed), hypothesis constructed (H_{GPM0}) in the thesis is rejected. Based on the statistical test (Sig.(2-tailed) is 0.028 for equal variances not assumed), hypothesis constructed (H_{DW0}) in the thesis is rejected.

Table 125: Independent Samples Test for All Selected Ratios

		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	3,236	0,075	-1,154	89,000	0,252	-0,915	0,793
	Equal variances not assumed			-1,738	78,476	0,086	-0,915	0,526
Acid Test Ratio	Equal variances assumed	4,209	0,043	-1,104	89,000	0,273	-0,827	0,750
	Equal variances not assumed			-1,693	73,878	0,095	-0,827	0,489
Inventory Turnover	Equal variances assumed	1,152	0,286	1,710	89,000	0,091	2,137	1,249
	Equal variances not assumed			1,578	39,461	0,123	2,137	1,354
Receivables Turnover	Equal variances assumed	42,487	0,000	4,077	89,000	0,000	3,905	0,958
	Equal variances not assumed			2,876	27,624	0,008	3,905	1,358
Assets Turnover	Equal variances assumed	4,606	0,035	1,178	89,000	0,242	0,126	0,107

	Equal variances not assumed			1,418	71,606	0,161	0,126	0,089
Fixed Asset Turnover	Equal variances assumed	7,469	0,008	-2,006	89,000	0,048	-0,997	0,497
	Equal variances not assumed			-2,369	68,309	0,021	-0,997	0,421
Gross Profit Margin	Equal variances assumed	2,971	0,088	2,280	89,000	0,025	0,041	0,018
	Equal variances not assumed			2,085	38,875	0,044	0,041	0,019
Operating Profit Margin	Equal variances assumed	0,001	0,979	0,796	89,000	0,428	0,015	0,019
	Equal variances not assumed			0,866	55,792	0,390	0,015	0,018
Return On Equity	Equal variances assumed	0,695	0,407	0,079	89,000	0,937	0,005	0,068
	Equal variances not assumed			0,088	59,307	0,930	0,005	0,061
Return On Assets	Equal variances assumed	0,072	0,789	0,167	89,000	0,868	0,005	0,028
	Equal variances not assumed			0,175	51,383	0,861	0,005	0,026
Net Profit Margin	Equal variances assumed	0,529	0,469	-0,141	89,000	0,888	-0,004	0,027
	Equal variances not assumed			-0,166	67,579	0,869	-0,004	0,023
Debt Ratio	Equal variances assumed	0,319	0,574	1,593	89,000	0,115	0,032	0,020
	Equal variances not assumed			1,518	41,838	0,137	0,032	0,021
Debt to Worth	Equal variances assumed	4,792	0,031	-1,512	89,000	0,134	-0,795	0,526
	Equal variances not assumed			-2,239	82,245	0,028	-0,795	0,355
Equity Ratio	Equal variances assumed	2,590	0,111	1,392	89,000	0,168	0,062	0,045
	Equal variances not assumed			1,615	65,419	0,111	0,062	0,039

3.5.2.6.3. Comparison of post1-IFRS and post2-IFRS

Table 126 presents the descriptive statistics for all selected ratios of both post1-IFRS and post2-IFRS periods for VSI.

As can be seen from the Table; CR is 2,17, ATR is 1,52, FA is 3,99 and DW is 0,80 according to legislation, in post1-IFRS period, CR, ATR, FA and DW

increase to2,65, 2,02, 4,41, and 1,72 respectively based on IFRS, in post2-IFRS period.

Meanwhile, IT, RT, AT, GPM, OPM, ROE, ROA, NPM, and EQ decrease to 7,37, 6,07, 1,25, 0,16, 0,04, 0,09, 0,06, 0,04, and 0,50 respectively based on the post2-IFRS period, whereas IT, RT, AT, GPM, OPM, ROE, ROA, NPM, and EQ are 9,18, 18,90, 1,44, 0,17, 0,06, 0,09, 0,07, 0,05, and 0,60 respectively based on post1-IFRS period.

Also, DR stays nearly the same for both terms.

Table 126: Descriptive Statistics for All Selected Ratios

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	post1-IFRS*	39	2,168	1,455	0,233
	post2-IFRS**	65	2,652	3,990	0,495
Acid Test Ratio	post1-IFRS*	39	1,523	1,319	0,211
	post2-IFRS**	65	2,016	3,785	0,469
Inventory Turnover	post1-IFRS*	39	9,179	5,914	0,947
	post2-IFRS**	65	7,373	5,070	0,629
Receivables Turnover	post1-IFRS*	39	18,897	55,528	8,892
	post2-IFRS**	65	6,066	2,428	0,301
Assets Turnover	post1-IFRS*	39	1,437	0,460	0,074
	post2-IFRS**	65	1,245	0,506	0,063
Fixed Asset Turnover	post1-IFRS*	39	3,981	2,033	0,325
	post2-IFRS**	65	4,410	2,331	0,289
Gross Profit Margin	post1-IFRS*	39	0,170	0,074	0,012
	post2-IFRS**	65	0,155	0,072	0,009
Operating Profit Margin	post1-IFRS*	39	0,059	0,061	0,010
	post2-IFRS**	65	0,044	0,087	0,011
Return On Equity	post1-IFRS*	39	0,092	0,188	0,030
	post2-IFRS**	65	0,087	0,310	0,038
Return On Assets	post1-IFRS*	39	0,065	0,097	0,016
	post2-IFRS**	65	0,056	0,123	0,015
Net Profit Margin	post1-IFRS*	39	0,050	0,069	0,011
	post2-IFRS**	65	0,041	0,125	0,016
Debt Ratio	post1-IFRS*	39	0,107	0,109	0,017
	post2-IFRS**	65	0,105	0,082	0,010
Debt to Worth	post1-IFRS*	39	0,795	0,524	0,084
	post2-IFRS**	65	1,723	2,637	0,327
Equity Ratio	post1-IFRS*	39	0,590	0,152	0,024
	post2-IFRS**	65	0,504	0,208	0,026

*post1-IFRS covers the period 2005 to 2007
**post2-IFRS covers the period 2008 to 2012

Table 127 provides t-test for equality of means for all selected ratios of both post1-IFRS and post2-IFRS periods. The Table presents statistics of the financial ratios in order to see whether there are statistically significant differences between different periods of IFRS based financial statements.

According to the statistical results, fourteen financial ratios based on financial statements of post1-IFRS period are not significantly different when compared to the ratios based on financial statements of post2-IFRS period. So, for fourteen selected financial ratios of VSI hypotheses constructed in the thesis are accepted.

But, independent sample test demonstrates that DW and EQ are statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.032 for equal variances assumed and Sig.(2-tailed) is 0.008 for equal variances not assumed), hypothesis constructed (H_{DW0}) in the thesis is rejected. Based on the statistical test (Sig.(2-tailed) is 0.026 for equal variances assumed and Sig.(2-tailed) is 0.017 for equal variances not assumed), hypothesis constructed (H_{EQ0}) in the thesis is rejected.

Table 127: Independent Samples Test for All Selected Ratios

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	2,972	0,088	-0,728	102,000	0,468	-0,484	0,665
	Equal variances not assumed			-0,885	88,203	0,378	-0,484	0,547
Acid Test Ratio	Equal variances assumed	3,517	0,064	-0,784	102,000	0,435	-0,493	0,629
	Equal variances not assumed			-0,958	86,549	0,341	-0,493	0,515
Inventory Turnover	Equal variances assumed	0,447	0,505	1,651	102,000	0,102	1,806	1,094
	Equal variances not assumed			1,588	70,733	0,117	1,806	1,137
Receivables Turnover	Equal variances assumed	6,752	0,011	1,866	102,000	0,065	12,832	6,876
	Equal variances not assumed			1,442	38,087	0,157	12,832	8,897
Assets Turnover	Equal variances assumed	0,561	0,455	1,941	102,000	0,055	0,192	0,099

	Equal variances not assumed			1,988	86,166	0,050	0,192	0,097
Fixed Asset Turnover	Equal variances assumed	1,912	0,170	-0,952	102,000	0,343	-0,429	0,451
	Equal variances not assumed			-0,986	88,804	0,327	-0,429	0,435
Gross Profit Margin	Equal variances assumed	0,159	0,691	0,977	102,000	0,331	0,014	0,015
	Equal variances not assumed			0,968	77,954	0,336	0,014	0,015
Operating Profit Margin	Equal variances assumed	1,178	0,280	0,950	102,000	0,344	0,015	0,016
	Equal variances not assumed			1,036	99,512	0,303	0,015	0,015
Return On Equity	Equal variances assumed	3,978	0,049	0,081	102,000	0,935	0,004	0,055
	Equal variances not assumed			0,091	101,965	0,928	0,004	0,049
Return On Assets	Equal variances assumed	0,992	0,322	0,396	102,000	0,693	0,009	0,023
	Equal variances not assumed			0,420	94,254	0,676	0,009	0,022
Net Profit Margin	Equal variances assumed	2,597	0,110	0,397	102,000	0,692	0,009	0,022
	Equal variances not assumed			0,455	101,353	0,650	0,009	0,019
Debt Ratio	Equal variances assumed	0,803	0,372	0,113	102,000	0,910	0,002	0,019
	Equal variances not assumed			0,106	64,123	0,916	0,002	0,020
Debt to Worth	Equal variances assumed	9,185	0,003	-2,168	102,000	0,032	-0,928	0,428
	Equal variances not assumed			-2,748	72,171	0,008	-0,928	0,338
Equity Ratio	Equal variances assumed	3,871	0,052	2,258	102,000	0,026	0,087	0,038
	Equal variances not assumed			2,438	97,930	0,017	0,087	0,036

3.5.2.7. IFRS Impact on Textile, Wearing Apparel and Leather

TWL is other sub-sector of MI. This part of the thesis is related the analysis of VSI. There are 14 firms' data to use for the thesis in the sub-sector, TWL.

3.5.2.7.1. Comparison of pre-IFRS and post1-IFRS

Table 128 presents the descriptive statistics for all selected ratios of both pre-IFRS and post1-IFRS periods for TWL.

As it can be seen from the Table; CR is 2,30, ATR is 1,44, IT is 4,33, DR is 0,13, and DW is 0,67 according to previous legislation, in pre-IFRS period, CR, ATR, IT, DR and DW increase to 3,08, 4,33, 0,17, and 1,32 respectively based on IFRS, in post1-IFRS period.

Meanwhile, RT, AT, FA, GPM, OPM, ROE, ROA, and DW decrease to 4,68, 0,69, 2,21, 0,18, minus 0,02, minus 0,06, minus 0,00, and minus 0,08 respectively based on the post1-IFRS period, whereas RT, AT, FA, GPM, OPM, ROE, ROA, and DW are 5,54, 1,07, 3,25, 0,20, 0,05, 0,02, 0,02 and 0,00 respectively based on pre-IFRS period. Also, EQ stays nearly the same for both periods.

Table 128: Descriptive Statistics for All Selected Ratios

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	pre-IFRS*	28	2,302	1,617	0,306
	post1-IFRS**	42	3,080	3,730	0,576
Acid Test Ratio	pre-IFRS*	28	1,438	1,194	0,226
	post1-IFRS**	42	2,036	2,410	0,372
Inventory Turnover	pre-IFRS*	28	4,328	1,245	0,235
	post1-IFRS**	42	4,724	3,877	0,598
Receivables Turnover	pre-IFRS*	28	5,538	2,274	0,430
	post1-IFRS**	42	4,684	2,337	0,361
Assets Turnover	pre-IFRS*	28	1,065	0,311	0,059
	post1-IFRS**	42	0,694	0,333	0,051
Fixed Asset Turnover	pre-IFRS*	28	3,245	2,464	0,466
	post1-IFRS**	42	2,215	3,070	0,474
Gross Profit Margin	pre-IFRS*	28	0,203	0,136	0,026
	post1-IFRS**	42	0,181	0,278	0,043
Operating Profit Margin	pre-IFRS*	28	0,048	0,118	0,022
	post1-IFRS**	42	-0,017	0,204	0,031
Return On Equity	pre-IFRS*	28	0,018	0,726	0,137
	post1-IFRS**	42	-0,060	0,336	0,052
Return On Assets	pre-IFRS*	28	0,015	0,136	0,026
	post1-IFRS**	42	-0,001	0,107	0,016

Net Profit Margin	pre-IFRS*	28	0,003	0,133	0,025
	post1-IFRS**	42	-0,081	0,455	0,070
Debt Ratio	pre-IFRS*	28	0,134	0,109	0,021
	post1-IFRS**	42	0,170	0,125	0,019
Debt to Worth	pre-IFRS*	28	0,674	1,567	0,296
	post1-IFRS**	42	1,323	2,040	0,315
Equity Ratio	pre-IFRS*	28	0,563	0,227	0,043
	post1-IFRS**	42	0,575	0,210	0,032

*pre-IFRS covers the period 2002 to 2003
**post1-IFRS covers the period 2005 to 2007

Table 129 provides t-test for equality of means for all selected ratios of both pre-IFRS and post1-IFRS periods for TWL. The Table presents statistics of the financial ratios in order to see whether there are statistically significant differences between domestic legislation and IFRS based on financial statements.

According to the statistical results, thirteen financial ratios, except AT, based on financial statements of pre-IFRS period are not significantly different when compared to the ratios based on financial statements of post-IFRS period. So, for all thirteen financial ratios, except AT, of TWL, hypotheses constructed in the thesis are accepted. But, independent sample test demonstrates that AT is statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.000 for equal variances assumed and Sig.(2-tailed) is 0.000 for equal variances not assumed), hypothesis constructed (H_{AT0}) in the thesis is rejected.

Table 129: Independent Samples Test for All Selected Ratios

		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	4,631	0,035	-1,039	68,000	0,303	-0,778	0,749
	Equal variances not assumed			-1,194	60,117	0,237	-0,778	0,652
Acid Test Ratio	Equal variances assumed	4,608	0,035	-1,216	68,000	0,228	-0,598	0,492
	Equal variances not assumed			-1,376	63,649	0,174	-0,598	0,435
Inventory Turnover	Equal variances assumed	3,294	0,074	-0,522	68,000	0,604	-0,396	0,759
	Equal variances not assumed			-0,616	52,746	0,541	-0,396	0,643

Receivables Turnover	Equal variances assumed	0,153	0,697	1,513	68,000	0,135	0,854	0,564
	Equal variances not assumed			1,522	59,100	0,133	0,854	0,561
Assets Turnover	Equal variances assumed	0,155	0,695	4,681	68,000	0,000	0,371	0,079
	Equal variances not assumed			4,748	60,759	0,000	0,371	0,078
Fixed Asset Turnover	Equal variances assumed	0,000	0,988	1,484	68,000	0,142	1,030	0,694
	Equal variances not assumed			1,550	65,555	0,126	1,030	0,664
Gross Profit Margin	Equal variances assumed	2,191	0,143	0,389	68,000	0,698	0,022	0,057
	Equal variances not assumed			0,441	63,288	0,661	0,022	0,050
Operating Profit Margin	Equal variances assumed	1,080	0,302	1,533	68,000	0,130	0,065	0,043
	Equal variances not assumed			1,697	66,845	0,094	0,065	0,039
Return On Equity	Equal variances assumed	0,770	0,383	0,603	68,000	0,549	0,077	0,128
	Equal variances not assumed			0,528	34,785	0,601	0,077	0,147
Return On Assets	Equal variances assumed	0,371	0,545	0,556	68,000	0,580	0,016	0,029
	Equal variances not assumed			0,529	48,178	0,599	0,016	0,031
Net Profit Margin	Equal variances assumed	4,593	0,036	0,947	68,000	0,347	0,084	0,089
	Equal variances not assumed			1,125	50,866	0,266	0,084	0,075
Debt Ratio	Equal variances assumed	2,749	0,102	-1,235	68,000	0,221	-0,036	0,029
	Equal variances not assumed			-1,269	63,042	0,209	-0,036	0,028
Debt to Worth	Equal variances assumed	1,942	0,168	-1,424	68,000	0,159	-0,648	0,455
	Equal variances not assumed			-1,500	66,539	0,138	-0,648	0,432
Equity Ratio	Equal variances assumed	0,004	0,948	-0,221	68,000	0,826	-0,012	0,053
	Equal variances not assumed			-0,217	54,888	0,829	-0,012	0,054

3.5.2.7.2. Comparison of pre-IFRS and post2-IFRS

Table 130 presents the descriptive statistics for all selected ratios of both pre-IFRS and post2-IFRS periods for TWL.

As it can be seen from the Table; CR is 2,30, ATR is 1,44, IT is 4,33, and DW is 0,67 according to previous legislation, in pre-IFRS period, CR, ATR, IT, and DW increase to 2,70, 2,11, 4,67, and 3,69 respectively based on IFRS, in post2-IFRS period.

Meanwhile, RT, AT, FA, GPM, OPM, ROE, ROA, and NPM decrease to 4,54, 0,56, 1,67, 0,09, minus 0,15, minus 0,01, minus 0,01, and minus 0,11 respectively based on the post2-IFRS period, whereas RT, AT, FA, GPM, OPM, ROE, ROA, and NPM are 5,54, 1,07, 3,25, 0,20, 0,05, 0,02, 0,02, and 0,00 respectively based on pre-IFRS period. Also, DR and EQ stay nearly the same for both periods.

Table 130: Descriptive Statistics for All Selected Ratios

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	pre-IFRS*	28	2,302	1,617	0,306
	post2-IFRS**	70	2,691	4,613	0,551
Acid Test Ratio	pre-IFRS*	28	1,438	1,194	0,226
	post2-IFRS**	70	2,107	4,354	0,520
Inventory Turnover	pre-IFRS*	28	4,328	1,245	0,235
	post2-IFRS**	69	4,666	5,812	0,700
Receivables Turnover	pre-IFRS*	28	5,538	2,274	0,430
	post2-IFRS**	70	4,536	2,831	0,338
Assets Turnover	pre-IFRS*	28	1,065	0,311	0,059
	post2-IFRS**	70	0,562	0,339	0,040
Fixed Asset Turnover	pre-IFRS*	28	3,245	2,464	0,466
	post2-IFRS**	70	1,669	1,310	0,157
Gross Profit Margin	pre-IFRS*	28	0,203	0,136	0,026
	post2-IFRS**	70	0,088	0,313	0,037
Operating Profit Margin	pre-IFRS*	28	0,048	0,118	0,022
	post2-IFRS**	70	-0,147	0,403	0,048
Return On Equity	pre-IFRS*	28	0,018	0,726	0,137
	post2-IFRS**	70	-0,013	0,614	0,073

Return On Assets	pre-IFRS*	28	0,015	0,136	0,026
	post2-IFRS**	70	-0,009	0,142	0,017
Net Profit Margin	pre-IFRS*	28	0,003	0,133	0,025
	post2-IFRS**	70	-0,108	0,759	0,091
Debt Ratio	pre-IFRS*	28	0,134	0,109	0,021
	post2-IFRS**	70	0,135	0,125	0,015
Debt to Worth	pre-IFRS*	28	0,674	1,567	0,296
	post2-IFRS**	70	3,693	22,764	2,721
Equity Ratio	pre-IFRS*	28	0,563	0,227	0,043
	post2-IFRS**	70	0,558	0,232	0,028

*pre-IFRS covers the period 2002 to 2003
**post2-IFRS covers the period 2008 to 2012

Table 131 provides t-test for equality of means for all selected ratios of both pre-IFRS and post2-IFRS periods for TWL. The Table presents statistics of the financial ratios in order to see whether there are statistically significant differences between domestic legislation and IFRS based on financial statements.

According to the statistical results, ten financial ratios, except AT, FA, GPM, OPM, based on financial statements of pre-IFRS period are not significantly different when compared to the ratios based on financial statements of post2-IFRS period. So, for all financial ratios, except AT, FA, GPM, OPM, of TWL hypotheses constructed (Ho) in the thesis are accepted. But, independent sample test demonstrates that AT, FA, GPM, and OPM are statistically significant at 5% level with "t" statistics.

Based on the statistical test (Sig.(2-tailed) is 0.000 for equal variances assumed and Sig.(2-tailed) is 0.000 for equal variances not assumed), hypothesis constructed (H_{AT0}) in the thesis is rejected. Based on the statistical test (Sig.(2-tailed) is 0.000 for equal variances assumed and Sig.(2-tailed) is 0.003 for equal variances not assumed), hypothesis constructed (H_{FA0}) in the thesis is rejected. Based on the statistical test (Sig.(2-tailed) is 0.013 for equal variances not assumed), hypothesis constructed (H_{GPM0}) in the thesis is rejected. Based on the statistical test (Sig.(2-tailed) is 0.013 for equal variances assumed and Sig.(2-tailed) is 0.000 for equal variances not assumed), hypothesis constructed (H_{OPM0}) in the thesis is rejected.

Table 131: Independent Samples Test for All Selected Ratios

		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	3,684	0,058	-0,434	96,000	0,665	-0,389	0,895
	Equal variances not assumed			-0,617	94,993	0,539	-0,389	0,630
Acid Test Ratio	Equal variances assumed	3,837	0,053	-0,799	96,000	0,426	-0,669	0,837
	Equal variances not assumed			-1,180	89,320	0,241	-0,669	0,567
Inventory Turnover	Equal variances assumed	2,462	0,120	-0,303	95,000	0,762	-0,337	1,112
	Equal variances not assumed			-0,457	81,615	0,649	-0,337	0,738
Receivables Turnover	Equal variances assumed	2,049	0,156	1,668	96,000	0,099	1,002	0,601
	Equal variances not assumed			1,832	61,582	0,072	1,002	0,547
Assets Turnover	Equal variances assumed	1,505	0,223	6,803	96,000	0,000	0,504	0,074
	Equal variances not assumed			7,059	53,954	0,000	0,504	0,071
Fixed Asset Turnover	Equal variances assumed	4,968	0,028	4,110	96,000	0,000	1,576	0,384
	Equal variances not assumed			3,208	33,285	0,003	1,576	0,491
Gross Profit Margin	Equal variances assumed	2,396	0,125	1,874	96,000	0,064	0,115	0,061
	Equal variances not assumed			2,540	95,286	0,013	0,115	0,045
Operating Profit Margin	Equal variances assumed	7,378	0,008	2,518	96,000	0,013	0,195	0,078
	Equal variances not assumed			3,686	90,969	0,000	0,195	0,053
Return On Equity	Equal variances assumed	0,156	0,694	0,211	96,000	0,834	0,030	0,145
	Equal variances not assumed			0,196	43,260	0,846	0,030	0,156
Return On Assets	Equal variances assumed	0,001	0,976	0,777	96,000	0,439	0,024	0,031
	Equal variances not assumed			0,790	51,543	0,433	0,024	0,031
Net Profit Margin	Equal variances assumed	4,741	0,032	0,766	96,000	0,446	0,111	0,145
	Equal variances not assumed			1,178	78,758	0,243	0,111	0,094

Debt Ratio	Equal variances assumed	1,346	0,249	-0,023	96,000	0,981	-0,001	0,027
	Equal variances not assumed			-0,025	56,647	0,980	-0,001	0,025
Debt to Worth	Equal variances assumed	1,330	0,252	-0,699	96,000	0,486	-3,019	4,319
	Equal variances not assumed			-1,103	70,619	0,274	-3,019	2,737
Equity Ratio	Equal variances assumed	0,239	0,626	0,113	96,000	0,910	0,006	0,052
	Equal variances not assumed			0,114	50,703	0,909	0,006	0,051

3.5.2.7.3. Comparison of post1-IFRS and post2-IFRS

Table 132 presents the descriptive statistics for all selected ratios of both post1-IFRS and post2-IFRS periods for TWL.

As can be seen from the Table; ATR is 2,04, ROE is minus 0,06, and DW is 1,32 according to legislation, in post1-IFRS period, ATR, ROE, and DW increase to 2,11, minus 0,01, and 3,69 respectively based on IFRS, in post2-IFRS period.

Meanwhile, CR, IT, RT, AT, FA, GPM, OPM, ROA, NPM, DR, and EQ decrease to 2,69, 4,67, 4,54, 0,56, 1,67, 0,09, minus 0,15, minus 0,01, minus 0,11, 0,14, and 0,56 respectively based on the post2-IFRS period, whereas CR, IT, RT, AT, FA, GPM, OPM, ROA, NPM, DR, and EQ are 3,08, 4,72, 4,68, 0,69, 2,22, 0,18, minus 0,12, 0,00, minus 0,08, 0,17, and 0,58 respectively based on post1-IFRS period.

Table 132: Descriptive Statistics for All Selected Ratios

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	post1-IFRS*	42	3,080	3,730	0,576
	post2-IFRS**	70	2,691	4,613	0,551
Acid Test Ratio	post1-IFRS*	42	2,036	2,410	0,372
	post2-IFRS**	70	2,107	4,354	0,520
Inventory Turnover	post1-IFRS*	42	4,724	3,877	0,598
	post2-IFRS**	69	4,666	5,812	0,700
Receivables Turnover	post1-IFRS*	42	4,684	2,337	0,361
	post2-IFRS**	70	4,536	2,831	0,338
Assets	post1-IFRS*	42	0,694	0,333	0,051

Turnover	post2-IFRS**	70	0,562	0,339	0,040
Fixed Asset Turnover	post1-IFRS*	42	2,215	3,070	0,474
	post2-IFRS**	70	1,669	1,310	0,157
Gross Profit Margin	post1-IFRS*	42	0,181	0,278	0,043
	post2-IFRS**	70	0,088	0,313	0,037
Operating Profit Margin	post1-IFRS*	42	-0,017	0,204	0,031
	post2-IFRS**	70	-0,147	0,403	0,048
Return On Equity	post1-IFRS*	42	-0,060	0,336	0,052
	post2-IFRS**	70	-0,013	0,614	0,073
Return On Assets	post1-IFRS*	42	-0,001	0,107	0,016
	post2-IFRS**	70	-0,009	0,142	0,017
Net Profit Margin	post1-IFRS*	42	-0,081	0,455	0,070
	post2-IFRS**	70	-0,108	0,759	0,091
Debt Ratio	post1-IFRS*	42	0,170	0,125	0,019
	post2-IFRS**	70	0,135	0,125	0,015
Debt to Worth	post1-IFRS*	42	1,323	2,040	0,315
	post2-IFRS**	70	3,693	22,764	2,721
Equity Ratio	post1-IFRS*	42	0,575	0,210	0,032
	post2-IFRS**	70	0,558	0,232	0,028

*post1-IFRS covers the period 2005 to 2007
**post2-IFRS covers the period 2008 to 2012

Table 133 provides t-test for equality of means for all selected ratios of both post1-IFRS and post2-IFRS periods. The Table presents statistics of the financial ratios in order to see whether there are statistically significant differences between different periods of IFRS based financial statements.

According to the statistical results, fourteen financial ratios based on financial statements of post1-IFRS period are not significantly different when compared to the ratios based on financial statements of post2-IFRS period. So, for selected financial ratios, except AT and OPM, of TWL hypotheses constructed (H_0) in the thesis are accepted.

But, independent sample test demonstrates that AT and OPM are statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is 0.046 for equal variances assumed and Sig.(2-tailed) is 0.045 for equal variances not assumed), hypothesis constructed (H_{AT0}) in the thesis is rejected. Based on the statistical test (Sig.(2-tailed) is 0.026 for equal variances not assumed), hypothesis constructed (H_{OPM0}) in the thesis is rejected.

Table 133: Independent Samples Test for All Selected Ratios

		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	0,064	0,800	0,463	110,000	0,644	0,389	0,840
	Equal variances not assumed			0,488	100,495	0,626	0,389	0,797
Acid Test Ratio	Equal variances assumed	0,987	0,323	-0,097	110,000	0,923	-0,071	0,732
	Equal variances not assumed			-0,111	109,438	0,912	-0,071	0,640
Inventory Turnover	Equal variances assumed	0,235	0,628	0,058	109,000	0,954	0,059	1,012
	Equal variances not assumed			0,064	108,020	0,949	0,059	0,921
Receivables Turnover	Equal variances assumed	4,160	0,044	0,286	110,000	0,776	0,148	0,519
	Equal variances not assumed			0,300	99,264	0,765	0,148	0,494
Assets Turnover	Equal variances assumed	0,679	0,412	2,021	110,000	0,046	0,133	0,066
	Equal variances not assumed			2,029	87,530	0,045	0,133	0,065
Fixed Asset Turnover	Equal variances assumed	3,019	0,085	1,307	110,000	0,194	0,546	0,418
	Equal variances not assumed			1,095	50,098	0,279	0,546	0,499
Gross Profit Margin	Equal variances assumed	0,066	0,798	1,589	110,000	0,115	0,093	0,059
	Equal variances not assumed			1,637	94,546	0,105	0,093	0,057
Operating Profit Margin	Equal variances assumed	6,104	0,015	1,946	110,000	0,054	0,130	0,067
	Equal variances not assumed			2,262	107,512	0,026	0,130	0,058
Return On Equity	Equal variances assumed	0,264	0,609	-0,456	110,000	0,649	-0,047	0,103
	Equal variances not assumed			-0,523	109,258	0,602	-0,047	0,090
Return On Assets	Equal variances assumed	0,412	0,522	0,324	110,000	0,747	0,008	0,025
	Equal variances not assumed			0,347	104,327	0,729	0,008	0,024
Net Profit Margin	Equal variances assumed	1,085	0,300	0,209	110,000	0,835	0,027	0,129
	Equal variances not assumed			0,235	109,999	0,814	0,027	0,115

Debt Ratio	Equal variances assumed	0,288	0,592	1,443	110,000	0,152	0,035	0,024
	Equal variances not assumed			1,443	86,555	0,153	0,035	0,024
Debt to Worth	Equal variances assumed	1,590	0,210	-0,672	110,000	0,503	-2,370	3,527
	Equal variances not assumed			-0,865	70,838	0,390	-2,370	2,739
Equity Ratio	Equal variances assumed	0,447	0,505	0,401	110,000	0,689	0,018	0,044
	Equal variances not assumed			0,411	93,082	0,682	0,018	0,043

3.5.2.8. IFRS Impact on Construction, Public Works, Non-Metallic Mineral Products

In this part of the thesis, CMP is considered separately from other sub-sectors for the analysis. 33 firms' financial statements data is used for the analysis in CMP.

3.5.2.8.1. Comparison of pre-IFRS and post1-IFRS

Table 134 shows the descriptive statistics of fourteen selected financial ratios of both pre-IFRS and post1-IFRS periods for CMP.

As it can be seen from the Table; CR is 2,20, ATR is 1,64, RT is 8,90, GPM is 0,31, OPM is 0,13, ROE is 0,12, ROA is 0,08, NPM is 0,10, and DW is 0,49 according to domestic legislation, in pre-IFRS period, CR, ATR, RT, GPM, OPM, ROE, ROA, NPM and DW increase to 3,53, 2,88 17,36, 0,34, 0,19, 0,17, 0,12, 0,18, and 1,77 respectively based on IFRS, in post1-IFRS period.

Otherwise, IT, AT, and FA decrease to 7,30, 0,84, and 4,36 respectively based on the post1-IFRS period, whereas IT, AT, and FA are 7,89, 1,04, and 5,03 respectively based on pre-IFRS period.

Table 134: Descriptive Statistics for All Selected Ratios

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	pre-IFRS*	66	2,198	1,020	0,126
	post1-IFRS**	99	3,530	3,055	0,307
Acid Test Ratio	pre-IFRS*	66	1,644	0,837	0,103
	post1-IFRS**	99	2,884	2,785	0,280
Inventory Turnover	pre-IFRS*	66	7,889	6,311	0,777
	post1-IFRS**	99	7,304	6,226	0,626
Receivables Turnover	pre-IFRS*	66	8,902	6,290	0,774
	post1-IFRS**	99	17,363	53,236	5,350
Assets Turnover	pre-IFRS*	66	1,036	0,672	0,083
	post1-IFRS**	99	0,836	0,448	0,045
Fixed Asset Turnover	pre-IFRS*	66	5,029	9,737	1,199
	post1-IFRS**	99	4,360	12,134	1,219
Gross Profit Margin	pre-IFRS*	66	0,307	0,146	0,018
	post1-IFRS**	99	0,335	0,122	0,012
Operating Profit Margin	pre-IFRS*	66	0,128	0,161	0,020
	post1-IFRS**	99	0,189	0,147	0,015
Return On Equity	pre-IFRS*	66	0,119	1,582	0,195
	post1-IFRS**	99	0,167	0,419	0,042
Return On Assets	pre-IFRS*	66	0,077	0,125	0,015
	post1-IFRS**	99	0,124	0,136	0,014
Net Profit Margin	pre-IFRS*	66	0,095	0,309	0,038
	post1-IFRS**	99	0,176	0,207	0,021
Debt Ratio	pre-IFRS*	66	0,132	0,157	0,019
	post1-IFRS**	99	0,129	0,141	0,014
Debt to Worth	pre-IFRS*	66	0,488	6,061	0,746
	post1-IFRS**	99	1,773	12,420	1,248
Equity Ratio	pre-IFRS*	66	0,620	0,255	0,031
	post1-IFRS**	99	0,625	0,247	0,025

*pre-IFRS covers the period 2002 to 2003
**post1-IFRS covers the period 2005 to 2007

Table 135 provides t-test for equality of means for all selected ratios of both pre-IFRS and post-IFRS periods for CMP. The Table presents statistics of the financial ratios in order to see whether there are statistically significant differences between domestic legislation and IFRS based on financial statements.

According to the statistical results, all financial ratios, except CR, ATR, AT, OPM, ROA and NPM, based on financial statements of pre-IFRS period are not

significantly different when compared to the ratios based on financial statements of post1-IFRS period. Based on the, independent sample test demonstrates that CR, ATR, AT, OPM, ROA, and NPM are statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is for equal variances assumed), hypotheses constructed ($H_{CR0,}$ $H_{ATR0,}$ $H_{AT0,}$ $H_{OPM0,}$ H_{ROA0} and H_{NPM0}) in the thesis are rejected.

Table 135: Independent Samples Test for All Selected Ratios

		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	43,315	0,000	-3,414	163,000	0,001	-1,332	0,390
	Equal variances not assumed			-4,015	128,110	0,000	-1,332	0,332
Acid Test Ratio	Equal variances assumed	40,345	0,000	-3,510	163,000	0,001	-1,240	0,353
	Equal variances not assumed			-4,157	122,952	0,000	-1,240	0,298
Inventory Turnover	Equal variances assumed	0,380	0,538	0,588	163,000	0,557	0,585	0,995
	Equal variances not assumed			0,586	138,138	0,559	0,585	0,998
Receivables Turnover	Equal variances assumed	5,128	0,025	-1,284	163,000	0,201	-8,461	6,590
	Equal variances not assumed			-1,565	102,079	0,121	-8,461	5,406
Assets Turnover	Equal variances assumed	4,178	0,043	2,296	163,000	0,023	0,200	0,087
	Equal variances not assumed			2,125	103,225	0,036	0,200	0,094
Fixed Asset Turnover	Equal variances assumed	0,001	0,970	0,375	163,000	0,708	0,669	1,786
	Equal variances not assumed			0,391	157,374	0,696	0,669	1,710
Gross Profit Margin	Equal variances assumed	0,003	0,954	-1,354	163,000	0,178	-0,028	0,021
	Equal variances not assumed			-1,307	122,376	0,194	-0,028	0,022
Operating Profit Margin	Equal variances assumed	1,243	0,266	-2,511	163,000	0,013	-0,061	0,024
	Equal variances not assumed			-2,464	130,339	0,015	-0,061	0,025
Return On Equity	Equal variances assumed	4,306	0,040	-0,287	163,000	0,775	-0,048	0,167

	Equal variances not assumed			-0,240	71,109	0,811	-0,048	0,199
Return On Assets	Equal variances assumed	0,540	0,463	-2,253	163,000	0,026	-0,047	0,021
	Equal variances not assumed			-2,292	147,408	0,023	-0,047	0,021
Net Profit Margin	Equal variances assumed	0,004	0,950	-2,016	163,000	0,045	-0,081	0,040
	Equal variances not assumed			-1,867	103,556	0,065	-0,081	0,043
Debt Ratio	Equal variances assumed	0,277	0,599	0,147	163,000	0,884	0,003	0,023
	Equal variances not assumed			0,143	128,851	0,886	0,003	0,024
Debt to Worth	Equal variances assumed	0,300	0,585	-0,781	163,000	0,436	-1,285	1,647
	Equal variances not assumed			-0,884	151,392	0,378	-1,285	1,454
Equity Ratio	Equal variances assumed	0,062	0,803	-0,118	163,000	0,906	-0,005	0,040
	Equal variances not assumed			-0,117	136,246	0,907	-0,005	0,040

3.5.2.8.2. Comparison of pre-IFRS and post2-IFRS

Table 136 shows the descriptive statistics of fourteen selected financial ratios of both pre-IFRS and post2-IFRS periods for CMP.

As it can be seen from the Table; CR is 2,20, and ATR is 2,06 according to domestic legislation, in pre-IFRS period, CR, and ATR increase to 2,85, and 1,64 respectively based on IFRS, in post2-IFRS period.

On the other hand, IT, RT, AT, FA, GPM, OPM, ROE, ROA, NPM, and DR decrease to 7,04, 6,61, 0,82, 4,20, 0,24, 0,08, 0,08, 0,06, 0,06, and 0,11 respectively based on the post2-IFRS period, whereas IT, RT, AT, FA, GPM, OPM, ROE, ROA, NPM, and DR are 7,89, 8,90, 1,04, 5,03, 0,31, 0,13, 0,12 0,08 0,10, and 0,13 respectively based on pre-IFRS period.

Also, EQ stays nearly the same for both periods.

Table 136: Descriptive Statistics for All Selected Ratios

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	pre-IFRS*	66	2,198	1,020	0,126
	post2-IFRS**	165	2,845	1,976	0,154
Acid Test Ratio	pre-IFRS*	66	1,644	0,837	0,103
	post2-IFRS**	165	2,061	1,454	0,113
Inventory Turnover	pre-IFRS*	66	7,889	6,311	0,777
	post2-IFRS**	165	7,039	7,646	0,595
Receivables Turnover	pre-IFRS*	66	8,902	6,290	0,774
	post2-IFRS**	165	6,608	7,971	0,621
Assets Turnover	pre-IFRS*	66	1,036	0,672	0,083
	post2-IFRS**	165	0,816	0,520	0,040
Fixed Asset Turnover	pre-IFRS*	66	5,029	9,737	1,199
	post2-IFRS**	165	4,191	10,673	0,831
Gross Profit Margin	pre-IFRS*	66	0,307	0,146	0,018
	post2-IFRS**	165	0,236	0,101	0,008
Operating Profit Margin	pre-IFRS*	66	0,128	0,161	0,020
	post2-IFRS**	165	0,080	0,143	0,011
Return On Equity	pre-IFRS*	66	0,119	1,582	0,195
	post2-IFRS**	165	0,081	0,170	0,013
Return On Assets	pre-IFRS*	66	0,077	0,125	0,015
	post2-IFRS**	165	0,057	0,096	0,007
Net Profit Margin	pre-IFRS*	66	0,095	0,309	0,038
	post2-IFRS**	165	0,055	0,258	0,020
Debt Ratio	pre-IFRS*	66	0,132	0,157	0,019
	post2-IFRS**	165	0,106	0,097	0,008
Debt to Worth	pre-IFRS*	66	0,488	6,061	0,746
	post2-IFRS**	165	0,768	1,835	0,143
Equity Ratio	pre-IFRS*	66	0,620	0,255	0,031
	post2-IFRS**	165	0,618	0,271	0,021

*pre-IFRS covers the period 2002 to 2003
**post2-IFRS covers the period 2008 to 2012

Table 137 provides t-test for equality of means for all selected ratios of both pre-IFRS and post-IFRS periods for CMP. The Table presents statistics of the financial ratios in order to see whether there are statistically significant differences between domestic legislation and IFRS based on financial statements.

According to the statistical results, eight financial ratios, except CR, ATR, RT, AT, GPM, and OPM, based on financial statements of pre-IFRS period are not significantly different when compared to the ratios based on financial statements of post1-IFRS period. Based on the independent sample test demonstrates that CR, ATR, RT, AT, GPM, and, OPM are statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is for equal variances assumed), hypotheses constructed ($H_{CR0,}$ $H_{ATR0,}$ $H_{RT0,}$ $H_{AT0,}$ H_{GPM0} and H_{OPM0}) in the thesis are rejected.

Table 137: Independent Samples Test for All Selected Ratios

		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	22,006	0,000	-2,527	229,000	0,012	-0,647	0,256
	Equal variances not assumed			-3,259	214,803	0,001	-0,647	0,199
Acid Test Ratio	Equal variances assumed	17,658	0,000	-2,190	229,000	0,030	-0,417	0,191
	Equal variances not assumed			-2,727	200,674	0,007	-0,417	0,153
Inventory Turnover	Equal variances assumed	0,006	0,938	0,801	229,000	0,424	0,850	1,062
	Equal variances not assumed			0,869	144,048	0,386	0,850	0,979
Receivables Turnover	Equal variances assumed	1,158	0,283	2,091	229,000	0,038	2,294	1,097
	Equal variances not assumed			2,312	150,692	0,022	2,294	0,992
Assets Turnover	Equal variances assumed	4,295	0,039	2,663	229,000	0,008	0,220	0,083
	Equal variances not assumed			2,388	97,586	0,019	0,220	0,092
Fixed Asset Turnover	Equal variances assumed	0,000	0,987	0,553	229,000	0,581	0,838	1,517
	Equal variances not assumed			0,575	130,536	0,566	0,838	1,458
Gross Profit Margin	Equal variances assumed	3,379	0,067	4,190	229,000	0,000	0,071	0,017
	Equal variances not assumed			3,594	90,884	0,001	0,071	0,020
Operating Profit	Equal variances assumed	0,648	0,422	2,194	229,000	0,029	0,048	0,022

Margin	Equal variances not assumed			2,087	108,416	0,039	0,048	0,023
Return On Equity	Equal variances assumed	11,321	0,001	0,305	229,000	0,761	0,038	0,125
	Equal variances not assumed			0,195	65,602	0,846	0,038	0,195
Return On Assets	Equal variances assumed	7,111	0,008	1,289	229,000	0,199	0,020	0,015
	Equal variances not assumed			1,153	97,144	0,252	0,020	0,017
Net Profit Margin	Equal variances assumed	1,064	0,303	0,985	229,000	0,326	0,039	0,040
	Equal variances not assumed			0,911	103,011	0,364	0,039	0,043
Debt Ratio	Equal variances assumed	7,644	0,006	1,556	229,000	0,121	0,027	0,017
	Equal variances not assumed			1,281	85,655	0,204	0,027	0,021
Debt to Worth	Equal variances assumed	2,551	0,112	-0,538	229,000	0,591	-0,281	0,522
	Equal variances not assumed			-0,370	69,818	0,713	-0,281	0,760
Equity Ratio	Equal variances assumed	0,172	0,679	0,045	229,000	0,964	0,002	0,039
	Equal variances not assumed			0,046	126,548	0,963	0,002	0,038

3.5.2.8.3. Comparison of post1-IFRS and post2-IFRS

Table 138 presents the descriptive statistics for all selected ratios of both post1-IFRS and post2-IFRS periods for CMP.

As can be seen from the Table; CR, ATR, IT, RT, GPM, OPM, ROE, ROA, NPM, and DW decrease to 2,85, 2,06, 7,04, 6,61, 0,24, 0,08, 0,08, 0,06, 0,06, and 0,77 respectively based on the post2-IFRS period, whereas CR, ATR, IT, RT, GPM, OPM, ROE, ROA, NPM, and DW are 3,53, 2,88, 7,30, 17,36, 0,34, 0,19, 0,17, 0,12, 0,18, and 1,77 respectively based on post1-IFRS period. Meanwhile, AT, FA, DR, and EQ stay nearly the same for both periods.

Table 138: Descriptive Statistics for All Selected Ratios

	Period	N	Mean	Std. Deviation	Std. Error Mean
Current Ratio	post1-IFRS*	99	3,530	3,055	0,307
	post2-IFRS**	165	2,845	1,976	0,154
Acid Test Ratio	post1-IFRS*	99	2,884	2,785	0,280
	post2-IFRS**	165	2,061	1,454	0,113
Inventory Turnover	post1-IFRS*	99	7,304	6,226	0,626
	post2-IFRS**	165	7,039	7,646	0,595
Receivables Turnover	post1-IFRS*	99	17,363	53,236	5,350
	post2-IFRS**	165	6,608	7,971	0,621
Assets Turnover	post1-IFRS*	99	0,836	0,448	0,045
	post2-IFRS**	165	0,816	0,520	0,040
Fixed Asset Turnover	post1-IFRS*	99	4,360	12,134	1,219
	post2-IFRS**	165	4,191	10,673	0,831
Gross Profit Margin	post1-IFRS*	99	0,335	0,122	0,012
	post2-IFRS**	165	0,236	0,101	0,008
Operating Profit Margin	post1-IFRS*	99	0,189	0,147	0,015
	post2-IFRS**	165	0,080	0,143	0,011
Return On Equity	post1-IFRS*	99	0,167	0,419	0,042
	post2-IFRS**	165	0,081	0,170	0,013
Return On Assets	post1-IFRS*	99	0,124	0,136	0,014
	post2-IFRS**	165	0,057	0,096	0,007
Net Profit Margin	post1-IFRS*	99	0,176	0,207	0,021
	post2-IFRS**	165	0,055	0,258	0,020
Debt Ratio	post1-IFRS*	99	0,129	0,141	0,014
	post2-IFRS**	165	0,106	0,097	0,008
Debt to Worth	post1-IFRS*	99	1,773	12,420	1,248
	post2-IFRS**	165	0,768	1,835	0,143
Equity Ratio	post1-IFRS*	99	0,625	0,247	0,025
	post2-IFRS**	165	0,618	0,271	0,021

*post1-IFRS covers the period 2005 to 2007
**post2-IFRS covers the period 2008 to 2012

Table 139 provides t-test for equality of means for all selected ratios of both post1-IFRS and post2-IFRS periods. The Table presents statistics of the financial ratios in order to see whether there are statistically significant differences between different periods of IFRS based financial statements.

According to the statistical results, six financial ratios based on financial statements of post1-IFRS period are not significantly different when compared to the ratios based on financial statements of post2-IFRS period. So, for six selected financial ratios of CMP hypotheses constructed (H_0) in the thesis are accepted.

But, independent sample test demonstrates that CR, ATR, RT, GPM, OPM, ROE, ROA and NPM are statistically significant at 5% level with "t" statistics. Based on the statistical test (Sig.(2-tailed) is for equal variances assumed), hypotheses constructed (H_{CR0}, H_{ATR0}, H_{RT0}, H_{GPM0}, H_{OPM0}, H_{ROE0}, H_{ROA0} and H_{NPM0}) in the thesis are rejected.

Table 139: Independent Samples Test for All Selected Ratios

		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Current Ratio	Equal variances assumed	19,254	0,000	2,211	262,000	0,028	0,685	0,310
	Equal variances not assumed			1,994	147,815	0,048	0,685	0,343
Acid Test Ratio	Equal variances assumed	33,677	0,000	3,149	262,000	0,002	0,823	0,261
	Equal variances not assumed			2,725	130,570	0,007	0,823	0,302
Inventory Turnover	Equal variances assumed	0,291	0,590	0,292	262,000	0,770	0,266	0,909
	Equal variances not assumed			0,308	238,772	0,759	0,266	0,864
Receivables Turnover	Equal variances assumed	14,365	0,000	2,551	262,000	0,011	10,755	4,216
	Equal variances not assumed			1,997	100,643	0,049	10,755	5,386
Assets Turnover	Equal variances assumed	0,005	0,944	0,315	262,000	0,753	0,020	0,063
	Equal variances not assumed			0,327	230,323	0,744	0,020	0,061
Fixed Asset Turnover	Equal variances assumed	0,004	0,949	0,118	262,000	0,906	0,169	1,429
	Equal variances not assumed			0,115	186,135	0,909	0,169	1,476
Gross Profit Margin	Equal variances assumed	5,596	0,019	7,113	262,000	0,000	0,099	0,014
	Equal variances not assumed			6,780	176,616	0,000	0,099	0,015

Operating Profit Margin	Equal variances assumed	5,863	0,016	5,894	262,000	0,000	0,108	0,018
	Equal variances not assumed			5,860	202,721	0,000	0,108	0,019
Return On Equity	Equal variances assumed	4,435	0,036	2,335	262,000	0,020	0,086	0,037
	Equal variances not assumed			1,946	117,694	0,054	0,086	0,044
Return On Assets	Equal variances assumed	15,418	0,000	4,670	262,000	0,000	0,067	0,014
	Equal variances not assumed			4,291	156,764	0,000	0,067	0,016
Net Profit Margin	Equal variances assumed	2,286	0,132	3,938	262,000	0,000	0,120	0,031
	Equal variances not assumed			4,157	240,622	0,000	0,120	0,029
Debt Ratio	Equal variances assumed	5,509	0,020	1,576	262,000	0,116	0,023	0,015
	Equal variances not assumed			1,442	154,464	0,151	0,023	0,016
Debt to Worth	Equal variances assumed	3,012	0,084	1,022	262,000	0,308	1,005	0,983
	Equal variances not assumed			0,800	100,574	0,426	1,005	1,256
Equity Ratio	Equal variances assumed	0,047	0,829	0,193	262,000	0,847	0,006	0,033
	Equal variances not assumed			0,198	221,531	0,843	0,006	0,033

3.5.3. Summary of the Results to Show the Effects of IFRS on Key Financial Ratios

Table 140 presents our analysis for the effects of IFRS on key financial ratios. As mentioned before, in this thesis fourteen key financial ratios are used to analyze whether IFRS has influence on financial ratios after applied and by passing of time on issued financial statements by selected listed firms on BIST.

The thesis firstly takes two years before accounting standards issued and implemented for the financial statements of firms on BIST into account. The period including 2002 and 2003 before IASs/IFRSs were applied was named "*pre-IFRS*". Next period, beginning 2005 to 2012, which IASs/IFRSs were applied to the financial statements was divided into two periods. Early period, for IASs/IFRSs period, includes 2005, 2006 and 2007. This period was named as "*post1-IFRS*". The other period includes five years, beginning 2008 and 2012. Briefly, there were three

different periods used in the analysis of the thesis. On this ground, the thesis was compared not only pre and post IFRS periods but also compared early and latest IFRS periods for the analysis. These comparisons were pre-IFRS vs post1-IFRS, pre-IFRS vs post2-IFRS, and post1-IFRS vs post2-IFRS respectively.

In summary, statistical results for the comparison of pre and post IFRS periods for main industry are shown in the table below.

Table 140: Summary of Test Result for All Selected Financial Ratios

PERIOD \ RATIO	Current Ratio	Acid Test Ratio	Inventory Turnover	Receiv.Turnover	Assets Turnover	Fixed Assets Turnover	Gross Profit Margin	Operating Profit Margin	Return on Equity	Return on Assets	Net Profit Margin	Debt Ratio	Debt to Worth	Equity Ratio
pre*& post1**	■	■			■									
pre*&post2***	■	■		■	■	■	■	■				■		
Post1*&post2***				■	■		■	■	■	■	■	■		■

*pre-IFRS covers the period 2002 to 2003
**post1-IFRS covers the period 2005 to 2007
***post2-IFRS covers the period 2008 to 2012
****Shaded areas on the Table show that applying IFRS has influence statistically significant on which key ratios for sample of this thesis

In the thesis firstly the effects of IFRS to the financial analysis in MI using fourteen selected financial ratios are analyzed. MI is the main sector in the sample of the thesis. MI covers eight different sub-sectors; therefore thesis then examines the impact of IFRS to the financial analysis on each sub-sector base.

In summary, statistical results to compare pre-IFRS vs post1-IFRS for eight sub-sectors were shown in the table below.

Table 141: Summary of Test Result for All Selected Financial Ratios

SECTOR \ RATIO	Current Ratio	Acid Test Ratio	Inventory Turnover	Receiv.Turn.	Assets Turnover	Fixed Assets Turnover	Gross Profit Margin	Operating Profit Margin	Return on Equity	Return on Assets	Net Profit Margin	Debt Ratio	Debt to Worth	Equity Ratio
Food, Beve. Tab. (FBT)														
Chemical, Petr. Plast. (CPR)														
Paper, Print. Publish. (PPP)														
Basic Met. Ind. (BMI)														
Fab. Met. Prod., Mach., Equip. (FME)														
Vehicle and Veh. Sub. Ind. (VSI)														
Text., Wear., and Leath. (TWL)														
Const. Public Work., Non-Met. (CMP)														

*Shaded areas on the Table showed that applying IFRS had influence statistically significant on which key ratios for sample of this thesis

In summary, statistical results to compare pre-IFRS vs post2-IFRS for eight sub-sectors were shown in the table below.

Table 142: Summary of Test Result for All Selected Financial Ratios

SECTOR \ RATIO	Current Ratio	Acid Test Ratio	Inv. Turn.	Receiv. Turn.	Assets Turnover	Fixed Assets Turnover	Gross Profit Margin	Operating Profit Margin	Return on Equity	Return on Assets	Net Profit Margin	Debt Ratio	Debt to Worth	Equity Ratio
Food, Beve. Tab. (FBT)														
Chemical, Petr. Plast.														

(CPR)														
Paper, Print. Publish. (PPP)														
Basic Met. Ind. (BMI)														
Fab. Met. Prod., Mach., Equip. (FME)														
Vehicle and Veh. Sub. Ind. (VSI)														
Text., Wear., and Leath. (TWL)														
Const. Public Work., Non-Met. (CMP)														

*Shaded areas on the Table showed that applying IFRS had influence statistically significant on which key ratios for sample of this thesis

In summary, statistical results to compare post1-IFRS vs post2-IFRS for eight sub-sectors were shown in the table below.

Table 143: Summary of Test Result for All Selected Financial Ratios

SECTOR \ RATIO	Current Ratio	Acid Test Ratio	Inv. Turn.	Receiv. Turn.	Assets Turnover	Fixed Assets Turn.	Gross Profit Margin	Operating Profit Margin	Return on Equity	Return on Assets	Net Profit Margin	Debt Ratio	Debt to Worth	Equity Ratio
Food, Beve. Tab. (FBT)														
Chemical, Petr. Plast. (CPR)														
Paper, Print. Publish. (PPP)														
Basic Met. Ind. (BMI)														
Fab. Met. Prod., Mach., Equip. (FME)														
Vehicle and Veh. Sub. Ind. (VSI)														

Text., Wear., and Leath. (TWL)														
Const. Public Work., Non-Met. (CMP)														

*Shaded areas on the Table showed that applying IFRS had influence statistically significant on which key ratios for sample of this thesis

In first parts of the thesis, we explained in detail whether IFRS had effects on key financial ratios or not. Table 140 summarized all these results. Shaded areas on the Table showed that applying IFRS had influence statistically significant on which key ratios for sample of this thesis. As it could be seen from the table, IFRS had statistically significant P values for CR, ATR, RT, GPM, OPM, ROE, ROA and NPM. The relevant P values for these key financial ratios varied among 0,000, and 0,049.

When the same t-test applied to the sub-sectors, statistically significant results could be found for RT, AT, GPM, OPM, ROE, DW and EQ.

The results of these academics were in line with the result was expected. The motivation for IFRS adoption across the EU member states was the need to improve quality and comparability.

The results of the thesis were in line the results that were expected. It could be said that IFRS adoption for firms in BIST was still need to be improved.

In spite of the limitations for the thesis, the findings of the thesis provided further insight into the importance of compliance with the IFRS effects on financial analysis and also financial statements. The findings of this thesis should have been of interest to regulators and standard setters, as well as academic researchers and educators, and the investment community at large.

3.5.4. Future Research

The thesis uses sample consists of 135 non-financial Turkish listed firms on BIST which are presenting their annual financial statements in accordance with local accounting standards before 2005, between 2002 and 2003, and international financial reporting standards after 2005, between 2005 and 2012.

As mentioned before in “Limitations” part of the thesis the years after 2005, listed firms whose data used in the sample for analysis have been preparing two different financial statements at the same periods. Because of provisions of TPL, the firms issue financial statements prepared according to UCA to the Tax Offices. So, it can be reached only financial statements which prepared according to IFRS and issued on the BIST. Maybe financial statement issued for the Ministry of Finance are confidential, but it can be done an analysis to compare to different financial statements at the same periods to analyze IFRS effects on financial statements and financial analysis. With something like that thesis will contribute value to the studies of all stakeholders, especially regulator setters, such as Ministry of Finance, POA and BRSA.

Before 2005, using IFRS in preparing financial statements were restricted and limited by the listed firms, and other firms didn’t comply with the IFRS for their financial statements. After establishing POA and issuing the new TCC, all firms registered in Turkey had to prepare their financial statements according to IFRS after 2012. Because of this reason, the studies should be done for only non-listed firms’ financial statement to analyze IFRS effect on financial analysis.

As mentioned before international accounting standards has been used only at last decade in Turkish accounting practice, the analysis could be done for longer period and IFRS effects on financial analysis could be researched in detail.

In order to ensure and provide the consistency and comparability of representation of financial data in financial statements, CMB issued and announced (2004) financial statements and footnote format with the user guide. According to the announcement of the Board, the user guide and formats had to be based by firms included by the Communiqué series XI No. 25 when preparing their financial statements since the announcement of mandatory application after 2003. The Communiqué on Accounting Standards in Capital Markets, Series XI No.25, was repealed by The Communiqué on Principles of Financial Reporting in Capital Markets, Series XI No.29. So, The Communiqué on Accounting Standards in Capital Markets would not be applied in accounting practice annual periods on and after January 1, 2008. With these new regulations, CMB issued a new announcement related with the Communiqué on Principles of Financial Reporting in Capital

Markets, Series XI No.29 (SPK, 2008). Because of this reason another researchers should investigate only regulator effects on financial analysis.

CONCLUSION

At the beginning of the year 2005 IASB acquired greater legitimacy and stature when the EU decided to require all listed firms to prepare consolidated accounts based on International Financial Reporting Standards (Larson, and Street, 2004: 89-119). So this point was the major cornerstone for IFRS adoption when the EC aims to adopt IFRS for listed firms. In 2005 almost 7.000 firms in 25 countries simultaneously switched from national GAAP to IFRS (www.ifrs.org, September 10, 2015). Accounting practice in Turkey is entered a new way with the regulations of CMB. The first important regulation was the Communiqué issued by CMB. This Communiqué which was "The Communiqué on Accounting Standards in Capital Markets", series XI number of 25 was issued on November 15, 2003 on the Official Gazette by CMB for accounting standards in capital markets and became effective on January 1, 2005. CMB was the one of the association that studied for adopting international accounting standards in Turkish accounting practice in those years. It was necessary for firms in business to apply global accounting standards to benefit a big role in the world.

From the perspective of developing countries, the need for high quality financial information for foreign capital and investments to support economic development and growth, global accounting standards are a way to access financial resources. Meanwhile, globalization revealed a common language requirement in the accounting world.

Although the adoption of IFRS was costly, complex and burdensome for listed firms not only in Turkey but also in other countries, IFRS adoption improved the quality of financial statements, transparency and comparability for all of these firms. So IFRS was seemed to give significant benefit for firms in the long run.

Over the last years, studies in all fields have existed to establish a set of global accounting standards to facilitate international trade and investment. Studies have been examined quantitative and qualitative relationship between local accounting standards and international accounting standards. Data has been used from questionnaires or issued financial statements in those studies. But with the growing internalization of economic trade, markets and business, empirical evidence

on IFRS impacts on financial statements has become more and more required matter in accounting literature. IFRS effects on financial statements could be through by many different ways such as measurement, valuation, formal structure, scope, and footnote of financial statements. There are more challenges points to understand effects of IFRS on financial statements. These points are should be difficulties of the use of lengthy English sentences, consolidated statements, inconsistent use of terminology, new financial statements items, format of the financial statements, frequency, volume and complex of changes and nature of new accounting standards.

To reach its aim, the thesis is organized as follows. First the thesis explained development of the accounting standard generally and IFRS in Turkey and all over the world. While the standards developed by the BRSA and the CMB are compulsory only for the firms subjected to their legislations, the application domain of these standards are limited. Secondly, the thesis gives literature review about IFRS impacts on financial statements, analysis and ratios. Lastly, the thesis empirically examines whether IFRS adoption have impacts on financial analysis or not. The thesis attempts to raise awareness and to explore the effects of IFRS on financial analysis of Turkish listed firms' financial statements and also to put forth and share Turkish experience with academician and practitioners to the point reached at the last decade. Additionally, the thesis also contributes to the accounting standards policy setting for regulators since there are economic benefits for firms in Turkish markets to integrate global financial markets.

The thesis examines the impact of the IFRSs that became effective after January 1, 2005 on financial analysis. So IASs/IFRSs began to influence the annual financial statements for 2005 and the following years. The aim is to provide that there are differences between the financial ratios derived from financial statements which are prepared under different accounting regulations.

There are three different periods in the thesis; pre-IFRS, including 2002 and 2003, post1-IFRS, including 2005, 2006 and 2007 and post2-IFRS, including from 2008 to 2012. IASs/IFRSs were applied to the financial statements for post1-IFRS and post2-IFRS periods. So pre and post periods showed different period which different accounting regulations applied. IFRS applied first for post1-IFRS period with The Communiqué on Accounting Standards in Capital Markets, Series XI

No.25. But for post2-IFRS period, CMB issued a new announcement related with the Communiqué on Principles of Financial Reporting in Capital Markets, Series XI No.29. In other words, financial statement format was changed by the new Communiqué Series XI No.29 after 2008. Because of this reason IFRS period is divided two different periods in the thesis; post1-IFRS and post2-IFRS.

So the thesis includes three different comparisons which are pre-IFRS vs post1-IFRS, pre-IFRS vs post2-IFRS, and post1-IFRS vs post2-IFRS respectively for fourteen selected financial ratios. In other words thesis analyzes different periods in which different accounting regulations were applied and early and latest IFRS periods together. So, comparison with post2 period indicates long term impacts of IFRS on financial statements.

At the beginning the process for collecting 403 firms annually balance sheet data of eleven years from 2002 to 2012 was taken a long time for the thesis, because at the beginning nearly (403x10=) 4030 financial balance sheets must have been observed. Besides, locating appropriate standards for comparison of data was the other difficulty point of the thesis. So, data gathering was challenging, critical and the hardest part of the thesis. 1.350 (10 terms x 135 firm annual reports) firm-year observations are provided for the sample in the thesis.

In the thesis firstly the effects of IFRS to the financial analysis in manufacturing industry using fourteen selected financial ratios are analyzed. Three ratios, current ratio, acid test ratio and assets turnover, are statistically significant comparison for pre&post1 and pre&post2 periods at the same time. This is waited statistical results for the thesis. Pre&post2 comparison shows that five more other key ratios were affected new regulation according to pre&post1 comparison. For nine ratios of analysis, there weren't statistical differences according to comparison of post1&post2 periods. These points are the most important contribution to understand differences of IFRS effects on financial statements between in the short run and the long run. The findings indicated that liquidity ratios, which are current ratio and acid test ratio, were the most affected by the new accounting standards, IFRS. But in the long run, IFRS affects especially profitability ratios which are gross profit margin, operating profit margin, return on equity, return on assets, and net profit margin. Results for long term showed that IFRS was applied better than early

periods or learned in the early applying processes. In order to ensure and provide of this point of view, the analysis should be done for longer periods. Thus IFRS effects on financial analysis could be analyzed better.

Manufacturing industry in the thesis covers eight different sub-sectors. The thesis examines also impact of IFRS to the financial analysis on each sub-sector base. Pre&post2 comparison shows that five more other key ratios were affected new regulation according to pre&post1 comparison. Findings showed that IFRS almost hadn't effect on financial statements of sub-sector of fabricated metal products, machinery and equipment for all different comparisons. The results of the thesis indicated that construction sector was the most effected sub-sector in the eight sub-sectors by IFRS. In the long term, the construction sector was affected more than short term by IFRS The sub-sector of construction contains only 33 firms in the 135 firms of data. Because of this reason, the sub-sector's data itself couldn't drive the statistical results related to manufacturing industry.

The thesis searches the impacts of adoption of International Financial Reporting Standards on financial analysis. It can be said that there is still little evidence on the impact of IFRS adoption on key financial ratios. The most important results of the thesis is that the related persons must carefully take IFRS effects on financial analysis into account.

In summary, the thesis showed that the adoption of IFRS produced quite relevant impact on Turkish accounting practices which was tax driven based. The results revealed that IFRS had statistically significant impacts on financial statements for some financial ratios. As a result it can be said that adoption to IFRS has made some improvements to Turkish accounting system and also adopting a global accounting standards will enable firms to play in a global area easier.

As a result this thesis could provide some evidence to the effects of IFRS adoption on financial statements but it could give a point of view and could also be a guide way for future researches on the matter.

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APPENDICES

APPENDIX 1

ACCOUNTING STANDARDS ISSUED BY CMB*

Section-1	Framework for the Preparation and Presentation of Financial Statements
Section-2	Presentation of Financial Statements
Section-3	Interim Financial Reporting
Section-4	Cash Flow Statements
Section-5	Revenue
Section-6	Inventories
Section-7	Property Plant and Equipment
Section-8	Intangible Assets
Section-9	Impairment of Assets
Section-10	Borrowing Costs
Section-11	Financial Instruments
Section-12	Business Combinations
Section-13	Consolidated Financial Statements and Accounting for Investments, Accounting for Investments in Associates, Financial Reporting of Interest in Joint Ventures
Section-14	The Effects of Changes in Foreign Exchange Rate
Section-15	Financial Reporting in Hyperinflationary Economies
Section-16	Earnings per Share
Section-17	Events After the Balanced Sheet Date
Section-18	Provisions, Contingent Liabilities and Contingent Assets
Section-19	Profit or Loss for The Period, Fundamental Errors and Changes in Accounting Policies
Section-20	Leases
Section-21	Related Party Disclosures
Section-22	Segment Reporting
Section-23	Disclosures in The Financial Statements of Banks and Similar Financial Institutions
Section-24	Construction Contracts
Section-25	Discontinuing Operations
Section-26	Accounting for Government Grants and Disclosure of Government Assistance
Section-27	Investment Property
Section-28	Income Taxes
Section-29	Employee Benefits
Section-30	Accounting and Reporting by Retirement Benefit Plans
Section-31	Agriculture
Section-32	Disclosure of Financial Statements and Reports, Presentation of Them to CMB and Istanbul Stock Exchange
Section-33	First-Time Financial Statements
Section-34	Various Articles

***Source:** Yalkın, Y., K, Demir, V., and Demir., D. (2008). International Financial Reporting Standards (IFRS) and the Development of Financial Reporting Standards in Turkey. Research in Accounting Regulation. 20:279-294.

APPENDIX 2

ACCOUNTING STANDARDS ISSUED BY TASB*

TMS-1	Presentation of Financial Statements
TMS-2	Inventories
TMS-7	Cash Flow Statements
TMS-8	Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies
TMS-10	Events after the Balanced Sheet Date
TMS-11	Construction Contracts
TMS-12	Income Taxes
TMS-14	Segment Reporting (This standard will be abrogated by TFRS-8)
TMS-16	Property Plant and Equipment
TMS-17	Leases
TMS-18	Revenue
TMS-19	Employee Benefits
TMS-20	Accounting for Government Grants and Disclosure of Government Assistance
TMS-21	The Effects of Changes in Foreign Exchange Rate
TMS-23	Borrowing Costs
TMS-24	Related Party Disclosures
TMS-26	Accounting and Reporting by Retirement Benefit Plans
TMS-27	Consolidated Financial Statements and Accounting for Investments
TMS-28	Accounting for Investments in Associates
TMS-29	Financial Reporting in Hyperinflationary Economies
TMS-31	Financial Reporting of Interest in Joint Ventures
TMS-32	Financial Instruments: Presentation
TMS-33	Earnings per Share
TMS-34	Interim Financial Reporting
TMS-36	Impairment of Assets
TMS-37	Provisions, Contingent Liabilities and Contingent Assets
TMS-38	Intangible Assets
TMS-39	Financial Instruments: Recognition and Measurements
TMS-40	Investment Property
TMS-41	Agriculture
TFRS-1	First-Time Adoption of TFRS
TFRS-2	Share-Based Payment
TFRS-3	Business Combinations
TFRS-4	Insurance Contracts
TFRS-5	Noncurrent Assets Held for Sale and Discontinued Operations
TFRS-6	Exploration for and Evaluation of Mineral Resources
TFRS-7	Financial Instruments: Disclosures
TFRS-8	Operating Segments

***Source:** Yalkın, Y., K, Demir, V., and Demir., D. (2008). International Financial Reporting Standards (IFRS) and the Development of Financial Reporting Standards in Turkey. Research in Accounting Regulation. 20:279-294.

APPENDIX 3

DEVELOPMENT OF ACCOUNTING SYSTEM*

TYPE	TIME PERIODS					
Private Sector	Tax and Commercial Law based	Tax and Commercial Law based	Tax and Commercial Law based	Uniform Accounting System and Chart of Accounts (Ministry of Finance)	Uniform Accounting System and Chart of Accounts (Ministry of Finance)	IFRS for certain firm (New Commercial Code)
State Economic Enterprises	Budgets and Financial Reporting for the State	Uniform Accounting System (Public Economic Enterprises Rearranging Committee)	Uniform Accounting System (Public Economic Enterprises Rearranging Committee)	N/A	N/A	N/A
Listed Companies	N/A	N/A	Standard General Accounting Plan (Capital Markets Board)	Standard General Accounting Plan (Capital Markets Board)	IFRS Process (Inflation Accounting, Consolidation, Mandatory Adoption)	IFRS
Bank and Financial Sector	N/A	N/A	Uniform Accounting Plan for Bank Enterprises	Uniform Accounting Plan for Bank Enterprises	IFRS Process (Mandatory Adoption)	IFRS

***Source:** Balsarı, C., K., Varan, S. (2014). IFRS Implementation and Studies in Turkey. Accounting and Management Information Systems. 13(2): 377.

APPENDIX 4

TURKISH ACCOUNTING STANDARDS (TMSs) AND TURKISH FINANCIAL REPORTING STANDARDS (TFRSs) ISSUED BY POASB*

TFRS-1	Türkiye Finansal Raporlama Standartlarının İlk Uygulaması
TFRS-2	Hisse Bazlı Ödemeler
TFRS-3	İşletme Birleşmeleri
TFRS-4	Sigorta Sözleşmeleri
TFRS-5	Satış Amaçlı Elde Tutulan Duran Varlıklar ve Durdurulan Faaliyetler
TFRS-6	Maden Kaynaklarının Araştırılması ve Değerlendirilmesi
TFRS-7	Finansal Araçlar: Açıklamalar
TFRS-8	Faaliyet Bölümleri
TFRS-9	Finansal Araçlar (2010 Versiyonu)
TFRS-9	Finansal Araçlar (2011 Versiyonu)
TFRS-10	Konsolide Finansal Tablolar
TFRS-11	Müşterek Anlaşmalar
TFRS-12	Diğer İşletmelerdeki Paylara İlişkin Açıklamalar
TFRS-13	Gerçeğe Uygun Değer Ölçümü
TFRS-14	Düzenlemeye Dayalı Erteleme Hesapları
TMS-1	Finansal tabloların Sunuluşu
TMS-2	Stoklar
TMS-7	Nakit Akış Tabloları
TMS-8	Muhasebe Politikaları, Muhasebe Tahminlerinde Değişiklikle ve Hatalar
TMS-10	Raporlama Döneminde (Bilanço Tarihinden) Sonraki Olaylar
TMS-11	İnşaat Sözleşmeleri
TMS-12	Gelir Vergileri
TMS-16	Maddi Duran Varlıklar
TMS-17	Kiralama İşlemleri
TMS-18	Hasılat
TMS-19	Çalışanlara Sağlanan Faydalar
TMS-20	Devlet Teşviklerinin Muhasebeleştirilemesi ve Devlet Yardımlarının Açıklaması
TMS-21	Kur Değişiminin Etkileri
TMS-23	Borçlanma Maiyetleri
TMS-24	İlişkili taraf Açıklamaları
TMS-26	Emeklilik Fayda Planlarında Muhasebeleştirme ve Raporlama
TMS-27	Bireysel Finansal Tablolar
TMS-28	İştiraklerdeki ve İş Ortaklıklarındaki Yatırımlar
TMS-29	Yüksek Enflasyonlu Ekonomilerde Finansal Raporlama
TMS-32	Finansal Araçlar: Sunum
TMS-33	Hisse Başına Kazanç
TMS-34	Ara Dönem Finansal Raporlama
TMS-36	Varlıklarda Değer Düşüklüğü

TMS-37	Karşılıklar, Koşullu Borçlar ve Koşullu Varlıklar
TMS-38	Maddi Olmayan Duran Varlıklar
TMS-39	Finansal Araçlar: Muhasebeleştirme ve Ölçme
TMS-40	Yatırım Amaçlı Gayrimenkuller
TMS-41	Tarımsal Faaliyetler

***Source:** POASB. www.kgk.org.tr. http://www.kgk.gov.tr/content_detail-345-1055-tms-tfrs-2015-seti.html, (September 08, 2015)