

## ABSTRACT

*This study aimed to examine the effect of IFRS adoption on the quality of financial reports. In this study, Earnings Management and Value Relevance were used as a measure of the quality of financial statements. This research was conducted at LQ-45 companies Manufacturing Sector Multinational Companies which were selected by purposive sampling where there were 48 companies in total. The analysis applied in this study was Multiple Linear Regression. The data in this study were processed using SPSS version 20. The results indicated that IFRS adoption had a negative effect on earnings management. So the first hypothesis in this study was significantly accepted. Meanwhile, IFRS adoption had no effect on value relevance. So the second hypothesis in this study was rejected.*

**Keywords:** *IFRS Adoption, Earnings Management, Value Relevance*

