

THE IMPACT OF ACQUISITION ON FINANCIAL PERFORMANCE OF SUBSIDIARY COMPANIES OF SRI LANKA.

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Abstract

Acquisition is a famous business expansion concept of the developed countries over the past decades. Nowadays it has been a good trend in developing countries too. There were many mergers and acquisition carried out in Sri Lanka between 2000-2020. Therefore, it is essential to find out the impact of merger and acquisitions on firms' financial performances. This study have investigated the impact of acquisition on financial performance of target firms listed in Sri Lanka. For this study sample was thirty listed subsidiary companies from few different sectors such as manufacturing, plantation, hotels etc. which involved in acquisitions between 2000- 2015. Financial ratio analysis has used to determine the effect of acquisition on financial performance of target company and significance of changes in financial performance have tested by a paired T-test. The result of this study shows that there is no any significant changes in post-acquisition period compared to the pre-acquisition period.

Key Words: *Acquisition, Financial performance, Subsidiaries*