

THE IMPACTS OF ACCOUNTNG STANDARDS ON FINANCIAL REPORTING; A CASE STUDY OF
COMMERCIAL BANKS IN EMBU COUNTY.

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ABSTRACT

This study sought to establish the impact of accounting standards International Financial Reporting Standards (IFRS) in Kenya has been associated with financial reporting performance for listed companies. The International Accounting Standards Board (IASB), in its objectives and preamble, supposes that the beneficial impacts from accounting standards IFRS include transparency, accounting quality and reduced cost of capital. Based on these assumptions, this study applied accounting quality measures; earnings management, timely loss recognition and value relevance to find out whether the accounting standards IFRS has led to improvements in accounting quality in commercial banks listed in Kenya. The methodology was based on prior literature definition of metrics of accounting quality mainly earnings management, timely loss recognition and value relevance. The study differs from the previous ones by overcoming difficulties in controlling for confounding factors faced in previous studies which could have led to less reliable results.