International Journal of Applied Business and Economic Research
Volume 16, Number 1, 2018, ISSN : 0972-7302
available at http: www.serialsjournals.com

IFRS IMPLEMENTATION AND QUALITY OF ACCOUNTING INFORMATION (A LITERATURE REVIEW)

Meily Surianti[1] and Winwin Yadiati[2]

[1] *Student in Doctoral of Accounting Study Program of Universitas PadjajaranLecturer in Politeknik Negeri Medan*
[2] *Universitas Padjajaran*

Abstract: The globalization of the economy has influenced the development of a country's capital market significantly. The enhancement of financial transactions in the capital mark*et al*so resulted in the emergence of new financial market products. The increasing globalization of financial market products has raised the attention of both market participants and regulators to the quality of reporting worldwide. The increasing volatility of stock returns worldwide has also been a concern. IFRS as a set of financial reporting standards aimed at improving the quality of accounting information, especially the degree of relevance of the financial statements still remains a long debate. Although it has been adopted by hundreds of countries, not a few academics are still challenging the effectiveness of IFRS in improving the quality of accounting information contained in the financial statements. The pro-standard group states that accounting standards determine the quality of accounting information and disclosure quality, in contrast to the idea of the cons-standard in Competing Theory that the quality of accounting information is more influenced by the incentives received by management as a provider of financial statements than by financial standards. Many studies have supported IFRS's role in improving the quality of accounting information, but few studies have indicated otherwise.

Keywords: International Financial Reporting Standards (IFRS), quality of accounting information

1. INTRODUCTION

The globalization of the economy has influenced the development of a country's capital market significantly. With no barriers to transactions, capital flows also become easy to cross the country. Investors are vying to invest their funds in the markets they expect to be most profitable. An efficient capital market is the most favored capital market by investors, because in an efficient capital market they will easily access all the information that allows them to estimate all the risks that may occur with their investment.

The enhancement of financial transactions in the capital mark*et al*so resulted in the emergence of new financial market products. The increasing globalization of financial market products has raised the attention of both market participants and regulators to the quality of reporting worldwide. The financial statements are one of the tools used by the stakeholders in decision making. Investors, as key stakeholders in the capital market, use the information contained in the financial statements for investment decision making.

The increasing volatility of stock returns worldwide has also been a concern. The question posed was whether a more transparent financial report lowered volatility and resulted in more accurate stock valuations. (Kothari, 2000).

The FASB and the IASB state that the main purpose of the financial statements is to improve decision-making by investors, lenders, and other capital providers. With the extent of a company's financial statements, including its profits, is more transparent, so uncertainty about its equity value becomes lower, and then enjoys lower cost of capital. Arthur Levitt, former Chairman of the Securities and Exchange Commission (SEC) stated: "The important benefits of high quality accounting standards are increased liquidity and lower capital costs." An idea implicit in this statement is that regulators and standard makers see the decline in asymmetric information being an important benefit of improving earnings quality.

The accounting figures reported by the company are one of the most important sources of information for investors' decisions regarding stock prices (Breton and Taffler, 1995). The Financial Accounting Standards Board (FASB) explicitly states that one of the objectives of accounting is to inform investors about the aspects that help them predict future economic events that determine the value of the firm. Battacharya, *et al.* (2013) indicates that one of the key roles of accounting information is the basis for capital allocation in financial markets.

Accounting standards determine the quality of accounting. Based on this argument, mandatory regulatory interventions to adopt internationally accepted standards provide a major benefit by adopting a common 'language' of accounting, the level of comparability of international financial statements will increase. This will facilitate the flow of capital across national borders and therefore reduce the cost of capital. (Lee, *et al.*, 2008).

Lee, *et al.* (2008) stated that at present there are two groups of thoughts, which are contained in the competing theory, regarding the quality of financial statements: (1) the pro-standard group states that accounting standards determine the quality of accounting and disclosure quality, and (2) the cons standard group, which states that incentives for financial reporters are more relevant to the quality of financial communication than accounting standards.

2. LITERATURE REVIEW

(a) Agency Theory

Jensen and Meckling (1976) were the first to explore agency theory theoretically and in detail. This theory mentions that managers of a company as 'agents' and shareholders as principal. A principal shareholder delegates business decision-making to managers who are representative or agents of shareholders. The problems that arise as a result of a company's proprietary system that the agent does not always make decisions that aim to fulfill the principal's best interests.

In agency theory recognized the existence of asymmetric information (AI), that is unbalanced information caused by the unequal distribution of information between principals and agents. The application of agency theory can be realized in a work contract that will regulate the proportion of rights and obligations of each party while still taking into account the overall benefit. A work contract is a set of rules governing profit-sharing mechanisms, whether in the form of profits, returns or risks approved by principals and agents. The contract of work will be optimal if the contract can be fairness that is able to balance between the principal and the agent that mathematically shows the implementation of the optimal obligations by the agent and giving the satisfactory incentive / reward specifically from the principal to the agent.

Using agency theory approach, the application of quality financial reporting standard is one of the control tools that can be used by the principal to monitor the work of agents. With qualified financial reporting, it will enable the principal to oversee the actions taken by management, to furthermore be used as the basis for making various decisions by the principal in connection with the achievement of the principal interest.

(b) International Financial Reporting Standards (IFRS)

International Financial Reporting Standards (IFRS) is a financial reporting standard issued by the International Accounting Standards Board, the board responsible for drafting international accounting standards, an independent organization headquartered in London to replace the International Accounting Standard Committee. IFRS main breakthrough occurred in 2005, when the European Union implemented regulations requiring companies registered in Europe to implement IFRS in its consolidated financial statements. This regulation has an enormous impact. Until 2005, IFRS has been implemented by more than 8000 companies in 30 countries in the European Union. Until 2008, IFRS has been implemented in over 80 countries in the European Union, Asia, Africa and Latin America. (Mirza, *et al.*, 2008).

The standard is intended to be a set of rules that can be applied in financial reporting by public companies around the world. (Ball, 2005). Between 1973 and 2000, international standards were issued by IASB's predecessor organization, the International Accounting Standards Committee (IASC), an organization founded in 1973 by professional accounting organizations in Australia, Canada, France, Germany, Japan, Mexico, Netherlands, UK , Ireland, and US In that period, the rules issued by the IASC were 'described' as the International Accounting Standards (IAS). Since April 2001, the drafting function of this rule has been taken by the IASB, in which the rules issued by the IASB use a new label, International Financial Reporting Standards (IFRS). IFRS still continues the previous rules, issued by the IASC. (Ball, 2005).

One of the key objectives of the IASB is to develop a set of high quality global accounting standards that can be understood and improve the transparency of financial reporting in world capital markets (IASB, 2010). IASB developed IFRS with a view to fulfilling the fundamental theory of financial reporting-that is to measure economic activity. IFRS is developed from a conceptual framework of a balance-sheet oriented.

Compared to U.S. GAAP, the fundamental difference of IFRS is IFRS using principle based, while U.S. GAAP uses rule based. The inherent characteristic of the principle-based framework is the potential for different interpretations for the same transaction. This situation causes the emergence of possibilities and leads to uncertainty and thus requires extensive disclosure in the financial statements. (Forgeas, 2008).

Shortridge and Mrying (2009) quotes Robert Hertz, chairman of the FASB, explaining that by using an principles-based approach, standards begin by setting the main objectives of good reporting within the area and then providing a reference that explains the objectives and relates them to some common examples . When a rule is sometimes unavoidable, it is not intended to provide specific rules or rules for any situation that may occur. In case of doubt, the reader is directed to return to the basic principle. The reverse of ruled-based, which provides detailed rules about any situation that may occur (Shortridge and Mrying, 2009).

The second difference is the difference in methodology in assessing an accounting treatment. Under U.S. GAAP, research focuses more on literature, whereas under IFRS, reviews based on patterns in fact are more detailed. (Forgeas, 2008). One of the benefits of switching from U.S. GAAP to IFRS is to use IFRS as a financial reporting standard to increase the liquidity of the capital market and reduce the cost of capital of the company by providing better information to investors about the company's performance. (Hail, *et al.*, 2011). However, Hail, *et al.* (2011) states that these benefits can be achieved if the adoption of the new standards actually improves reporting quality and is comparable in worldwide reporting practices.

The extent to which changes to IFRS provide more useful information translated through observable benefits on the capital market is a question that at present is endeavored by many studies. Certainly it is expected that the information provided by companies using IFRS to market participants may differ significantly from information based on previous local standards, due to the different imperatives that exist in national and IFRS standards.

(c) Quality of Accounting Information

Accounting is a system that provides quantitative financial information about economic entities useful for economic decision making. Accounting provides a means of recording and communication of business activities and the results of such activities. (Albrecht, *et al.*, 2011). The output of the accounting system is accounting information, which will be used by various users such as investors, creditors, management, and other users. (Albrecht, *et al.*, 2011).

Accounting is information with a strong source, and accounting is not just about data processing, aims to mark the existence and movement of previous elements, and the ability to answer the needs for control. As a data bank, the entire accounting system is formed on a group of objectives, principles, norms and standards (Dumitru, 2011).

IASB (2010) states that the general purpose of financial reporting (communicating financial information to users) is to provide financial information about the reported entity that is useful to potential investors, lenders and other creditors in making decisions regarding the provision of resources to the entity. Such decisions include the purchase, sale or hold of equity instruments and debt, and the provision or settlement of loans and other forms of credit.

In order for the decision taken accurately, the accounting information generated must be useful accounting information, which is information that meets the needs of the user. To be useful, the accounting information (financial) must be relevant and precisely describe what is meant to be represented (faithfully represents). The usefulness of this financial information will increase, if the information is comparable, verifiable, timely, and easily understood. (IASB, 2010).

Accountants must measure performance accurately, and reasonably and timely, so that managers and companies are able to attract investment capital. For example, relevant and reliable financial information causes investors and creditors to compare income and assets used by the company. Because these users can assess relative returns and risks associated with investment opportunities, they can channel resources more effectively.

IAI (2015) states that there are 4 qualitative characteristics of the principal financial statements, so that the accounting information contained in it provides benefits in decision making. The four qualitative characteristics are divided into two groups, namely (1) related to its content; and (2) related to its presentation. In relation to its contents, the financial statements should have relevant and reliable characteristics. Relevant financial statements are financial statements that can help evaluate the past, present or future, affirm, or otherwise correct, the results of a user's evaluation in the past. Reliable financial statements are financial reports that are free from misleading notions, material errors, and reliable use as a sincere presentation of what should be presented or which can reasonably be presented.

In relation to its presentation, financial statements should have comparable and understandable characteristics. The financial statements should be comparable between periods and between companies. In addition, financial statements should also be understood in which the user is assumed to have adequate knowledge of economic and business activities, accounting, and the willingness to learn.

(d) IFRS and Quality of Accounting Information

There are two groups that have different views on IFRS. A supportive group, declared that extraordinary success has been achieved by IFRS, as a set of comprehensive and high-quality standards, with nearly 100 countries adopting it. In addition, IFRS can conform to standards from important non-adopter countries, particularly US. (Ball, 2005). Whereas the opposing group raises issues related to 'fair value', where IFRS financial statements can be more relevant, but at the same time also less reliable. In addition, various researches prove that the value relevance of fair value implementation can be assessed with the assumption that capital markets are efficient capital markets to process information fairly well. (Wahlen, *et al.*, 2000).

Lee, *et al.* (1) the pro-standard group states that accounting standards determine the quality of accounting and disclosure quality, and (2) the cons standard group, which states that incentives for financial reporters are more relevant to the quality of financial communication than accounting standards. It is said by the pro-standard group that cost of equity capital can be reduced in two ways: (1) Internationally comparable financial statements, and (2) Increased corporate disclosure by replacing local standards with accounting standards better. The first point will cause foreign investors interested in investing and reducing barriers to cross border capital flow. The second point will enable outside investors to better monitor managerial performance, in other words reducing asymmetric information.

The second group of thought (cons standard), states that incentives to the preparer of financial statements are more relevant for the quality of financial communication than accounting standards. They argue that IFRS is essentially a standard developed for capital market-based economies, such as the US and UK. As for the debt-based economy (debt oriented economies) the results may be different. Companies in these countries, the demand for increased accounting and disclosure is more of a cost than a benefit. These companies will meet a minimum of compliance, and then forget the opportunity to improve information for shareholders. Based on this argument, the impact of the mandatory IFRS implementation will be more pronounced on companies in the equity based market, due to greater incentives.

Christensen (2012) argues, that assuming managers are a rational side, the benefits of IFRS adoption are perceived to be less than the benefits predicted by academics. One indicator is the small percentage of IFRS volunteer adopters of the total global population of companies. Christensen (2012) encourages the discovery of more evidence of the consequences of IFRS adoption.

There have been many studies that have proven the effect of IFRS in improving the quality of accounting information (Barth, 2008; Paglietti, 2009; Chua, *et al.*, 2012; Adibah, *et al.*, 2013; Lee, *et al.*, 2013; Deng, 2013; and Kao and Wei, 2014).

Barth, *et al.*, (2008) generally find that companies that implement the IAS show less earnings smoothing, better timely recognition of loss, and better relationships between accounting numbers with stock prices and returns than firms, companies that implement local accounting standards. Paglietti (2009) conducted a study aimed at testing the impact of IFRS adoption mandatory on the quality of information. The results confirm the overall increase in expected relevance value under IFRS. The study also documents changes to the specific factors that Italy has in the period surrounding the adoption of IFRS that may contribute to improving the quality of accounting. This result is consistent with previous literatures that support the idea that accounting quality depends not only on the high quality of accounting standards but also the function of complex institutional arrangements.

Chua, *et al.*, (2012) tested the mandatory implementation of IFRS in Australia effective January 1, 2005. This study aims to examine the impact of IFRS implementation on the quality of financial statements with a focus on 3 perspectives: (1) earning management; (2) timely loss recognition; and (3) value relevance. The study found that post-implementation of IFRS in Australia earning management has decreased, timeliness loss recognition has improved. Value relevance is also improving, especially for non-financial companies, although in reality there is evidence to suggest that financial firms make earnings management after the adoption of IFRS in Australia. The same is also evidenced by Lee, at al., (2013). His research aims to compare the value relevance of financial statements before and after IFRS converged to China Accounting Standard (CAS). There is a significant increase in the value relevance of earnings reported by companies grouped into companies that adopt IFRS-converged mandatory CAS (Companies that implemented IFRS in 2007 and thereafter).

Conversely, there is no significant increase in the value of relevance of earnings reported by firms grouped into controlling firms (ie companies that are dual listed and have implemented IFRS before 2007). The effects of IFRS-converged CAS appear to be greater in firms in the manufacturing sector, where competition for external capital is greater where those firms are expected to have greater incentives to provide more and more informative disclosures under IFRS-converged CAS.

The impact of IFRS-converged CAS on the value relevance of reported earnings is greater among firms located in less developed areas. This is in accordance with the hypothesis that firms in less developed areas have greater incentives to improve the quality of their financial statements, because in the case of external capital acquisitions these companies have greater disadvantages than firms in the region which is more advanced.

The increase in the value relevance of earnings reported under IFRS-converged CAS is significantly less significant among companies under Chinese central government control. This is consistent with the hypothesis that such firms would be less motivated to improve the quality of financial reporting under IFRS-Converged CAS as a result of their lack of dependence on external capital, due to the financial support of the government.

The IFRS-converged CAS effect is greater against firms with foreign ownership, consistent with the hypothesis that such firms must comply with requests for information from foreign inventor. The impact of IFRS-converged CAS is significantly more pronounced among firms that receive fewer government subsidies.

Adibah (2013) conducted a study with the aim of investigating differences in earnings quality in Malaysian companies following the adoption of IFRS. The results show that IFRS adoption is associated with higher quality of reported earnings. It was also found that earnings reported during the post-adoption period of IFRS were associated with lower earnings management and higher value relevance.

Another study was a study conducted by Deng (2013). His research used comparability as a proxy for the quality of accounting information. Empirically it was found that the accounting quality and comparability of accounting information has increased and is fully due to IFRS. The same evidence is also found in China, where IFRS converged to CAS has improved the accounting quality and comparability of accounting information.

The quality of accounting information with proxy predictive value and timeliness is used by Kao and Wei (2014) in his research. The results of his research found that IFRS increases predictive value and timeliness, but it does not affect representational faithfulness significantly. Second, asymmetric information lowers the quality of accounting information. IFRS decreases asymmetric information, but improves the quality of accounting information with insignificant increases. Third, IFRS controls the negative effects of state ownership, manager ownership, blockholders and directors-supervisors ownership, thus increasing predictive value and timeliness.

Not all studies have shown results supporting the hypothesis that IFRS adoption will improve the quality of accounting information (Barth, *et al.*, 2007; Outa, 2011; Cascino and Gassen; 2012; and Dong Ji and Lu; 2014).

Barth, *et al.*, (2007) compares the accounting quality of firms in the US using IAS in financial reporting. The results found that companies that apply US GAAP have better accounting quality than companies that implement IAS. Accounting comparisons between firms that apply US GAAP and IAS, before and after IAS companies adopt IAS, indicate that the application of IAS has no systematic effect on accounting quality, although value relevance decreases after IAS firms adopt IAS. US companies have better accounting quality than IAS companies before and after 2005.

Outa (2011) conducted a study aimed at proving if IFRS in Kenya is associated with higher accounting quality for firms listed in the capital market. Accounting quality is measured using value relevance, earnings management, and timely loss recognition. Research has shown that of the eight matrices used, three matrices indicate an improvement in accounting quality is not large, and five matrices indicate a decrease in accounting quality is also not large. This result raises the debate because it is inconsistent with the allegations.

The same results are obtained by Cascino and Gassen (2012) research, which aims to test the comparability of financial statements under IFRS mandatory. Comparability uses two proxies De Franco, *et al.* (2011). The study yielded the finding that the overall effect of appeal from the IFRS mandatory is small. Researchers found that firm, regional, and state level incentives systematically established accounting compliance. By identifying incentives for accounting compliance, it was found that only firms with high compliance incentives are substantially increased in appeal.

Dong Ji and Lu (2014) tested the value relevance of intangible assets, including goodwill and other types of intangible assets, before and after IFRS adoption. In addition, the study also tested that the value relevance of the reported intangible assets is related to its value reliability. This study reports that IFRS adoption increases the value relevance of intangible assets and changes the relationship between value relevance and value reliability. The results show that the value relevance in firms with more reliable information on intangible assets is greater. The study also found that the value relevance of intangible assets decreased after the adoption of IFRS. The positive correlation between the value relevance and reliability of the intangible assets did not change after the adoption of IFRS.

3. CONCLUSIONS, IMPLICATIONS, AND LIMITATIONS

(a) Conclusions

From the literature review above can be concluded that the effectiveness of IFRS as a standard of financial reporting in improving the quality of accounting information contained in the financial statements still leaves a long debate. There are two group that have a contradictory view of the role of IFRS in improving the quality of financial statements. One side states that IFRS can improve the relevance of accounting information, while others argue that IFRS lowers the reliability of accounting information. Further stated that there are two groups of thoughts contained in Competing Theory, namely the idea of pro standards and cons standards. Pro-standard thinking argues that IFRS financial statements will be more comparable and will increase the flow of capital traffic, whereas the idea of a cons standard argues that the incentives gained by management as a provider of financial statements play a greater role in the quality of accounting information contained in the financial statements. Many studies support IFRS's role in improving the quality of accounting information in financial statements, but not least indicate otherwise.

(b) Implications

The implication of this paper is expected to be a motivation for researchers to conduct further research on the role of financial standards in improving the quality of financial statements, especially IFRS, as a set of international financial reporting standards that although widely adopted by many countries, length about its effectiveness.

(c) Limitations

The limitations of this literature review are still discussing how the relationship between IFRS and the quality of accounting information in general. Many of the literature that addresses the adoption of IFRS more specifically, such as adoption in developing countries, where adoption in such countries has problems that are different from those of developed countries. For the future, maybe the literature review or any research conducted can be more specific.

REFERENCES

Albrecht, W.S., E.K. Stice., and J.D. Stice. (2011). Financial Accounting: Concepts and Applications. *Textbook*. 11th, published by Rob Dewey, USA.

Adibah, W.I., *et al.* (2013). Earnings Quality and the Adoption of IFRS-Based Accounting Standards Evidence from an Emerging Market. *Asian Review of Accounting*. Vol. 21.

Bae, K.H., H. Tan., and M. Welker. (2008). International GAAP Differences: The Impact on Foreign Analysts. *The Accounting Review*. Vol. 83, No. 3 pp. 593–628.

Ball, R., A. Robin., dan J.S. Wu. (2003). Incentives Versus Standards: Properties of Accounting Income in Four East Asian Countries. *Journal of Accounting and Economics*. 36.. 235 - 270. PRESS

Ball, R. (2005). International Financial Reporting Standards (IFRS): Pros and Cons for Investors. *Lecture Paper at the Institute of Chartered Accountants in England and Wales*. Financial support from the PD Leake Trust and the Graduate School of Business at the University of Chicago.

Ball, R. and L. Shivakumar. (2005). Earnings Quality in UK Private Firms: Comparative Loss Recognition Timeliness. *Journal of Accounting and Economics*. Vol. 39.

Barth, M.E., W.R. Landsman, M. Lang, and C. Williams. (2007). Accounting Quality: International Accounting Standards and US GAAP. *Research funding by the Center for Finance and Accounting Research*. Kenan-Flagler Business School and the Center for Global Business and the Economy, Stanford Graduate School of Business.

Barth, M.E., W.R. Landsman, and M. Lang. (2008). International Accounting Standards and Accounting Quality. *Journal of Accounting Research*, Vol. 46, No. 3, pp. 467-498.

Bhattacharya, N., H. Desai, and K. Venkataraman. (2013). Does Earnings Quality Affect Information Asymmetry? Evidence from Trading Costs. *Contemporary Accounting Research*. Vol. 30 No. 2 (Summer 2013) pp. 482–516.

Benston, G. J., M. Bromwich, and A. Wagenhofer. (2006). Principles- Versus Rules-Based Accounting Standards: The FASB's Standard Setting Strategy. *ABACUS*. Vol. 42, No. 2.

Cascino, S., and J. Gassen. (2012). Comparability Effects of Mandatory IFRS Adoption. SFB 649 Discussion Paper 2012-009. Research supported by the Deutsche Forschungsgemeinschaft through the SFB 649 "Economic Risk" at Hamboldt University and London School of Economics.

Chua, Y.L., C. S. Cheong, and G. Gould. (2012). The Impact of Mandatory IFRS Adoption on Accounting Quality: Evidence from Australia. *Journal of International Accounting Research*. American Accounting Association, Vol. 11, No. 1.

Christensen, H. B. (2012). Why do Firms Rarely Adopt IFRS Voluntarily? Academics Find Significant Benefits and the Costs Appear to be Low. *Rev Account Stud*, 17:518–525.

Christensen, H.B., L. Hail., dan C. Leuz. (2013). Proper Inferences or a Market for Excuses? The Capital-Market Effects of Mandatory IFRS Adoption. *Working Paper*, Booth School of Business, University of Chicago & NBER.

Christensen, H.B., E. Lee., M. Walker., dan C. Zeng. (2015). Incentives or Standards: What Determines Accounting Quality Changes around IFRS Adoption? *European Accounting Review*. http://www.tandfonline.com/loi/rear20

Cormier, D. (2014). The Incidence of Corporate Governance and IFRS on Information Asymmetry and the Value Relevance of Earnings: Some Canadian Evidence. *Chaire d'information financiere et organisationnelle ESG UQAM*. Vol 1.

Deng, S. (2013). The EU's Adoption of IFRS and the Implication for China: In the Perspective of Accounting Quality and Information Comparability. *Business Administration Master's Thesis*. Karlstad Business School, Sweden.

Dong Ji, Xu., and W. Lu. (2014). The value relevance and reliability of intangible assets. *Asian Review of Accounting*, Vol. 22 Iss 3 pp. 182 - 216.

DSAK. (2015). Pernyataan Standard Akuntansi Keuangan. *Ikatan Akuntan Indonesia*.

Dumitru, G. (2011). The Accounting Information Quality Concept. *Journal of Academic Research in Economics*. Volume 3, No. 3, November.

Forgeas, R. (2008). Is IFRS that Difference from U.S. GAAP?. *An Article of the American Institute of Certified Public Accountant IFRS Resources. www.IFRS.com/overview/general/differences/html*

Hail, L., C. Leuz., and P. D. Wysocki. (2011). Global Accounting Convergence and the Potential Adoption of IFRS by the United States: An Analysis of Economic and Policy Factors. *SSRN Working Paper Series*. Published by Social Science Research Network

Horton, J., G. Serafeim, and I. Serafeim. (2013). Does Mandatory IFRS Adoption Improve the Information Environment? *Contemporary Accounting Research*, Vol. 30 No.1, Spring. Pp.388-423

IASB. (2010). Conceptual Framework for Financial Reporting. IFRS Foundation.

Kao, H.S., and T.H. Wei. (2014). The Effect of IFRS, Information Asymmetry and Corporate Governance on The Quality of Accounting Information. *Asian Economic and Financial Review*. 4(2): 226-256.

Kieso, D.E., J.J. Weygandt, and T.D. Warfield. (2009). Intermediate Accounting. *Thirteenth Edition, PDF, Watermark Remover Demo*.

Kothari, S.P. (2000). The Role of Financial Reporting in Reducing Financial Risks in the Market *Conference Series ; [Proceedings] from Federal Reserve Bank of Boston,* vol. 44, issue Jun, pages 89-112.

Lee, E., M. Walker, and H.B. Christensen. (2008). Mandating IFRS: its Impact on the Cost of Equity Capital in Europe. Published by Certified Accountants Educational Trust for the Association of Chartered Certified Accountants, 29 Lincoln's Inn Fields, London WC2A 3EE.

Lee., M. Walker, and C. Zeng. (2013). Does IFRS Convergence Affect Financial Reporting Quality in China?. *Research Report*. The Association of Chartered Certified Accountants, Certified Accounting Education Trust, London.

Mirza, A.A., M. Orrell, and G.J. Holt. (2008). IFRS Practical Implementation Guide and Workbook. *John Wiley & Sons, Inc.* 2nd Edition, Hoboken, New Jersey

Outa, E.R. (2011). The Impact of International Financial Reporting Standards (IFRS) Adoption on the Accounting Quality of Listed Companies in Kenya. *International Journal of Accounting and Financial Reporting*. Vol. 1, No. 1.

Paglietti, P. (2009). Investigating the Effects of the EU Mandatory Adoption of IFRS on Accounting Quality: Evidence from Italy. *International Journal of Business and Management*. Vol. 4, No. 12.

Shortridge, R.T., and M. Myring. (2009). Defining Principles-Based Accounting Standards. *The CPA Journal Online*. Retrieved from www.nysscpa.org/cpajournal/2004/804/essensials/p34.htm

Wahlen, J.M., *et al.* (2000). American Accounting Association's Financial Accounting Standards: Response to the FASB Preliminary Views: Reporting Financial Instruments and Certain Related Assets and Liabilities at Fair Value. *American Accounting Association Accounting Horizon*. Vol. 14, No. 4.