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INFLUENCE OF FINANCIAL REPORTING DISCLOSURES ON QUALITY OF FINANCIAL REPORTING: A CASE OF LISTED COMMERCIAL BANKS IN KENYA

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Abstract

The purpose of this research project was to develop the disclosure literature in relation to the banking sector in Kenya, which is currently unavailable due to very few empirical research studies on the extent of commercial banks disclosure and its relationship with corporate-specific attributes. Specifically, this study sought to determine the influence of accounting policies disclosures in the annual financial reports on financial performance; find out how corporate social responsibility disclosure in the annual financial reports influences financial performance of banks; how related party transaction disclosures in the annual financial reports influence the financial performance; and the influence of investment disclosures in the annual financial reports in determining the financial performance of commercial banks. This research study used longitudinal study and analytical research design which was used to collect data and analysed the relationships between study variables. The study population was on all the 11 NSE listed commercial banks in Kenya. The source of data used was secondary data which provided information and data from the published annual reports and company sources spanning six years. In this study, data collection sheet method was used in collecting data. After data was collected with data collection guide, it was prepared in readiness for analysis by editing, coding, categorizing and keying in and using Statistical Package for Social Sciences (SPSS) version 20.0 computer software for analysis. A multiple regression model was used where the independent variables were regressed against the dependent variable to obtain inferential results. In relation of these findings, the study concludes that the disclosures of financial statements by commercial banks listed at NSE have a better quality of financial reporting. Based on the generalisations on the results of this study, the researcher recommends that all companies should disclose more financial and non-financial information in their financial statements for quality financial reporting.
Keywords: Financial Disclosure, Accounting policies, Corporate social responsibly, Related party transaction, Investment disclosures.

I. INTRODUCTION

1.1 Background to the Study

The need for financial information disclosure of firms has increased globally as users have become more conscious of the importance of such information. Corporate voluntary disclosure refers to information made available at the discretion of the managers in addition to regulatory requirements. Enhanced voluntary disclosure reduces the gap between management and the outside, enhances the value of stock in the capital market, increases liquidity, reduces cost of capital and so on (Karim, 1996). The extent of voluntary disclosure is influenced by firm characteristics, economic factors, changes in the attitudes in society and behavioural factors such as corporate culture.

Gibbins, Richardson and Waterhouse (1990) described financial disclosure as any actionabe issue of financial (and non-financial) evidence, whether quantitative or qualitative, compulsory or unpaid, or via formal or informal networks. Owusu-Ansah (2005) and Wallace et al. (1994) contemplate disclosure as a communication of financial information, whether financial or non-financial, numerical or otherwise regarding a company's financial situation and performance.

Financial reporting can be explained as the lens through which stakeholders view any firm in terms of performance, leverage, value among other perspectives. The quality of this reporting relates to the extent to which it can be relied on as accurate in reflecting a company's operating performance reported in its financial statements as well as its usefulness in forecasting cash flows. This reporting quality emanates from the general quality of statements of accounts and it denotes the degree by which the availed info is able to describe the financial standing as well as operations of the organization (Robinson & Munter, 2004).

The reliability of financial information is normally evaluated by the degree of material error as well as objectivity which ensures that users are able to perceive the accuracy purported by the statements. Bowrin (2008) takes reliability to mean the degree by which financial proclamations are free from substantial errors. IASB (2008) prescribes that this primary quality emanates from underlying secondary characteristics namely faithful representation, economic substance over legal form in representation of events, neutrality (freedom from bias), prudence (conservatism)and completeness.

Mwiti (2014) identifies economic benefits as the major drive that encourages managers to provide more information through voluntary disclosures. She further argues that managers engage in these discretionary disclosures to say more about their companies since regulatory disclosures do not comprehensively reflect management's performance. Users are thus provided with more complete and understandable reports that give information at reduced transaction costs which eventually translate to reduced costs of capital. Moreover, voluntary disclosures reduce information asymmetry and its related costs thus attracting more investors to financial markets, resulting in increased market success (Healy & Palepu, 2001).

The need for IFRS in Kenya was motivated by the increased interest in capital markets and the increased interest in companies' financial statements (ROSC, 2001). Considering this development, NSE was entrusted to develop and regulate operations of the market to ensure efficient trading. Listed companies have benchmarks that require them to be financially strong to ensure economic growth of a country. Several investors in Kenya acting on this signal developed strong faith on the listed Companies to generate favourable and predictable returns on their investments. As providers of risk capital, they are mostly in constant need of timely and reliable information from financial reports, given that they cannot usually access them directly due to information asymmetry. Such a financial reporting system, which meets the needs of these investors, could be reasonably expected to satisfy other users because of universality of needs (IASB, 2015). Considering the underlying concern for QFR of listed companies at NSE, the multiplier effect such reporting should impact on the country's economic activity, financial strength of companies and corporate governance, this project will consider the financial reporting system adopted. It will also consider the various forms that it takes in NSE listed commercial banks and how financial reporting disclosures can be a key determinant in quality financial reporting.

1.2 Statement of the Problem

The banking industry is a major player of economic development and growth of global economies. By offering a variety of services, such as enabling money transfers between countries and facilitating investors, savers and borrowers to come together in well-organised structures, the industry determines the countries' economic development and long-term sustainability. Thus, weak governance practices in the banking sector can lead to increased negative consequences to the economy of a country. According to the report about the accountancy profession in Kenya by the World Bank (2001), the self-regulatory organizations do not monitor and enforce accounting and auditing standards. The Nairobi Stock Exchange (NSE) is satisfied if a listed company issues audited annual financial statements; it does not have any arrangement to improve the quality of financial reporting by the listed companies. ICPAK has not yet recognised a monitoring apparatus, making it problematic to classify and pursue defilements of established rules and regulations. The ICPAK has designed a peer review program based on the approach followed in South Africa for monitoring quality assurance arrangements in audit firms. However, resource constraints have stalled the launching of the program. The report further finds out that the existing statutory framework poses challenges to efforts to strengthen the accounting profession. The arrangement for regulating the profession through three separate entities has given rise to coordination problems in mobilizing resources to improve the quality of professional education and training and to enforce rules, regulations, and standards.

1.3 Research Objectives

i. To determine the influence of accounting policies disclosures in the annual financial reports on the quality of financial reporting of commercial banks.
ii. To find out how corporate social responsibility disclosure in the annual financial reports influences quality of financial reporting of commercial banks.
iii. To determine how related party transaction disclosures in the annual financial reports influences the quality of financial reporting of commercial banks.
iv. To determine the influence of investment disclosures in the annual financial reports in determining the quality of financial reporting of commercial banks.

II. LITERATURE REVIEW

2.2 Theories of Financial Reporting Disclosures and Quality of Financial Reporting

2.2.1 Resource Based Theory

This theory was developed by Rummelt & Wernerfelt (1984) and advanced by Armit & Schoemaker (1993). It views the firm as a repository of resources that comprise of both physical and human capital. It is incumbent upon the manager to build up the resource capacity of the company and combine them in optimal proportions to derive the full benefits from them. This resource capacity of the company can be developed over a long time as it involves complex interaction of physical as well as human capital (Grant, 1991).

The theory contributes immensely to our wealth of accounting choices within organizations and by extension accounting standards within a country. By extrapolating the concept of the company to that of a national accounting standard setting or for the case of Kenya, standards regulatory body, we discover that the preparation of reporting standards depends on resource capacity of the country. It is a process that requires enormous resources to facilitate the development of accounting standards that are not only in harmony with those of other standard-setting bodies around the world but also guarantee quality of financial reports and win investor confidence. Huge investments consequently are needed in terms of human capacity development as well as financial resources. Considering the relative huge resource requirements this course will inevitably involve, ICPAK, as a member of IFAC finds it prudent and cost effective to jointly work with IASB to develop IFRS.

2.2.2 *Agency Theory*

Advanced by Fama and Jensen (1976), this theory acknowledges that managers, standing in a privileged position of being the custodians of the company’s information and being privy to better information of the company, can be reasonably expected to disseminate it to the principal and other users. Contrary to the expectations of many, even though the company and its management choose accounting principles, the management out of intense self-interest manipulates the process so that they may fail to disclose important information to the owners and other users. This can only attest to the norm that people often make choices that are motivated by individual’s ambition and geared to the fulfilment of their own needs. The adoption of IFRS for financial reporting in Kenya eliminates the opportunities for making alternative judgments with respect to different situations and in the process avoids opportunistic tendencies by managers and directors thus ensuring reduction in information asymmetry.

2.2.3 *Normative Approach Theory*

The normative theorist had been pre occupied with developing accounting principles and their primary concern had been recognition and measurement issues in accounting. The questions asked by these theorists include: whether to recognize changes in market prices if the entity is not a party to the transaction and on what basis either historical cost or market value to be used in preparing financial statements (Chambers and Ijir, 1975). Theories that prescribe particular actions are called normative theory. Normative theories of accounting are not essentially premised on observation and consequently cannot be appraised on whether they replicate actual accounting practice or not. The conceptual framework of accounting is an example of a normative theory of accounting which relies on various assumptions about the types or attributes of information useful for decision making.

2.2.4 Efficient Market Hypothesis Theory

This hypothesis origin is associated with Fama in the 1960's. Its general idea is monetary markets are "educationally proficient". Instructive productivity alludes to how rapidly and precisely the market responds to new data. A stock cost dependably reflects or contains money related data and security costs alter quickly and precisely to new data benefited in the market. Thus, it is not possible for one can't accomplish returns in excess of the normal market returns on a hazard balanced premise, given the data accessible at the season of speculation, since before any financial specialist follows up on it, the market will have balanced the stock costs to reflect new data (Fama and French, 1992).

This theory is relevant to this study in that it links movement of security prices to information availed in the market through corporate disclosures, be they mandatory or discretionary. Participants in financial markets use information for decision making concerning investments (Asava, 2013) and thus the type and amount of disclosures always informs the kind of investment decisions made. It follows, therefore, that if high quality information is availed incorporate reports owing to voluntary disclosures made in financial markets that are assumed to be informational efficient (Fama & French, 1992), users are bound to benefit from that information and reap bounties of returns from it.

2.3 Empirical Review

A research carried out by Singhvi and Desai (1971) concerning financial disclosures by firms in the USA revealed that the quality of disclosures done by larger firms was better than that of smaller firms. They also noted that disclosures of firms with a large number of stockholders were better than those of firms with fewer stockholders. They identified the auditing firm as one of the determinants of quality of disclosures by citing that companies audited by large Certified Public Accountants institutions had better quality of disclosures than those firms audited by smaller firms (Singhvi & Desai, 1971). Nonetheless, their study only sought to establish the effects influencing VD and did not ascertain their effect on reporting of monetary matters.

Botosan (1997) studied the relationship between anticipated cost of capital and three disclosure and other published reports as well as reports on investor relations. He found that cost of equity capital decreased with annual report disclosure levels. His results were extended to include larger and more heavily followed firms across industries. There was found to be a positive association such that cost of equity increased with higher levels of timely disclosures such as quarterly reports possibly owing to increased stock price volatility. Cost of equity was however found to have no association with investor relations. Despite this, Botosan narrowly focused on one cost, that of equity capital in evaluating disclosures.

Barako et al. (2006) inspected the degree to which corporate administration attributes, possession structure and organization qualities impact VD in a creating nation, Kenya. They noticed that the nearness of a review board of trustees is altogether connected with the level of deliberate exposure. Also, the extent of non-official executives on the board, they affirmed, is adversely connected with the degree of VD though the levels of institutional and remote proprietorship have a critical positive effect on these exposures. Likewise, vast organizations and organizations with abnormal state obligation deliberately uncover more data. Then again, elements like board administration structure, liquidity, gainfulness and sort of outer review firm don't fundamentally impact the level of deliberate divulgences done by organizations in Kenya. All things considered, their concentrate just recognized components influencing VD and did not further dive into researching the impact of these on the nature of money related reporting.

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Barako (2007) studied the determinants of VD in annual reports of Kenyan companies and found that most firms make VD aimed at informing the public more of their positive attributes than their negative ones. He noted that rarely do firms report voluntarily of their negative performance and information. He concluded that firms cannot link their corporate disclosures to their financial performance. This notwithstanding, he failed to delve further into showing the effect, positive or negative, that these disclosures have on the quality of the reports.

2.4 Conceptual framework

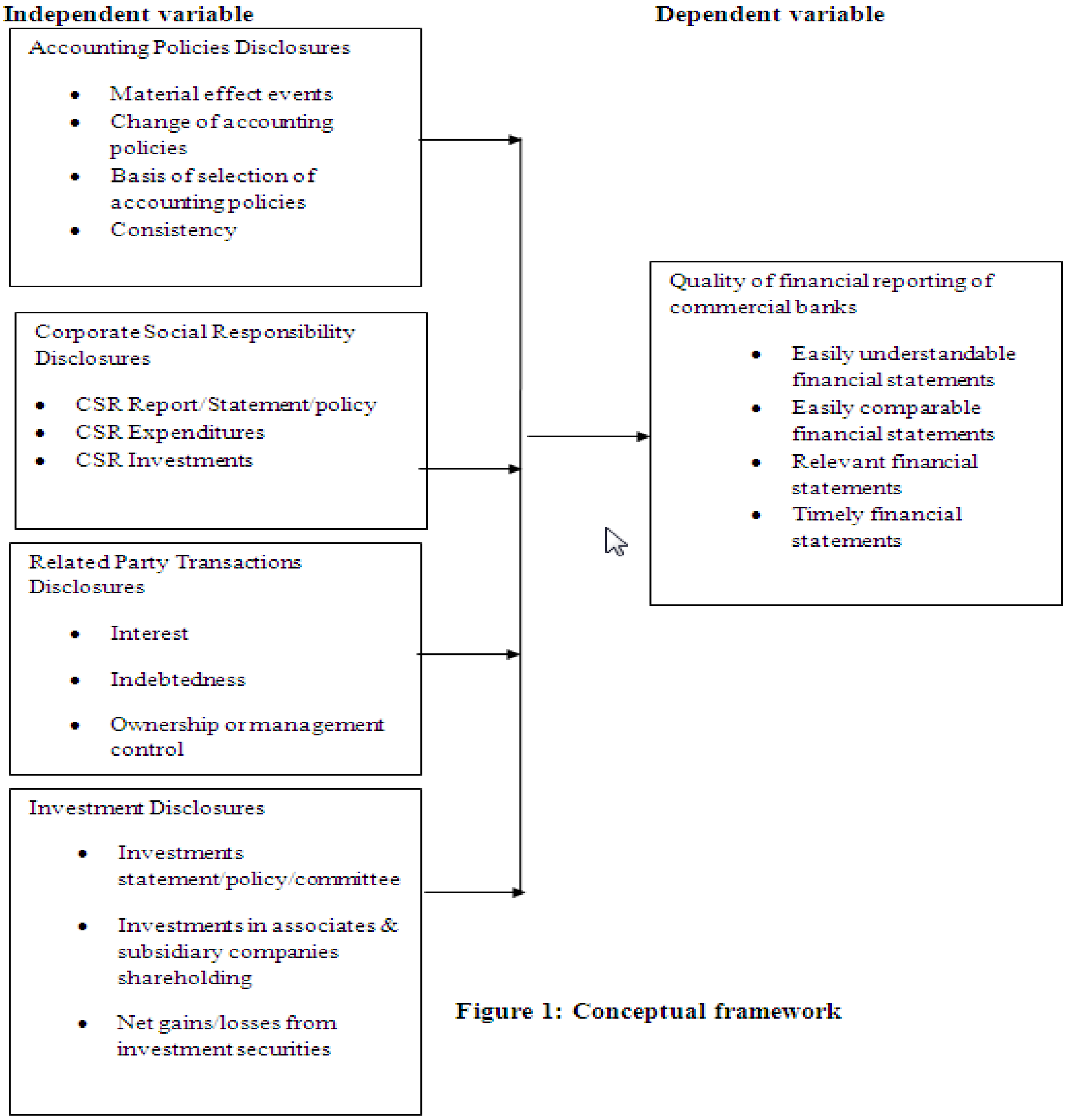

Figure 1: Conceptual framework

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III. RESEARCH METHODOLOGY

3.1 Research Design

In order to look at the financial disclosures and its effects on quality of financial reporting in the Kenyan commercial banks, this research study used longitudinal study and analytical research design. This research design was used to collect data and analysis of the relationships between study variables. The design was more appropriate as it enabled respondents to give their relevant information on the issue of interest to the study, (Cooper & Schindler, 2003).

3.2 Target Population

The study population was on all the 11 commercial banks in Kenya.

3.3 Sample size

Due to the variability of characteristics among items in the population, the researchers applied scientific sample designs in the sample selection process to reduce the risk of a distorted view of the population, and made inferences about the population based on the information from the sample survey data. Mugenda (2003), mentions that a sample ratio of 0.3 is appropriate to obtain sample image of all respondents. In this case, thirteen (11) commercial banks were subjected to the study. Only the sampled population was subjected to the data gathering exercise to provide the necessary information for the study.

3.4 Sources of Data

The source of data was secondary data. Secondary source was provided information and data from the published annual reports and company sources spanning six years. In this study, data collection sheet method was used in collecting data. Data collection sheet method was used to collect secondary data from financial reports and statements provided by the sampled banks. Data from secondary data of annual financial statements is more reliable.

3.5 Data Analysis and Presentation

Descriptive and inferential statistics was used to analyze and interpret the data that was used in this research. Specifically, descriptive statistics related to means and frequencies. Inferential statistics included regression and correlation analysis. According to Gupta & Gupta (2009) correlation is a statistical tool with the help of which relationships between two or more variables is determined. Correlation analysis helps in determining the degree of relationship between two or more variables. Regression is the statistical tool with the help of which we are in a position to estimate (or predict) the unknown values of one variable from known values of another variable (Gupta & Gupta, 2009).

Therefore, the study used the following model to test whether quality of disclosure is a function of the independent variables.

$$Y = \beta 0 + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \varepsilon$$

Where Y – dependent variable –odds of Quality of financial reporting

X1 – identification of accounting policies disclosures

X2 – capitalization of related party transactions disclosures

X3 – identification of corporate social responsibility disclosures

X4 – measurement of environmental accounting disclosures

ε – Is the error term which is assumed to be normally distributed with mean zero and constant variance.
β – Parameters to be estimated
β1 – Coefficient of independent variable X1
β2 – Coefficient of independent variable X2
β3 – Coefficient of independent variable X3
β4 – Coefficient of independent variable X4
β0 is a constant (intercept)

IV. RESULTS AND DISCUSSION

4.1 Regressions

The study sought to determine the extent to which financial reporting disclosures influences the quality of financial reporting by commercial banks listed at Nairobi securities exchange. To achieve this objective, the study used a regression model to determine the relationship between the variables and obtained the regression equation below:
Y=-O.508+5.111X1+5.0X2+9.697X3+5.0X4+1.333

4.1.1 Accounting policies disclosures

The results here are those for 2015 only as used to represent the series from 2011.

Table 1: Model Summary for Accounting policies disclosures

Model	R	R Square	Adjusted	Std. Error of the Estimate	Change Statistics				
					R Square (	F Change	df1	df2	Sig. F Chan
1	1.000[a]	1	1	0	1	.	1	10	.

a. Predictors: (Constant), Consistency of applying accounting policies

The findings show that 100% of the variation in quality of financial reporting was explained by th the model. This implies that regression model adopted for this study was a satisfactory predictor

Table 2: ANOVA[a] for Accounting policies disclosures

Model		Sum of Squares	df	Mean Squa	F	Sig.
1	Regression	0.917	1	0.917	.	.[b]
	Residual	0	10	0		
	Total	0.917	11			

a. Dependent Variable: Explanations of changes in accounting policies
b. Predictors: (Constant), Consistency of applying accounting policies

Findings from table 2 above, the p-value=0.000 which is less than 5%. This means that the model was statically significant in predicting the relationship between financial reporting disclosures and

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the quality of financial reporting by commercial banks listed at Nairobi securities exchange at 5% level of significance.

Table 3: Coefficients for Accounting policies disclosures						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0	0		.	.
	Consistency of applying accounting policies	1	0	1	.	.
a. Dependent Variable: Explanations of changes in accounting policies						

From the findings, the p-value obtained was as follows: p=.000. Since the p-values were less than 5%, this means that the relationship between the variable was statistically significant since the p-value of the independent variable from the table was less than 5%. The regression analysis found that there was a direct relationship between the variable. This means that holding all other factors constant a unit increase in one of the independent variables resulted into a corresponding increase in the dependent variable which is the Quality of financial reporting.

4.1.2 Corporate Social Responsibility Disclosures

The results here are those for 2015 only as used to represent the series from 2011.

Table 4: Model Summary for Corporate Social Responsibility Disclosures									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	1.000[a]	1	1	0	1	.	1	10	.
a. Predictors: (Constant), Consistency of applying accounting policies									

The findings show that 100% of the variation in quality of financial reporting was explained by the

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variables in the model. This implies that regression model adopted for this study was a satisfactory predictor.

Table 5: ANOVA for Corporate Social Responsibility Disclosures

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.917	1	0.917	.	.b
	Residual	0	10	0		
	Total	0.917	11			
a. Dependent Variable: Explanations of changes in accounting policies						
b. Predictors: (Constant), Consistency of applying accounting policies						

Findings from table 5 above, the p-value=0.000 which is less than 5%. This means that the model was statically significant in predicting the relationship between financial reporting disclosures and the quality of financial reporting by commercial banks listed at Nairobi securities exchange at 5% level of significance.

Table 6: Coefficients for Corporate Social Responsibility Disclosures

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0	0		.	.
	Consistency of applying accounting policies	1	0	1	.	.
a. Dependent Variable: Explanations of changes in accounting policies						

From the findings, the p-value obtained was as follows: p=.000. Since the p-values were less than 5%, this means that the relationship between the variable was statistically significant since the p-value of the independent variable from the table was less than 5%. The regression analysis found that there was a direct relationship between the variable. This means that holding all other factors constant a unit increase in one of the independent variables resulted into a corresponding increase in the dependent variable which is the Quality of financial reporting.

4.4.3 Related Party Transactions Disclosures

The results here are those for 2015 only as used to represent the series from 2011.

Table 7: Model Summary for Related Party Transactions Disclosures

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	1.000[a]	1	1	0
a. Predictors: (Constant), Ownership/management control, Conflict of interest				

The findings show that 100% of the variation in quality of financial reporting was explained by the variables in the model. This implies that regression model adopted for this study was a satisfactory predictor.

Table 8: ANOVA for Related Party Transactions Disclosures

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.917	2	0.458	.	.[b]
	Residual	0	9	0		
	Total	0.917	11			
a. Dependent Variable: Easily understandable financial statements						
b. Predictors: (Constant), Ownership/management control, Conflict of interest						

Findings from table 8 above, the p-value=0.000 which is less than 5%. This means that the model was statically significant in predicting the relationship between financial reporting disclosures and the quality of financial reporting by commercial banks listed at Nairobi securities exchange at 5% level of significance.

Table 9: Coefficients for Related Party Transactions Disclosures						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0	0		.	.
	Conflict of interest	0	0	0	.	.
	Ownership/management control	1	0	1	.	.
a. Dependent Variable: Easily understandable financial statements						

From the findings, the p-value obtained was as follows: p=.000. Since the p-values were less than 5%, this means that the relationship between the variable was statistically significant since the p-value of the dependent variable from the table was less than 5%. The regression analysis found that there was a direct relationship between the variable. This means that holding all other factors constant a unit increase in one of the independent variables resulted into a corresponding increase in the dependent variable which is the Quality of financial reporting.

4.4.4 Investment Disclosures

The results here are those for 2015 only as used to represent the series from 2011.

Table 10: Model Summary for Investment Disclosures				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	1.000[a]	1	1	0
a. Predictors: (Constant), Gains and losses from investment securities, Investment policy				

The findings show that 100% of the variation in quality of financial reporting was explained by the variables in the model. This implies that regression model adopted for this study was a satisfactory predictor.

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Table 11: ANOVA for Investment Disclosures						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.917	2	0.458	.	.[b]
	Residual	0	9	0		
	Total	0.917	11			
a. Dependent Variable: Timely financial statements						
b. Predictors: (Constant), Gains and losses from investment securities, Investment policy						

Findings from table 11above, the p-value=0.000 which is less than 5%. This means that the model was statically significant in predicting the relationship between financial reporting disclosures and the quality of financial reporting by commercial banks listed at Nairobi securities exchange at 5% level of significance.

Table 12: Coefficients for Investment Disclosures						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0	0		.	.
	Investment policy	0	0	0	.	.
	Gains and losses from investment securities	1	0	1	.	.
a. Dependent Variable: Timely financial statements						

From the findings, the p-value obtained was as follows: p=.000. Since the p-values were less than 5%, this means that the relationship between the variable was statistically significant since the p-value of the independent variable from the table was less than 5%. The regression analysis found that there was a direct relationship between the variable. This means that holding all other factors constant a unit increase in one of the independent variables resulted into a corresponding increase in the dependent variable which is the Quality of financial reporting.

For 2016, the variables were constant. The dependent variable (Easily understandable financial statements are constant and were deleted. Therefore, statistics was not computed. For the models with the dependent variable (Easily understandable financial statements, the following variables are constants or had missing correlations: Easily understandable financial statements, ownership/management control. Hence, they were deleted from the analysis

The study established that there is a positive relationship between accounting policies disclosures and the quality of financial reporting of the NSE listed commercial banks. This implies that a single unit increase in the independent variable results in quality of financial reporting of NSE listed commercial banks. This is in agreement with Kothari, (2004) who argued that financial disclosures are done in a bid to minimize information asymmetry and transaction costs. It also rhymes with the concept from the Anglo-Saxon accounting culture drafted in 1948 in Britain, that argues that relevance and credibility of the information is closely related to the concept of faithful image, in the Companies Act that stated: every balance sheet must give a true and accurate image of the financial and patrimonial statement of the company at the end of the exercise, and every results account must give a true and faithful image of profit or loss at the end of the financial exercise. This is in line with a research by Prior *et al.*, (2008) whereby the researcher argued that corporations have CSR investments to camouflage their manipulation of earnings, negatively affecting the quality of financial reports. In contrast to agency theory, other scholars proposed stewardship theory, maintaining that managers are organization-oriented. This perspective explains why managers actively implement CSR when no short-term returns on investment exist. This standpoint was employed to re-examine the relationship between CSR and the quality of financial guarantees. Previous studies have indicated that board structure of corporate governments affects the quality of financial reports and CSR.

In conclusion, the findings of the research above are in agreement Healy and Palepu (2001) who found out that organization management undertake disclosures with a view of communicating their greater acquaintance of the corporation's performance to investors and in the management of reported performance for contracting, political as well as corporate governance rationale. For this information revealed through disclosures, mandatory or otherwise, to be useful it ought to contain qualitative characteristics of useful information (IASB, 2008).

V. CONCLUSION AND RECOMMENDATION

This study investigated the influence of financial reporting disclosures on the quality of financial reporting of commercial banks listed at Nairobi securities exchange. The study specifically sought to investigate the influence of financial reporting disclosures on the published financial statements of listed commercial banks at NSE and to compare the extend of the financial reporting quality and the value relevance of commercial banks listed at NSE. The study findings show that there was a direct relationship between the variables (accounting policies disclosures, CSR disclosures, related party transactions disclosures and investments disclosures and the independent variable (quality of financial reporting). In relation of these findings, the study concludes that the disclosures of financial statements by commercial banks listed at NSE have a better quality of financial reporting.

The researcher has argued in this report that commercial banks should disclose more information in their financial statements for quality reporting. The quality of financial reporting enhances easily comparable financial statements, easily understandable financial statements, and relevant financial statements. It is therefore in regards of this background that the recommendations below are arrived at. Despite the fact that there were limitations, this study made its stated objectives. Based on the generalisations on the results of this study, the researcher recommends that all companies should disclose more financial and non-financial information in their financial statements for quality financial reporting.

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