ASSESSMENT OF RELATIONSHIP BETWEEN ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS BY SMALL AND MEDIUM SIZED ENTERPRISES AND THE ACHIEVEMENT OF QUALITATIVE CHARACTERISTICS OF USEFUL FINANCIAL STATEMENTS: A CASE STUDY OF SELECTED SMEs IN NAIROBI COUNTY, KENYA.

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DECLARATION

I declare that this project is my own original work and has not been presented forward of any academic award in this or any other university.

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Recommendation

This research has been submitted for examination with my approval as University Supervisor.

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ABSTRACT

The application of International Financial Reporting Standards (IFRS) in Small and Medium Sized Enterprises (SMEs) is an issue that has drawn the attention of International Accounting Standards Board (IASB) due to the impact that SMEs have on the economy. The establishment of accounting principles will provide greater transparency among companies and will enable comparability of financial statement internationally, but its implementation by SMEs is not an easy task.

The different needs that exist in SMEs users, the cost that is demanded so as to adopt and apply IFRS and the deficiency of knowledge are some of the factors that deter the successful adoption and application of IFRS for SMEs.

Several companies irrespective of their size are bound by the statutory rules of a particular country in which they operate to prepare financial reports that confirms to specified set of accounting principles.

In order to achieve the determined objectives, the study "Assessment of the benefits and challenges of adopting international financial reporting standards by small and medium sized entities" was conducted. Qualitative research employing a questionnaire was carried out with 25 SMEs selected for the study. Sample was selected based on convenient sampling from Nairobi city due to the limitation of resources in terms of cost and time. Opinions from the three different categories of respondents (manufacturing, trade, services sectors) were gathered. All data collected were analyzed against the conceptual framework and with the help of the analysis; conclusion regarding the study was drawn.