



Implementation of IFRS in Kosovo: Effect on the quality and relevance of financial reporting

Nexhmie Berisha Vokshi^a

Rrustem Asllanaj^b

^a Corresponding Author; Associate Professor, PhD, University of Prishtina, Department of Accounting, Faculty of Economy, nexhmie.berisha@uni-pr.edu

^b Associate Professor, PhD, University of Prishtina, Department of Accounting, Faculty of Economy, rrustem.asllanaj@uni-pr.edu

Keywords

Accounting, accounting information, international financial reporting standards, financial statements, financial reporting, auditing.

Jel Classification

M41, M42.

Received

25.03.2019

Revision

23.04.2019

Accepted

30.04.2019

Abstract

Purpose: Kosovo's legal framework requires from businesses to implement IFRS when preparing financial statements. Based on this, the study aims to reflect the current situation regarding the recognition of IFRS by the accountants and the level of their implementation when preparing the financial statements, their attitudes and opinions regarding the effect they have on the quality and relevance of financial reporting for business directors and for all users of accounting information.

Design and Methodology: The study was carried out with data collected from 264 businesses with turnover of over 1 million € selected as a research sample and processed through descriptive statistics and the quantitative analytical method. The design of the study involves two essential steps. The first step was a secondary data survey whose purpose was to research and analyze the framework of financial reporting of businesses. Meanwhile, the second step is the primary research conducted through questionnaires filled out in businesses and addressed to accountants (one employee in each business, a total of 264 accountants interviewed).

Findings: The research results showed Kosovo's economic reality as far as financial reporting is concerned, which implies that businesses prepare accounting information according to the IFRS and publish it through publicly available financial statements under the regulatory requirements for accounting, financial reporting and auditing. In addition, the study highlights the level of awareness of accountants that the IFRS affect the quality and relevance of accounting information that will be used by third parties for economic decision-making.

Practical Implications: Recognition of IFRS by accountants and their full implementation provides a qualitative and transparent financial information, useful to all users of that information, as well as to business executives. Unification of accounting language exceeds group interests by penetrating the capital market in and out of the country.

The Significance of The Study: This study presents a clear picture of the level of implementation of IFRS in Kosovo and the identification of factors affecting this level. In this respect, the study has raised the importance of enforcing standards by professionals, contributing to the improvement of financial reporting.