

FINANCIAL REPORTING QUALITY AT SMEs – A THEORETICAL APPROACH

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Abstract: *Financial statements are an organized set of data, which are required to be disclosed for each financial year in accordance with internationally accepted standards (IFRS) and / or the country-specific generally accepted accounting principles (GAAP). This published dataset, accessible to all, will be re-used and may form the basis for additional obligations such as taxation, decisions, analyses, statistics, etc. In view of this, quality expectations have been formulated in the regulation and on the part of users in connection with the financial statements. Research topics related to quality expectations can be found continuously in accounting journals. Particular emphasis has been and is being placed on these researches in connection with the scandals affecting various accounting fields periodically. Research on the financial reporting quality focuses mainly on listed companies. Such studies of financial reporting qualities in small-, and medium size enterprises (SMEs) are rare, despite the fact that in terms of their number, these companies make up a larger proportion of operating enterprises in almost all countries. In the framework of the present research, we review and systemize the different approaches to the financial reporting quality based on the studies published from 2010 to the present. We examine the relevance of these identified quality aspects in the case of SMEs. We also examine, whether these methods used to examine the financial reporting quality of listed companies in particular are suitable and applicable for SMEs. Our explore extends the research on the financial reporting quality to SMEs. By analysing the relevance of quality aspects and the adaptability of testing methods, it makes a significant contribution to the knowledge base of this limited researched topic.*

Keywords: IFRS, medium size enterprises, financial statements

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