

MEASURING THE EFFECTS OF IFRS ADOPTION IN ROMANIA ON THE VALUE RELEVANCE OF ACCOUNTING DATA

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ABSTRACT: In Romania, the entities listed on a regulated market must prepare their individual financial statements in accordance with the International Financial Reporting Standards (IFRS) starting with the financial year 2012. Since the IFRSs are considered high-quality accounting standards, IFRS adoption should lead to improvement of the quality of financial reporting. In this paper, we analyze the effect of mandatory IFRS introduction in Romania on accounting quality. Our main objective is to empirically test whether IFRS adoption in Romania increases the quality of accounting data reported by Romanian entities listed on Bucharest Stock Exchange. The results of our analysis conducted over the years 2010-2013 suggest that IFRS adoption in Romania generates an enhancement of accounting quality, registered especially in the case of information about the book value of equity.

Key words: IFRS, accounting quality, value relevance, Romanian listed entities, Bucharest Stock Exchange

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