**Impacts of International accounting standards on accounting quality**

In 1973, the International Accounting Standard Committee (IASC) formed the first International Accounting Standards (IAS) Carnegie et al., (2020). It was created with the following objectives in mind: ensure easy business comparison around the world, improve transparency and confidence in financial reports, and adopt investment and international trade.

Transparency, efficiency, and accountability in financial markets worldwide are ensured by worldwide comparable accounting standards. This helps investors and those who participate in the market to make informed decisions concerning the economy. This includes opportunities and risks associated with investment and also to improve the allocation of capital. Global standards help reduce monitoring and reporting costs, especially for internationally run companies.

In 2001, the International Accounting Standards Committee (IASC) was replaced by the International Accounting Standard Board (IASB), which is the independent body for International Financial Reporting Standards (IFRS) Carnegie et al., (2020) for setting accounting standards. The European Union has adopted IFRS, leaving China, Japan, and the United States to be the only capital markets without the mandate of IFRS. The Financial Accounting Standard Board (FASB), which is America's accounting standard body, and the IASB have been working together since 2002 to unite and improve the United States, hence acknowledging the accounting principles (GAAP) and IFRS. (IFRS - International Accounting Standards Board).

**Impact of international accounting standards on accounting quality**

IAS has been adopted by countries worldwide with the aim of ensuring consistency, transparency, and comparability of financial reports. We are going to see how IAS has impacted accounting quality with consideration of relevance, reliability, and comparability, focusing on both positive and negative outcomes. Menicucci, (2020)

International Accounting Standards (IAS), also recognized as International Financial Reporting Standards (IFRS), are recognized globally and have been adopted by many countries worldwide. IAS was implemented to promote the value of financial reporting, ensuring it is pertinent, consistent, and comparable. Menicucci, (2020)

IAS has impacted the relevance of financial reporting positively. First, it ensures there is fair value accounting, which provides an accurate representation of financial assets and liabilities. IAS makes it easier to recognize variations in the worth of assets and liabilities, enhancing the relevance of information to users. In addition to that, IAS needs the revelation of essential accounting policies and evaluation, making sure that users understand the management's judgments and assumptions. Improved transparency in financial statements increases the relevancy of information provided. Menicucci, (2020)

Nevertheless, pursuing relevance through fair value accounting can lead to improved earnings volatility and handling, possibly decreasing the quality of financial reporting. Hence, there is a challenge in achieving a balance between relevance and reliability.

Reliability is one of the main attributes of a high-quality financial report. IAS stresses the usefulness of authentic representation in financial statements. By setting distinct accounting rules and regulations, IAS contributes to the reliability of financial information. IAS has ensured high consistency in financial reporting globally. It has also promoted the trustworthiness of financial statements, specifically for multinational companies and investors who rely on that information for decision-making. Menicucci, (2020)

Nevertheless, achieving reliability can be difficult, precisely when judgment is needed in applying IAS principles. Approximations and judgments in areas such as impairment testing and fair value measurement can lead to partiality and possible biasness in financial reporting, impacting reliability.

IAS has dramatically improved the comparability of financial statements among different units and authorities. The standardization of accounting principles under IAS permits users to make meaningful comparisons between industries, companies, and countries. Furthermore, the merging efforts between IAS and Generally Accepted Accounting Principles (GAAP) in the United States. However, it is still a work in progress and can promote comparability on a global scale. Soderstrom et al., (2007)

However, differences in the interpretation and application of IAS by countries or entities can still lead to variations in reported financial results, restricting comparability. In addition to that, IAS allows the use of confident accounting policy choices that can impact comparability when entities make different selections.

Transparency and Disclosure: Entities need to provide detailed information concerning their financial performance; these includes the use of estimation techniques and accounting policies. Enhanced transparency permits stakeholders to access a complete and precise image of a company's financial health.

Improved corporate governance: As companies start using IAS, they need to advance their core control systems and financial reporting processes. IAS increases corporate liability and lessens the occurrence of financial reporting errors and fraud, hence improving accounting quality. Soderstrom et al., (2007)

**Conclusion**

The development of International Accounting Standards (IAS) has a substantial impact on accounting quality. IAS has contributed to informative and transparent financial statements through improved relevance, reliability, and comparability of financial reporting. However, there is persistence in issues of complexity, regulatory oversight, and the need to balance relevance and reliability. In order to enhance accounting quality, it is vital to deal with these issues while promoting the continuation and practical usage of IAS.

**Reference**

Carnegie, G., Parker, L., & Tsahuridu, E. (2021). It's 2020: what is accounting today? Australian Accounting Review, 31(1), 65-73.

IFRS - International Accounting Standards Board. (n.d.). IFRS - Home. https://www.ifrs.org/groups/international-accounting-standards-board/

 Menicucci, E., & Menicucci, E. (2020). IAS/IFRSs, Accounting Quality, and Earnings Quality. Earnings Quality: Definitions, Measures, and Financial Reporting, 83-105.

Soderstrom, N. S., & Sun, K. J. (2007). IFRS adoption and accounting quality: a review. European accounting review, 16(4), 675-702.