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ABSTRACT

It has been argued that financial reporting is a major factor in the information dissemination to the stakeholders of any particular company. Financial reports aid the various stakeholders in making investment decisions. Financial reports are like the eyes through which the external stakeholders are able to see whether management makes good use of the company's resources to maximize shareholder wealth. Financial reports must therefore be accurate, consistent, comparable and reliable. This will eliminate the possibility of having to restate financial statements after investors have already made investment decisions based on previously already published financial statements. This project looked at the factors influencing the preparation of financial reports in insurance companies in Kenya. The factors included disclosures related to the adoption of International Financial Reporting Standards (IFRS), integrity of the data used in financial report preparation, competence of the preparers of the financial reports and the regulatory framework of the environment in which the company is operating. Using descriptive research data was collected from five leading insurance companies in Kenya by market share. These were Britam Insurance Company Kenya Limited, Liberty Life Assurance Kenya Limited, ICEA – Lion Insurance Company Limited, Jubilee Insurance Kenya Limited and Sanlam Kenya Plc (formally Panafrica Life Insurance Company Kenya Limited). The data was then analyzed in order to identify how these factors influence the preparation of financial reports of insurance companies. Findings reveal a positive correlation between the each aspect constituent. The strongest correlation was obtained between Staff Competence and preparation of financial reports (r = .798), and the weaker relationship found between Regulatory Framework and preparation of financial reports (r = .436). IFRS and Data Integrity are also strongly and positively correlated with preparation of financial reports at correlation coefficient of .716 and .708 respectively. All the independent variables were found to have a statistically significant association with the dependent variable at 0.01 level of confidence.

KEY WORDS: *Financial Reports, IFRS, Data Integrity, Staff Competence, Regulatory Framework*

Introduction

Preparation and understanding of financial statements for insurance companies is a critical issue all over the world. This is because of the complex nature of insurance business operating in a complex business environment. Deloitte (2011) identifies relevance, understandability and timeliness as three qualitative characteristics useful in financial reporting. In recent years two major insurers in Kenya have had their financial statements restated. These are Britam in April 2015 (Britam, 2015) and CfC Life in 2012 (CfC Life, 2014). All these restatements led to reduction in profitability by Kshs 342m for Britam and Kshs 430m for CfC Life.

Though allowed for by the accounting standards restatement may serve as a pointer to material errors as a result of interpretation and application of IFRS. Furthermore restatements are done in subsequent years meaning that prior period financial statements were misleading. In the past two decades, over eight insurance companies namely Kenya National, Blue Shield, Access, Stallion, Lakestar, Liberty and United Assurance have collapsed or been put under statutory management (Policyholders Compensation Fund, 2013). Some of these companies like Kenya National, Blue Shield and Lakestar had previously been seen to be profitable based on their financial reports.

Insurance is one of the most under-developed sectors of the Kenyan economy commanding a mere 2.93% penetration. The figures are even lower for life insurance at below 1.06% (Association of Kenya Insurers, 2014). The low penetration rate can be attributed to misunderstanding of what insurance really is. Financial reporting should provide useful information to present and potential investors, creditors and other users in making rational investment, credit and similar decisions (International Accounting Standards Board, 2010).

Kenya adopted the IFRS in 1999 (King'wara, 2015) and subsequent reviews of the standards require the provision of more disclosures. Insurance companies continue to grow through mergers and acquisitions. CfC Life rebranded to Liberty Life in October 2014 (Liberty, 2015) after being acquired by Liberty South Africa. Such changes make the preparation of financial reports very complex since the preparers have not acquired the necessary skills and knowledge to match the requirements. No study has been done to establish the factors influencing the preparation financial reports for Kenyan insurance companies and hence the justification of this study.

Objectives of the study

The study sought to identify the factors influencing the preparation of financial reports in insurance companies in Kenya. The specific objectives were:

- To identify the effects of IFRS on the preparation of financial reports in insurance companies in Kenya.
- To determine effects of data integrity on the preparation of financial reports in insurance companies in Kenya.
- To establish effects of the staff competence on the preparation of financial reports in insurance companies in Kenya.
- To establish the effects of the regulatory framework on the preparation of financial reports in insurance companies in Kenya.

Empirical review

International Financial Reporting Standards

There are several standard setting bodies and organizations that have been actively involved in the process of harmonization of accounting practices in the world. For example IASC has worked for many years to develop a set of converged standards for use throughout the world (Tarca, 2005). The rationale behind these efforts is that heterogeneous accounting standards impede the functioning and integration of global capital markets and efficient allocation of resources.

In addition, the diversity in standards would limit the transparency of financial statements, which is necessary for users of financial information to determine whether management has exercised sound corporate governance in regard to their investment, and for regulators to properly monitor corporate behavior. Tarca (2005) compares UK and Australian companies in 1999–2000 and reports that Australian companies were more likely to revalue property plant and equipment (84% of Australian companies held some revalued property compared to 40% of UK companies) and to record intangible assets at valuation (17% of Australian companies held some revalued/internally generated intangible assets compared to 4% of UK companies). It is therefore crucial to have a set of common accounting standards that ensure comparable and useful information are being provided to different users of financial statements. 2.4.2 Data Integrity

Data warehouse is a place where an organization's data is stored electronically. They are designed to facilitate reporting and analysis (Inmon, 2002). However, the means to retrieve and analyze data, to extract, transform and load data, and to manage the data dictionary are also considered essential components of a data warehousing system. Many references to data warehousing use this broader context. Thus, an expanded definition for data warehousing includes business intelligence tools.

Staff competency

According to the Oxford dictionary competency is the ability to do something successfully or efficiently. Competencies include knowledge, skills, abilities and personal attributes that a person brings to the job in order to drive performance. Bakare (2012) described training as the systematic development of the knowledge, skills, and attitudes required by a person in order to effectively perform a given task or job.

He goes on to note that training is a pervasive activity in society, taking place within industry and commerce, government agencies and departments, health care organizations, and all branches of the armed service. Within every organization, training occurs at all levels of personnel, and trainees may vary in terms of age, work experience, disability, educational background, ethnic origin, and skill level (Bakare, 2012).

Sajuyigbe and Amusat (2012) noted that training is a sub-process of the overall process of matching individuals to jobs. They believed that training serves three important functions within an organization namely maintaining employees' existing performance as required by the organization, improving employee motivation by strengthening employees' beliefs in their abilities to perform their jobs and assisting with employee socialization and understanding of organizational priorities, norms and values.

Critique of existing Literature

In the United States and other major world economies, there was a major a global credit crisis in the last decade. This left a number of highly stressed or failed financial institutions. A major concern raised by these events is the ability of financial statements to warn users of the risks of failure, even when the statements are prepared according to current financial reporting frameworks (Deloitte 2011).

Preparers of financial statements for insurance companies are therefore expected to adhere to internationally accepted accounting standards otherwise known as IFRS. These standards are set by internationally recognized bodies such as the IASB and IAIS among others to guide the preparation of financial statements not only for insurance companies but for all companies. The IFRS are internationally recognized and accepted. Among the things that these standards aim to achieve are transparency, consistency, understandability, reliability, relevance and comparability.

Effective financial reporting is about more than making sure that the numbers add up, it requires that the figures are communicated to the target audience in a way that is meaningful and understandable to them. Whether reporting is to the general public, elected representatives and board members or regulators the way information is communicated is key to effective reporting (Chartered Institute of Public Finance and Accountancy, 2014).

In a study carried out by Grant 2007 – 2008 as cited by Mutiso and Kamau (2013) 70% of CEOs felt that financial reports have become too complex for common investors to understand them. According to Mutiso and Kamau (2013) transparency of financial information is a key concept in accountability for good corporate governance. Mutiso and Kamau (2013) further stated that financial reports are the eye through which stakeholders can see the performance of the management in order to determine whether management makes sound investment decisions for shareholder wealth maximization. However the study by Mutiso and Kamau (2013) was specific to the bank industry and therefore left a huge gap for various industries such as insurance.

Research Methodology

The study adopted a descriptive research design. Descriptive survey research sought to obtain information that describes existing phenomena. In so doing it sought individuals exact perception, attitude, behavior or values to determine and report the way things are to enable description of characteristics associated with target population, estimates of proportions of a population that have these characteristics and discovery of association among different variables.

The study population was the top five insurance companies by market share which are also quoted on NSE. All of these companies are regulated, supervised and developed by IRA. Accordingly, the target population of the study was 210 people comprising of the preparers, regulator and users of financial information. These were randomly selected from IRA, Britam, Liberty Life (Formerly CfC Life), ICEA, Jubilee and Salam Kenya Plc (formerly Pan Africa Life insurance company). The companies in the selected sample have an overseas presence and are also listed on the NSE. The study was about the factors influencing the preparation of financial reports in insurance companies in Kenya. The study reviewed published financial statements and also interviewed preparers and users of the financial reports.

The respondents included financial report preparers, users including management and also employees of the IRA. The sample size to be used in the study was efficient, effective, representative, reliable and flexible and represented the many insurance companies in Kenya today.

This study sought data from the five leading insurance companies by market share pertaining to factors influencing the preparation of financial reports in insurance company in Kenya. The study also sought data from the regulator and other users of financial reports. From the above population the researcher used census where everyone in the population was included for the study.

The study used primary data for statistical analysis. According to Kothari (2007) primary data is data which is collected afresh and for the first time, and thus happens to be original in character. Questionnaires were used to obtain important information about the population. The questionnaire was developed to address each specific objective, research question or hypothesis of the study (Mugenda & Mugenda 2003). The primary data was collected through drop and pick method of administering questionnaires.

Findings

A pilot study was carried out in order to determine reliability of the questionnaires. Reliability of the questionnaires was then evaluated through Cronbach's Alpha which measures the internal consistency. The Alpha measures internal consistency by establishing if certain item measures the same construct. The study thus found that the analysis was reliable and could be used for further investigation.

Study Variables

The study investigated four conceptualized factors influencing the preparation of financial reports in insurance companies in Kenya, namely IFRS, data integrity, staff competence and regulatory framework.

Effects of IFRS on the Preparation of Financial Reports

The study first sought to establish the extent to which IFRS affect the preparation of financial reports preparation in the organizations surveyed. Respondents were asked to respond as whether Very High, High, Moderate, Low and Very low.

Majority of respondents, 35.9%, affirmed that IFRS affects the preparation of financial reports preparation in the organizations surveyed to a high extent, closely followed by 30.5% who indicate the influence as moderate while 21.3% claim that the same influences preparation to a very high extent. Only 10.1% and 2.2% respectively rate the influence as low and very low respectively. As such, IFRS can thus be deemed as affecting the preparation of financial reports in the organizations surveyed to a high extent.

Effect of Data Integrity on the Financial Report Preparation

The study sought to establish the extent to which data integrity affect the preparation of financial reports in the organizations surveyed. Majority of respondents, 34.6%, affirmed that data integrity affects the preparation of financial reports preparation in the organizations surveyed to a high extent, closely followed by 33.5% who indicate the influence as moderate while 23.3% claim that the same influences preparation to a very high extent. Only 6.2% and 2.4% respectively rate the influence as low and very low respectively. Data integrity can thus be deemed as affecting the preparation of financial reports in the organizations surveyed to a high extent.

The study also sought the respondents' perception regarding the various aspects defining data integrity in relation to the preparation of financial reports. Majority of respondents only gave a neutral response with regard to pertinent statements posed to data integrity and its influence in financial report preparation. To this end, a majority of respondents were found to agree that data integrity issues delay the financial reporting process; that clear co-ordination between departments and preparation of financial reports brings about data integrity; that poor system implementation affects the quality of data captured in the system. A majority also disagreed on the view that there is clear understanding of products hence proper data capture, that all the necessary data required in financial report preparation is readily available and that the data used in financial report preparation is consistent year after year, while a majority indicated a neutral response on the view that data used in financial report preparation is accurate.

Effect of Staff Competence on the Preparation Financial Reports

The study first sought to establish the extent to which staff competence affects the preparation of financial reports preparation in the organizations surveyed. Respondents were asked to respond as whether Very High, High, Moderate, Low and Very low. Majority of respondents, 42.3%, affirmed that staff competence affects the preparation of financial reports preparation in the organizations surveyed to a very high extent, followed by 36.2% who indicate the influence as moderate distantly followed by 13.2% claiming that the same influences preparation to a moderate extent. Only 6.2% and 2.1% respectively rate the influence as low and very low respectively. Staff competence can thus be deemed as affecting the preparation of financial reports in the organizations surveyed to a very high extent.

The study further sought the respondents' perception regarding the various aspects defining staff competence in relation to the preparation of financial reports. To this end, respondents were asked to respond to pertinent statements posed by indicating the level at which they agreed with the same, as applies in their respective institutions. Majority of respondents were found to highly agree that employees skills should match the training requirements in financial reporting; Personal attributes other than qualifications have an influence on the financial report preparation; Individuals carrying out the financial reporting function should be transparent and accountable; Professional qualifications are necessary in carrying out the financial report preparation; on job training should be adopted in order to ease the process of financial report preparation; and that actuarial skills, qualification and experience influence the financial report preparation.

Preparation of Ffinancial Reports

The study sought to establish the extent to which the process of financial report preparation aid effective communication and decision making in the organizations surveyed. Respondents were asked to respond as whether Very High, High, Moderate, Low and Very low. Majority of respondents, 39.4%, affirmed that the process of financial report preparation aid effective communication and decision making in the organizations surveyed to a very high extent, closely followed by 33.0% who indicate the influence as high then followed distantly by 14.2% claiming that the same influences preparation to a moderate extent. Only 8.3% and 5.1% respectively rate the influence as low and very low respectively. It can be concluded thus that the process of financial report preparation aid effective communication and decision making in the organizations surveyed to a very high extent.

The study further sought the respondents' perception regarding the various aspects defining the process of financial report preparation in relation to the preparation of financial reports. To this end, respondents were asked to respond to pertinent statements posed by indicating the level at which they agreed with the same, as applies in their respective institutions. It was established from results that a majority of respondents indicated a neutral response to most of the statements pertinent to the process of financial report. Even though a majority agreed that the process of financial report preparation is reliable; and that the process of financial report preparation is consistent, a majority of the respondents also indicated a neutral response to view that the process of financial report preparation is comparable across the insurance industry; that the process of financial report preparation is timely and produces timely reports; and that the financial reports communicate effectively for decision making. It can be deduced from the findings that financial reporting performs to a moderate to a low extent across the organizations surveyed. Most notably, it can be deduced that the process of financial report preparation is reliable; and that the process of financial report preparation is consistent. This is in agreement with Gale (2010), who alludes that poor quality of financial reports greatly diminishes the quality of organizations. The quality information is one that is readable, reliable, comparable, consistent, complete, timely, decision-useful, accessible and cost effective. The integrity of the nonprofit sector is served best if organizations are accountable. He further adds that financial reports exhibit certain qualities that make them useful to the stakeholders and these include relevance, reliability, understandability and timeliness.

Accounting Research Foundation (2012) also stated that financial reports are gaining prominence and success as they have value in terms in making and evaluating decisions about the allocation of scarce resources and in assessing the rendering of accountability by the providers. The reports are reliable because users use them for decision making.

Pearson Correlation Analysis

Table 1 below presents the Pearson correlations for the relationships between the various factors influencing the preparation of financial reports in insurance companies in Kenya. From the findings, a positive correlation is seen between the each aspect constituent. The strongest correlation was obtained between Staff Competence and preparation of financial reports (r = .798), and the weaker relationship found between Regulatory Framework and preparation of financial reports (r = .436). IFRS and Data Integrity are also strongly and positively correlated with preparation of financial reports at correlation coefficient of .716 and .708 respectively. All the independent variables were found to have a statistically significant association with the dependent variable at 0.01 level of confidence.

Table 1: Pearson Correlation Matrix

	Preparation	IFRS	Data Integrity	Staff Competence	Regulatory Framework
Preparation	1				
IFRS	.716**	1			
	.000				
Data Integrity	.708**	.650**	1		
	000	.000			
Staff Competence	.798**	.485**	.115	1	
	.000	.001	.474		
Regulatory Framework	.436**	.724**	.300	.692**	1
	.004	.000	.057	.000	

***Correlation is significant at the 0.01 level (2-tailed)**

Regression Analysis

To establish the degree of influence of the various influencing factors and the preparation of financial reports in insurance companies in Kenya, a regression analysis was conducted, with the assumption that: variables are normally distributed to avoid distortion of associations and significance tests, which was achieved as outliers were not identified; a linear relationship between the independent and dependent variables for accuracy of estimation, which was achieved as the standardized coefficients were used in interpretation.

The regression model was as follows:

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$

Where Y is the dependent variable (preparation of financial reports), β_0 is the regression constant, β_1, β_2, β_3, and β_4 are the coefficients of independent variables, X_1 is IFRS, X_2 is Data Integrity, X_3 is Staff competence, and X_4 is Regulatory framework.

Regression analysis produced the coefficient of determination and analysis of variance (ANOVA). Analysis of variance was done to show whether there is a significant mean difference between dependent and independent variables. The ANOVA was conducted at 95% confidence level.

Table 2: Regression analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.865[a]	.748	.720	1.94285

a. Predictors: (Constant), IFRS, Data Integrity, Staff competence, Regulatory framework

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	402.892	4	100.723	26.684	.000[a]
	Residual	135.888	36	3.775		
	Total	538.780	40			

a. Predictors: (Constant), IFRS, Data Integrity, Staff competence, Regulatory framework

b. Dependent Variable: Preparation

Coefficients[a]

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	4.242	8.138		.521	.605
	IFRS	.336	.112	.353	3.011	.005
	Data integrity	.610	.998	.099	.611	.545
	Staff competence	2.435	.867	.421	2.809	.008

Regulatory framework	1.576	.905	.205	1.742	.090

a. Dependent Variable: Preparation

Regression analysis was used to establish the strengths of relationship between the influencing factors (independent variables) and financial report preparation (dependent variable). The results showed a correlation value (R) of 0.865 which depicts that there is a good linear dependence between the independent and dependent variables. With an adjusted R-squared of 0.720, the model shows that IFRS, Data Integrity, Staff competence and Regulatory framework explain 72.0 percent of the variations in financial report preparation while 28.0 percent is explained by other factors not included in the model.

Summary of Findings

The study provided two types of data analysis; descriptive and inferential. The descriptive analysis helped the study to describe the relevant aspects of the phenomenon under study. The frequencies, percentages, mean and standard deviation were determined. For the inferential analysis, the study used Pearson correlation and multivariate regression analysis techniques to establish the relationship between the independent and dependent variables.

Effects of IFRS on the preparation of financial report in insurance companies in Kenya

The study sought to establish the effects of IFRS on the preparation of financial report in insurance companies in Kenya. With a grand mean of 3.255, a majority of respondents indicated a neutral response with most the pertinent statements posed with respect to the effect of IFRS in the preparation of financial reports. More specifically however, a majority of respondents were found to agree with the view that their organization conducts regular training sessions on IFRS to align recent changes (4.486). A majority were neutral on the views that there have been financial restatements in my organization to align to IFRS (3.494), there is uniform application of IFRS in different jurisdictions the company operates in. (3.391), that a single set of financial statements is prepared to serve the various stakeholders (3.319) and that their organization's has clearly documented IFRS aligned guidelines on financial reporting (3.103).

Effects of data integrity on the preparation of financial reports in insurance companies in Kenya

The study sought to determine the effects of data integrity on the preparation of financial reports in insurance companies in Kenya. With a grand mean of 3.323, majority of respondents only gave a neutral response with regard to pertinent statements posed to data integrity and its influence in financial report preparation. To this end, a majority of respondents were found to agree that data integrity issues delay the financial reporting process (4.398); that clear co-ordination between departments and preparation of financial reports brings about data integrity (4.394); that poor system implementation affects the quality of data captured in the system (4.301).

A majority also disagreed on the view that there is clear understanding of products hence proper data capture (2.408), that all the necessary data required in financial report preparation is readily available (2.204) and that the data used in financial report preparation is consistent year after year (2.129), while a majority indicated a neutral response on the view that data used in financial report preparation is accurate (3.426).

Effects of the staff competence on the preparation of financial reports in insurance companies in Kenya

The study sought to examine the effects of the staff competence on the preparation of financial reports in insurance companies in Kenya. With a grand mean of 4.285, a majority of respondents were found to highly agree that employees skills should match the training requirements in financial reporting (4.542); Personal attributes other than qualifications have an influence on the financial report preparation (4.470); Individuals carrying out the financial reporting function should be transparent and accountable (4.392); Professional qualifications are necessary in carrying out the financial report preparation (4.248); on job training should be adopted in order to ease the process of financial report preparation (4.144); and that actuarial skills, qualification and experience influence the financial report preparation (3.915).

Effects of the regulatory framework on the preparation of financial reports in insurance companies in Kenya

The study sought to assess the effects of the regulatory framework on the preparation of financial reports in insurance companies in Kenya. With a grand mean of 3.579, a majority of respondents were found to agree with most of the pertinent statements posed with respect to regulatory framework and its effects on financial reporting. A majority of respondents agreed that Regulatory framework monitors performance in the financial reporting (4.392); that the templates are revised regularly in line with IFRS changes (4.376); that the regulatory framework sets out disciplinary actions in cases of misreporting (4.055); and that the templates used to report to the regulator are uniform across the insurance industry (4.023). However, a majority were observed to disagree with the views that the insurance Act has clear guidelines on financial reporting (2.392) and that the classification of products is consistent in all the templates across the insurance industry (2.235).

The study sought to establish the extent to which the process of financial report preparation aid effective communication and decision making in the organizations surveyed. a majority of respondents indicated a neutral response to most of the statements pertinent to the process of financial report. Even though a majority agreed that the process of financial report preparation is reliable (4.357); and that the process of financial report preparation is consistent (4.042), a majority of the respondents also indicated a neutral response to view that the process of financial report preparation is comparable across the insurance industry (3.457); that the process of financial report preparation is timely and produces timely reports (3.431); and that the financial reports communicate effectively for decision making (3.156).

Inferential findings reveal a positive correlation is seen between the each aspect constituent. The strongest correlation was obtained between Staff Competence and preparation of financial reports ($r = .798$), and the weaker relationship found between Regulatory Framework and preparation of financial reports ($r = .436$). IFRS and Data Integrity are also strongly and positively correlated with preparation of financial reports at correlation coefficient of .716 and .708 respectively. All the independent variables were found to have a statistically significant association with the dependent variable at 0.01 level of confidence.

Conclusion

From the findings, it can be deduced that IFRS significantly and positively influences the preparation of financial reports only to a moderate to low extent, based on the neutral levels of responses. Most notably, it can be noted that most organizations conduct regular training sessions on IFRS to align recent changes clear and easy to understand while on the other hand; financial restatements in the organizations to align to IFRS, uniform application of IFRS in different jurisdictions that the companies operates in, a single set of financial statements prepared to serve the various stakeholders and clear documented IFRS aligned guidelines on financial reporting are observed only to a low extent in the organizations.

It can also be deduced that data integrity in the respective organizations of study influences financial report preparation only to a moderate to low extent. More specifically, it can be noted that; data integrity issues delay the financial reporting process that clear co-ordination between departments and preparation of financial reports brings about data integrity and that poor system implementation affects the quality of data captured in the system. It is also notable that; the availability of clear understanding of products and proper data capture, availability of all the necessary data required in financial report preparation, the consistency of the data used in financial report occur only to a low extent in the organizations. Areas of concern however include data accuracy, consistency and clear product understanding.

Recommendations

From the foregoing findings and conclusions therefore, following recommendations are drawn. IFRS heavily influences the preparation of financial reports and therefore companies should do regular updates to align their accounting standards in line to regular IFRS changes and updates. Insurance companies should also conduct regular training for preparers of financial statements regarding IFRS and any related changes.

On data integrity, the data should be reliable and readily available. Insurance companies should have regular audit of their systems to ensure that the data sitting in their various systems is accurate and reliable. The data should also be easily accessible. Further, system implementations should be done well to ensure that all the key elements of products are captured. The various systems should also be able to generate reports relevant and useful for financial reporting.

On competence of the preparers of financial reports, the study recommends that preparers of financial statements should not only possess professional qualifications but should also have other skills such as interpersonal skills, negotiation skills among others. Preparers of financial reports should not be general accountants but rather specialized accountants with further training in insurance in such areas as reinsurance, actuarial, investment or portfolio management, underwriting, claims etc. Just like in the medical field where we have dentists, pharmacists' etc. insurance accountants should have specialized insurance qualifications. ICPAK seminars should be industry specific where they tackle key issues relating to a particular industry e.g. insurance.

On regulatory framework, there should be regular statutory updates to align the regulation in line to regular IFRS changes and updates. Multinationals should have standardized accounting procedures aligned to both IFRS and local regulations so that preparers can preparer a single set of financials relevant across different jurisdictions. The regulator should standardize the reporting templates for all insurance companies

Suggestions for further studies

The present study has identified the factors influencing the preparation of financial reports in insurance companies in Kenya. The same has revealed the need for further studies in other facets not tackled in the study. The present study delimited itself to insurance firms listed in NSE. It would be interesting to find out how smaller firms that are not listed fair, with respect to the study variables. A similar study can also be conducted with different variables other the ones addressed in the present study. Furthermore, a continuous research is in fact needed to harmonize and converge with the International Financial Reporting Standards (IFRS) through mutual International understanding of corporate objectives.

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