

**Influence of Financial Reporting Practices on Financial Performance of Manufacturing Companies in Bungoma and Kakamega Counties in Kenya**

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***Abstract***

*This study provided an insight view of the influence of financial reporting practices on organization financial performance in manufacturing Companies in Bungoma and Kakamega County. The research was focused on three major objectives which included; the influence of cash reporting, budgetary reporting, inventory reporting and cost reporting on the financial performance of manufacturing companies. The study adopted descriptive and cross-sectional research designs, a study population of 150 employees, a sample size of 30 respondents study and registered 100% response rate, purposive and convenience sampling designs. Data sources involved both primary and secondary sources and data collection method was questionnaire. The data collected was presented in tables and analysed in percentages. A multivariate regression model was applied to test the relationship between the percentage of financial reporting practices and financial performance of the organization. The findings on the financial reporting practices were that there are poor financial reporting practices that exhibit poor financial reporting. The findings on the factors affecting financial performance were the financial staff competences, skills and knowledge enough to carried out accountability at the international standards, Managerial strategies, New initiations and innovations in products and services, Taxation that have influenced the financial analysis and hence limitation in financial performance growth of their organizations. The findings on the relationship between equity portfolio management& financial performance in the manufacturing Companies showed that there is a significant positive relationship between financial reporting and organizational financial performance .The recommendations on the financial reporting practices were that there is need to improve on the financial practices of the company to improve its financial reporting standards, recommendations on the factors affecting financial performance of the organization were that the management should prioritize in improving its financial management systems and its financial statements through access control and audit trail to ensure good financial analysis hence improved financial performance, on the relationship between financial reporting and organizational financial performance that the company should acquire proper managerial skills on financial reports which in turn affects the financial performance of the company*

***Key words: cash, inventory, profit***