

Corporate Financial Reporting – A Study on the IFRS Regime in Ghana and Around the World

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ABSTRACT

The International Financial Reporting Standards (IFRS) is regard as a single set of high-quality globally accepted accounting standards issued by the International Accounting Standards Board (IASB). This study aims at providing insight on the adoption and the effective implementation of IFRS in Ghana. It also explores the progress of the IFRS reporting regime around the world. The study employed both qualitative and quantitative research methodology with a descriptive research design. Data was collected through survey questionnaire with purposive sampling technique from a sample of 20 banks including those unlisted and listed at the Ghana Stock Exchange. Results revealed that there is a significant positive association between the influence of global institutions and the effective implementation of IFRS among the banks in Ghana. It was also discovered that over 40 African nations have adopted or converged with IFRS. In all approximately 150 jurisdictions in the world including the G20 require or permit the use of IFRS for domestic and foreign public firms. Thus, the study contends that whether, the standard setters of a given jurisdiction 'cherry pick' some parts of IFRS, whilst others adopt it as given, the effect is the same to a large extent because to say the obvious, 'to be unconnected to IASB's global standards' is to fall behind. The study recommends that regulatory authorities and management of the banks need to collaborate with global institutions in holding IFRS workshops in order to enhance its effective implementation.

Keywords: International accounting, financial reporting, Banks, IFRS standards, Ghana.

INTRODUCTION:

Corporate Reporting - Regime of IFRS Reporting Around the World:

Formed in 1973 and head quartered in London, UK, the standards set by the International Accounting Standards Committee (IASC) was referred to as International Accounting Standards (IAS). By January 2001, IASC as an organisation had gone through series of metamorphosis in form and structure which resulted in the creation of an International Accounting Standards Board (IASB) to replace the IASC. The IASB under the oversight of a new International Financial Reporting Standards (IFRS) Foundation has produced a number of new standards under IFRS and has reformed many of the International Accounting Standards (IAS) formulated by its predecessor, the IASC (Pacter, 2014). The IASB adopted all 41 IASs issued by the IASC between 1973 and 2000. IFRS standards refers to the body of all international accounting standards set by the IASB under the IFRS Foundation including the previous standards it inherited from the IASC. Initially, the Board decided that the new standards issued by the IASB would be called International Financial Reporting Standards in order to mark the beginning of a new era and practically distinguish it from the standards set by its predecessor, the

IASC. The financial reporting landscape was different for every country when the IASB took over from its predecessor and began its work in 2001 (Mackintosh, 2014). The main objective of the IASB's IFRS Foundation is to develop a single set of high quality, IFRS standards that is understandable and readily accepted by every country in the world. Today, IFRS has emerged as the dominant *Global Accounting Standard* as the outlook for financial reporting is the same or identical for most countries in the world. For example, recent reports published at the IFRS Foundation's website (www.ifrs.org) reveals that about 150 out of 166 countries surveyed require the use of IFRS standards for all or most publicly listed companies. The evolution of a uniform financial reporting standards – IFRS – has contributed immensely to the ever-increasing economic globalization.

Consequently, the G20 Leaders, the IMF, the World Bank and the International Organisation of Securities Commissions (IOSCO) have expressly endorsed and shown their support for the goal of the *IASB'IFRS Regime of Financial Reporting around the World* (Prada, 2014). Indeed, it is also remarkable to learn that the Financial Stability Board (FSB), has openly affirmed its commitment to the continuing relevance of a single set of high-quality global accounting standards (FSB, 2014). The FSB's core mandate is to monitor and provide suggestions for the promotion of the global financial system. It is thus pleasing to note that there have been an excellent progress, as what begun in a little more than a decade ago when the European Commission officially announced that beginning in 2005, listed companies in the European Union (EU) would be required to prepare their consolidated financial statements using IAS, has now spread around the world (Prada, 2014; p.3).

Financial Reporting – The IFRS Regime in Ghana:

Formed from the merger of Gold Coast and British Togoland in 1956, Ghana became the first Sub-Saharan African Country to gain independence from the United Kingdom in the year 1957. The Republic of Ghana with an estimated population of 29.5 million, is located in West Africa and bordered by Cote d'Ivoire to the West, Burkina Faso to the North, Togo, to the East and the Gulf of Guinea to the South. Ghana's accounting and auditing standards were prepared on the basis of the International Accounting Standards (IAS) and the International Standards on Auditing (ISA) respectively.

In the year 2004, the World Bank in collaboration with the Ministry of Finance and Economic Planning conducted a study on the accounting and auditing practices in Ghana. The findings of the study were brilliantly articulated in the World Bank's Report on Observance of Standards and Codes (ROSC) in Ghana. The study found that Ghana suffer from institutional weakness in regulation, compliance and enforcement of financial reporting standards and that full compliance with the Ghana National Accounting Standards was not often achieved (World Bank, 2005). The ROSC also noted that some listed companies inappropriately claim compliance with the International Accounting Standards. In addition to the findings of the World Bank, in 2005, the Institute of Chartered Accountants-Ghana (ICA-Ghana) was advised by its international affiliate - the International Federation of Accountants (IFAC) to adopt or converge IFRS with Ghana Accounting Standards. It is a foregone conclusion that these two events (i.e. the World Bank's Initiative and IFAC's directive) largely occasioned the adoption and implementation of IFRS as Ghana National Accounting Standards (Zori 2011).

On the 23rd of January 2007, the IFRS Standards was successfully launched as Ghana National Accounting Standards (GNAS) by the then Honorable Minister of Finance and Economic Planning, Kwadwo Baah Wiredu, in collaboration with the Council of ICA-Ghana. At the launch of IFRS, it was iterated that the adoption of the global accounting standards is essential for accelerated development of the Ghanaian economy through private sector-led growth (Wiredu, 2007). A new era of international accounting standards- *the IFRS reporting regime in Ghana* - had begun as Ghana had joined the League of Nations who had adopted or converged its national accounting framework with IFRS which is regarded as a high-quality global accounting standards. As a result, it is required of all government business enterprises, public utilities, banks, insurance companies, pension funds and security brokers to comply with IFRS in their corporate financial reporting effective, 31st December, 2007. However due to certain bottlenecks in the implementation of the newly adopted accounting standards, a transitional period of 2 years was allowed to enable companies to fully comply with IFRS in preparing their financial reports. Ghana is among about 40 African countries who require or permit the use of IFRS for all or most public companies whether or not listed (IFRS Foundation, 2018).

OBJECTIVES:

1. To provide insights on the adoption and implementation of IFRS in Ghana.
2. To examine the progress towards the IFRS reporting regime around the world.
3. To explore the influence of global institutions on the effective implementation of IFRS in Ghana.

HYPOTHESIS:

H₀: There is no significant association between the influence of global institutions and effective IFRS Implementation in Ghana

H₁: There is a significant association between the influence of global institutions and effective IFRS Implementation in Ghana.

LITERATURE REVIEW:

Critique of Previous Studies on IFRS in Ghana:

As mentioned earlier, in January 2007, IFRS was successfully launched in Ghana with a two-year transition period to comply and so all listed companies and financial institutions, as well as government business enterprises are required to use IFRS in their financial reporting. A number of recent studies in Ghana have reported high degree of compliance with IFRS in the preparation and presentation of financial statements particularly, companies whose stocks are traded on the Ghana Stock Market (Amoako & Asante, 2012; Agyei-Mensah, 2013; Yiadom & Atsungo, 2014; and Opoku et. al, 2016). Amoako & Asante (2012) investigated the extent to which listed banks in Ghana comply with financial instruments IFRS 7 and found a high level of compliance with IFRS 7 though not outright. The degree of compliance ranged between 94.7% in 2008 and 98.2% in 2009 which was quite impressive. Agyei-Mensah, (2013) in his research on the adoption of IFRS in Ghana found that the implementation of IFRS has generally reinforce accounting disclosure quality and that listed firms overwhelmingly complied with the IASB's IFRS Framework. Yiadom & Atsungo (2014), also examined the level of compliance of IFRS by listed companies in Ghana and concluded with an overall mean compliance of 85.8%. Opoku, et. al (2016) conducted a research on IFRS compliance by listed firms in Ghana and finds that the level of IFRS compliance is not related to profitability but the study observed a positive significant relationship between the level of compliance and firm characteristics of auditor type, firm size, and listing status. It is obvious that all the previous studies found that the level of compliance of IFRS by the firms in Ghana is on the high side. These research findings are a good feat however, unlike the previous studies, the present quantitative study investigates the factors that influence the effective implementation of IFRS in Ghana. Besides, a study to understand the adoption of IFRS in Ghana and the evolvement of the IFRS reporting regime around the world is desirable.

Adoption and Implementation of IFRS in Ghana:

As mentioned earlier, a study by the World Bank and the Ministry of Finance on the accounting and auditing practices in Ghana noted that Ghana National Accounting Standards (GNAS) were similar to the International Accounting Standards (IAS), but the former were outdated and therefore inconsistent with the international equivalents (World Bank, 2005). The study also reported that there were significant compliance gaps by the domestic companies in the application of the GNAS and also some public listed companies did not appropriately comply with the IAS as they claimed. The study concludes that Ghana suffer from international weaknesses in regulation, compliance and enforcement of standards. Also, various weaknesses were identified in the laws and regulations governing financial reporting. The table below represents some selected differences between Ghana National Accounting Standards and the Global Accounting Standards as presented in the Report on the Observance of Standards and Codes (ROSC) by the World Bank.

Table 2.1: Differences between GNAS and IFRS/IAS

Name of Standard	IFRS Standards	Ghana Nat. Accounting Standards
IAS 1 Presentation of Financial Statement	The International standards provides a detailed framework in regards to the preparation and presentation of financial statements	The framework of GAS lacks several aspects especially, qualitative characteristics of financial statements were omitted.
IAS 1 Presentation of Financial Statement	The international standards require that changes in equity is clearly stated in the financial Statements.	Though this provision was not visible in the GAS, certain aspects of it was provided in the Companies code. For example, disclosure of income surplus and capital surplus which form part of the statement of changes in equity were required by the code.

Name of Standard	IFRS Standards	Ghana Nat. Accounting Standards
IAS 8 Changes in Accounting Policies	The subject of Changes in Accounting Policy (CAP) is well elaborated and separately treated under the IFRS standards.	The method of treatment of CAP under GAS was somewhat outdated. For instance, it was required that certain effects of changes in accounting polices be stated as part of the extraordinary items in the current period.
IAS 12 Income Tax	The International standards provides for deferred tax asset recognition as well as liabilities for temporary differences	Under GAS, deferred tax assets and liabilities are practically accounted for in terms of differences in time as a result of depreciation.
IAS23 Borrowing Costs	It is required under the international standards that borrowing costs be fully disclosed in the financial statements	The accounting treatment for borrowing cost and capitalization was not visible under the GAS
IAS 27 Separate Financial Statements	Items of non-controlling interest is required to be separately treated and disclosed both in the statements of income and financial position for the subsidiary and parent companies	The IAS disclosure of Minority interest (or non-controlling interest) is conspicuously omitted in the income statement under the GAS.
IAS 32 & IAS 1 Financial Instruments & Presentation of Fin. Statements (Dividends)	(a) Dividends declared after the reporting date should not be recorded as a liability at the end of the financial year just ended as it would not fairly represent the position of the firm at that time. Dividend declaration is a non-adjustable event and must be disclosed in consonance with IAS1 but it should not be treated at the firm's discretion as provided in IAS 32.	(b) Dividend declared under the GAS and yet to be ratified the AGM was treated as a liability in the statement of financial position. In other words, the declared dividend pending ratification at AGM to be recognized as appropriation of retained earnings are recorded as part of liabilities in the balance sheet.
IAS 38 Intangible Assets	The international standards requires intangible assets to be properly dealt with in terms of its recognition and measurement whether they are acquired via business combination or via the purchase method or even generated internally.	GAS did not have a substantive provision on accounting for intangibles with the exception of the recognition of goodwill under business combinations.
IAS 40 Investment Property	This standard requires that investment property be properly disclosed and accounted for separately in the statement of income.	The method of accounting treatment of investment property under GAS was outdated in that it was treated as part of Property, Plant and Equipment or at best be treated as long term investments. IAS16 substantively deals with Property, Plant and Equipment.
IAS 41 Agriculture	The IAS has made extensive provisions on accounting for agriculture related items or assets under this standard.	The national accounting framework did not have an equivalent standard to account for agriculture related items.
IFRS 5 Discontinued Operations	This standard substantively gives guidelines on accounting for discontinued operations and non-current assets held for sale.	The equivalent standard that provides guidance on discontinued operations and the like was absent in the GAS.
IFRS 8	This standard requires management	Under the national framework firms segment

Name of Standard	IFRS Standards	Ghana Nat. Accounting Standards
Operating Segments	to disclose all segments financial information in to the consolidated financial position of a firm. Segment reporting provide investors the wherewithal to meaningfully evaluate the financial performance of a firm's operations through the eyes of management.	operations were grouped on the basis of geographical segments or industry segments but no distinction was made between primary or secondary segments.

Source: Compiled from World Bank (2005); Zori (2011); Ocansey and Enahoro (2014)

METHODOLOGY:

The study adopted a quantitative and qualitative methodology and descriptive research design to provide insights on the adoption of IFRS in Ghana and the progress of the IFRS reporting regime around the world. It was confined to the three (3) prominent national banks and 17 private sector banks whether or not listed at the Ghana Stock Exchange (GSE). Data was collected through interviews and structured questionnaire administered to 140 respondents using purposive sampling technique. The sample was made up of Seven (7) banks whose stocks are traded at the GSE and Thirteen (13) non-listed banking companies. The sample size is relatively large given that Ghana as medium-size country has barely 30 commercial banks licensed by the Bank of Ghana. Additionally, secondary data were garnered from related topics in text books, articles and periodicals on IFRS including annual reports of the sampled banks. Data was analyzed with the Statistical Package for Social Sciences (SPSS), the results were duly interpreted and then the hypotheses were tested to make a claim of acceptance or rejection.

FINDINGS AND DISCUSSIONS:

Differences between GNAS and IFRS:

With reference to the table 2.1 above, the typical differing points between the IASB framework and that of Ghana include but not limited to the method of Presentation of Financial Statements, Changes in Accounting Policies, Estimates and Errors, Accounting for Deferred Income Tax, Accounting Treatment of Borrowing Costs, Disclosure of Minority Interest in Separate Financial Statements, Accounting Treatment for Dividends, Intangible Assets and Investment Property in the Financial Statements. Other differing areas were concerned with Accounting for Agriculture related Assets, Discontinued Operations and Operating Segments respectively. Moreover, the Ghana National Accounting Standards were made up of twenty eight (28) standards but ten (10) active international standards were not incorporated in the Ghana Accounting Standards (GAS) and the international equivalent of certain GAS statements have been withdrawn as at the time of the World Bank study. For example, the international equivalent of GAS 13, Accounting for Research and Development Activities, and GAS 16, Accounting for Retirement Benefit Costs had been withdrawn from IAS. Similarly, there were no equivalents of GAS for some of the international standards such as, IAS 19-Employee Benefits; IAS 32 Financial Instruments: Disclosure and Presentation; IAS 33-Earnings per Share; IAS 34-Interim Financial Reporting; IAS 36- Impairment of Assets; and IAS 38-Intangible Assets (World Bank, 2005).

Consistency in IFRS Application - A Special Expertise of the 'Big Four':

The study observed that the independent auditors' reports to the members of the sampled banks and the general public confirms and assures all and sundry that the financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). It is intriguing to learn that the 'cartel of the big four' accounting firms is strongly evident in this study as asserted by Zori (2012). Out of the 20, KPMG had 7 banks as its clients; Pricewater House Coopers (PWC) audited 6 banks; Deloitte & Touché served as the auditors for 4 banks and 3 banks hired Ernst & Young as their independent auditors. This result is consistent with the claim that the big four audit firms are 'happy with the IFRS reporting regime' as they stand to gain in so far as the transition to and correct application of IFRS is concerned. Only 7 of the sampled banks are listed on the Ghana Stock Exchange. Three (3) large banks are under the public sector category and 17 are private sector commercial banks. Please see table 4.1 at the appendix of the study.

Chi-Square Tests of Global Institutions and Effective IFRS Implementation:

The results in table 4.2(a) indicates (please see appendix) that there is a significant association between global institutions and the effective implementation of IFRS, $X^2(1, N=140) = 18.674$, $p = .000 < .05$ and X^2 is positive. It is also observed from table 4.2(b) that the results of the Phi and Cramer's are both positive at .518 which is significant at .000. Thus, the p-value (Asymp. Sig) less than 0.5 shows that the relationship between the variables is statistically significant and they are not independent of each other. Therefore, the alternative hypothesis which states that there is a significant association between Effective IFRS Implementation in Ghana and the influence of global institutions is duly sustained by the study. This results is consistent with the assertion by Zori (2012) that the adoption and the implementation of IFRS in Ghana was largely influenced by the World Bank and the International Federation of Accountants (IFAC). Other global organisations that have continuously lend its support to the IASB's mission include but not limited to the International Monetary Fund (IMF), the United Nations (UN), the World Trade Organisation (WTO), the European Union (EU), the Organisation for Economic Co-operation and Development (OECD), the Financial Stability Board, the IOSCO, and the G20 Leaders (Zori, 2012; Prada, 2014; Burton. & Jermakowicz, 2015).

Status of IFRS Adoption by the G20 Countries:

The latest analysis of IFRS jurisdictional profiles, shows that most global industry sectors in over 150 of the 166 countries researched require the use of IFRS for all or most public companies (IFRS Foundation, 2018). Table 4.3 (Please see Appendix), shows the results of how the Group of Twenty (G20) countries are responding to the use of IFRS Standards as issued by the International Accounting Standards Board. The status of IFRS adoption by the G20 countries is inspiring given that a little more than 10 years ago, the IFRS Standards were predominantly used in Australia, the EU, Hong Kong, and South Africa. IFRS was not required nor permitted by many of such major economies. Of course, the few countries that are yet to require the use of IFRS standards for domestic reporting include some important economies namely, China, India, Japan and the United States.

The Use of IFRS in US:

Though the United States has been slow in permitting its domestic companies to use IFRS, the use of IFRS standards in the US is more advanced than many realize as investors with more than 8 trillion dollars of foreign holdings in the US largely use IFRS reporting financial statements (Prada, 2014). Also, the U.S. Securities and Exchange Commission, which oversees about 500 foreign listed firms on US markets permits the use of IFRS standards, by foreign registrants for their U.S. listings, if they use IFRS for reporting in their home country (Mackintosh, 2014; Prada, 2014, p.4).

The Use of IFRS in Japan:

In Japan, domestic companies are permitted to use IFRS since 2009. As of June 2014, it was reported that forty-six (46) Japanese domestic companies with an amount of 63 trillion Yen total market capitalization have adopted, or plans to adopt, full IFRS (Prada, 2014; p. 4). Besides, a reputable Index known as IPX- Nikkei 400 Index considers the application of full IFRS as a factor for the inclusion of Japanese companies. This relatively new index is said to be quite popular with international investors according an article in the Japanese Financial Times (2014).

The Use of IFRS in China and India:

It is important to note that there is a continuous collaboration between the IASB and the domestic standard setting agencies of these economies that are yet to require the use of IFRS for domestic reporting so as to ensure that their local GAAP is fairly harmonized with the IFRS standards. For instance, India has recently made a comprehensive transition to a complete new set of Indian accounting standards based on the principles of the International Financial Reporting Standards (IFRS Foundation, 2018). Likewise, in 2006, China issued a new set of Chinese Accounting Standards (CAS) that are similar to IFRS. The good news is that these new standards are required for use by both large and medium-sized Chinese companies, whether or not listed.

The Use of IFRS Standards in Africa:

A careful examination of the IFRS jurisdictional profiles published at the IFRS Foundation's website indicates that Africa is now a prolific user of IASB's Global Standards. So far more than 40 African countries have adopted or converged its national accounting framework with the International Financial Reporting Standards. There is an interesting development from the results depicted in table 4.2 (Please see appendix). The table represents how the countries on the African continent are responding to the use of IFRS Standards as issued by the IASB. A few years

back, the idea of switching to IFRS in Africa was highly criticized with regards to the efforts and cost associated with its implementation in most African countries with less or no presence of well-developed stock markets¹ For example, Christian D. Migan, president of the Organisation pour l'harmonisation en Afrique du Droit de Affaires (OHADA) once openly posed the question; "who will pay for the cost of implementation of IFRS in countries such as Chad, Benin, Burkina Faso, Togo and all the OHADA regional countries which has no capital markets and nearly 80% of its companies are small-scale enterprises" (Zori, 2012). In fact, the responds to the skeptics question: is 'Africa ready for IFRS or Is IFRS ready for Africa' may not be far-fetched from the results shown in table 4.2 as IFRS has largely been embraced by all the OHADA states. Most of the OHADA states will fully implement the IASB's global standards by January next year, *ceteris paribus*.

Summary of Worldwide Use of IFRS Standards:

As indicated in table 4.5 (please see appendix), recent report shows that the IFRS Foundation has surveyed 166 nations in regards to the use of IFRS across the globe (IFRS Foundation, 2018). In a nutshell, out of the 166, 144 nations or jurisdictions use IFRS for most domestic public companies. 12 jurisdictions permit the use of IFRS by all or most companies whether or not listed. 10 jurisdictions use their local standards in addition to IFRS and are yet in the process of converging or adopting the IASB's global standards.

CONCLUSION:

The study therefore confirms that there is a strong positive relationship between the influence of global institutions and the effective implementation of IFRS among commercial banks in Ghana. The move to converge or adopt IFRS by most governments of countries across the globe in including Europe, Africa, America, Asia and the G20 Leaders indicates that IFRS has come stay. The study agrees with the chairman of the Corporate Reporting Dialogue and former vice-chair of IASB, Ian Mackintosh (2014) that IFRS has mature and indeed it is so. The recent study by Mckinsey (2014) which reports that more than one-third of all financial investments now involve international transactions reiterates the need for a uniform high-quality global accounting standards. Previously isolated marketplaces are now connected with the advancement in technology and the globalized world economy, as the investor and investee can be anywhere in the world. For instance, fluctuations in market prices at the New York, London or Bombay stock exchanges is likely to drive the economic prospects for Ghana as those activities are by events local to the Ghanaian economy. As of today, IFRS standards means that the financial reporting landscape is the same or identical for over 150 jurisdictions or countries around the world. The debate of either 'Africa is ready for IFRS' or 'Is IFRS ready for Africa' is gradually fading in relevance on account of the favorable attitude of the policy makers and standard setters in many of the IFRS-resisted countries in Africa. To this end, whether the standard setters of a given jurisdiction cherry pick² some parts of IFRS, (i.e. converges with IFRS) whilst others are urged to adopt it as given, the effect is the same to a large extent because to say the obvious, 'to be unconnected to the IASB's global accounting standards' is to fall behind.

Managerial Implications and Tips for Future Research:

According to the findings of this study there is a strong positive relationship between the influence of global institutions and the effective implementation of IFRS among commercial banks in Ghana. The study therefore recommends that ICA Ghana, the management of the banks as well as the Supervisory Division of Bank of Ghana need to collaborate with global institutions in holding IFRS workshops for the concerned stakeholders. The efficiency of such training sessions will enhance the effective implementation of IFRS by way of deepening its awareness and the correct application. The use of IFRS as a single set of high-quality global accounting standards increases the trust and confidence in a company's financial statements by its investors, government agencies, analysts and other stakeholders. However, the underlying issues on the pre and post adoption of IFRS as well as the relationship that exists between IFRS application, and firm performance were largely outside the scope of this study. It is thus suggested that future studies may attempt to explore on the pre and post adoption of IFRS by the banking companies with a larger sample size and longer study period. Studies in the future may also consider to investigate the relationship that exists between IFRS application, and firm performance.

¹First, accounting standards are costly to design, let alone implement. The second dimension is that the implementation of some of these standards could be very costly to firms and impose resulting costs on the adopting country. Unless a country has a well-developed stock market with equity participants willing to pay a premium for high quality financial reporting, the costs of IFRS implementation far exceed the benefits (Zori, 2012).

²What is even more intriguing is the fact that the highly industrialized countries have all, to some extent, cherry picked some parts of IFRS, i.e. converged to IFRS on their own terms, whilst urging less developed countries to adopt unreservedly without any modification (Zori, 2012).

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APPENDIX 1

Table 4.1: Sampled Banks Demographics: Sector, Listing Status and IFRS Application

Bank Sector	Listing Status	Number of Banks	Percentage (%)	Accounting Standards Used for Financial Year(s)				
				2013	2014	2015	2016	2017
Private	6	17	85.00%	IFRS	IFRS	IFRS	IFRS	IFRS
Public	1	3	15.00%	IFRS	IFRS	IFRS	IFRS	IFRS
Total	7	20	100.00%					

Source: Banks Annual Reports, 2013- 2017

Table 4.2(a): Chi-Square Tests of Global Institutions Influence and Effective IFRS Implementation

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.643 ^a	2	.000
Likelihood Ratio	14.328	2	.000
Linear-by-Linear Association	12.440 ^b	1	.000
N of Valid Cases	140		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.16.

Table 4.2(b): Symmetric Measures of Global Institutions Influence versus Effective IFRS Implementation

Symmetric Measures			
		Value	Approx. Sig.
Nominal by Nominal	Phi	.518	.000
	Cramer's V	.518	.000
N of Valid Cases		140	

Table 4.3: Status of IFRS Adoption by the G20 Countries

No.	Country	IFRS Required for Domestic Public Firms	IFRS Required/ or Permitted for Listed Foreign Firms	IFRS for SMEs Standard required/ permitted
1.	Argentina	Yes	Yes	Permitted
2.	Australia	Yes	Yes	Not Permitted
3.	Brazil	Yes	Yes	Required
4.	Canada	Yes	Yes	No
5.	China	China's National Standards are substantially converged with IFRS Standards. China has committed to adopt IFRS Standards but has no timetable for completion of the process.		No
6.	European Union	All Domestic & Foreign companies whose debt or equity securities trade in a public market in the jurisdiction are required to use IFRS Standards as adopted by the EU in 2005		No

No.	Country	IFRS Required for Domestic Public Firms	IFRS Required/ or Permitted for Listed Foreign Firms	IFRS for SMEs Standard required/ permitted
7.	France	Required via EU adoption and implementation process since 2005		No
8.	Germany	Required via EU adoption and implementation process since 2005		No
9.	India	Indian Accounting Standards are based on and substantially converged with IFRS Standards as issued by the IASB. India has not adopted IFRS Standards for reporting by domestic companies.		No
10.	Indonesia	Indonesia has been converging its national standards with IFRS, but has no timetable for full adoption of IFRS Standards.		No
11.	Italy	Required via EU adoption and implementation process since 2005		No
12.	Japan	Japan permits three other accounting frameworks apart from IFRS Standards. These include the Japanese GAAP, Japan's Modified International Standards (JMIS), and US GAAP.		No
13.	Mexico	Yes	IFRS or US GAAP	No
14.	South Korea	Yes	Required	No
15.	Russia	Yes	Required	No
16.	Saudi Arabia	Yes	Not Applicable	Permitted
17.	South Africa	Yes	Required	Permitted
18.	Turkey	Yes	Required	No
19.	United Kingdom	Yes	Yes	Permitted
20.	United States	No. Domestic public companies use the US GAAP.		No

Source: Compiled from IFRS Foundation, 2018

Table 4. 4: Status of the Use of IFRS in Africa as of 2018

S/N	Country	IFRS Standards Required or Permitted	Commentary (Full IFRS, Partial or Other)
1.	Algeria	IFRS required	Full
2.	Angola	IFRS required	No local stock exchange but IFRS is required for banks and other financial institutions
3.	Benin	OHADA/IFRS permitted	Effective January 2019, IFRS shall be permitted or required of both domestic and foreign companies whose stocks are publicly traded at the securities market.
4.	Botswana	IFRS required	IFRS for SMEs Permitted but Larger SMEs must use full IFRS Standards
5.	Burkina Faso	OHADA/IFRS permitted	Effective January 2019, IFRS shall be permitted or required of both domestic and foreign companies whose stocks are publicly traded at the securities market.
6.	Cameroon	OHADA/IFRS permitted	-Same as above-

S/N	Country	IFRS Standards Required or Permitted	Commentary (Full IFRS, Partial or Other)
7.	Chad	OHADA/IFRS permitted	-Same as above-
8.	Cote D'Ivoire	OHADA/IFRS permitted	-Same as above-
9.	DR Congo	IFRS Permitted	-Same as above-
10.	Egypt	Egyptian Local GAAP	IFRS Standards are required or permitted for listings by foreign companies
11.	Eritrea	Local GAAP/IFRS permitted	Partial
12.	Equatorial Guinea	OHADA/IFRS permitted	Effective January 2019, IFRS shall be permitted or required of both domestic and foreign companies whose stocks are publicly traded at the securities market.
13.	Gambia	IFRS permitted	Effective January 2019, IFRS shall be permitted or required of both domestic and foreign companies whose stocks are publicly traded at the securities market.
14.	Ghana	IFRS required	Full
15.	Guinea Conakry	SYSCOHADA/IFRS permitted	Effective January 2019, IFRS shall be permitted or required of both domestic and foreign companies whose stocks are publicly traded at the securities market.
16.	Guinea-Bissau	OHADA/IFRS permitted	-Same as above-
17.	Kenya	IFRS required	Full
18.	Liberia	US GAAP/IFRS	Partial
19.	Libya	Libyan GAAP/IFRS permitted	Partial
20.	Lesotho	IFRS permitted	There are no local exchanges but financial institutions are required to use IFRS Standards.
21.	Madagascar	Madagascar GAAP/IFRS permitted	No stock exchanges but IFRS Standards permitted for financial institutions
22.	Malawi	IFRS Required	Full
23.	Mauritius	IFRS required	Full
24.	Morocco	Moroccan GAP/ IFRS	Partial
25.	Mozambique	Mozambique FRS/ IFRS	Partial
26.	Namibia	IFRS required	Full
27.	Nigeria	IFRS required	Full
28.	Niger	Local GAAP/IFRS permitted	Effective January 2019, IFRS shall be permitted or required of both domestic and foreign companies whose stocks are publicly traded at the securities market.
29.	R. of Congo	OHADA/IFRS permitted	-Same as above-
30.	Rwanda	IFRS required	Full
31.	Senegal	Senegal GAAP/IFRS permitted	Effective January 2019, IFRS shall be permitted or required of both domestic and foreign companies whose stocks are publicly traded at the securities market.
32.	Seychelles	IFRS required	Full
33.	Sierra Leone	IFRS required	Full

S/N	Country	IFRS Standards Required or Permitted	Commentary (Full IFRS, Partial or Other)
34.	South Africa	IFRS required	full
35.	Swaziland	IFRS required	Full
36.	Tanzania	IFRS required	Full
37.	Togo	Local GAAP/IFRS permitted	Effective January 2019, IFRS shall be permitted or required of both domestic and foreign companies whose stocks are publicly traded at the securities market.
38.	Tunisia	Tunisian GAAP/ IFRS permitted	Partial
39.	Uganda	IFRS required	Full
40.	Zambia	Zambian FRS/IFRS	Full
41.	Zimbabwe	IFRS required	Full

Source: Compiled from IFRS Foundation, 2018

Table 4.5 Summary of the Worldwide Use of IFRS Standards

Regions	Number of Nations/Jurisdictions	Percentage (%)
Africa	39	23%
Americas	37	22%
Asia-Oceanic	33	20%
Europe	44	27%
Middle East	13	8%
Totals	166	100%

Source: IFRS Foundation, 2018
