

The Adoption of International Financial Reporting Standard (IFRS) by Ghanaian companies the level of compliance with reference to the preparation of financial statement.

KNUST

by

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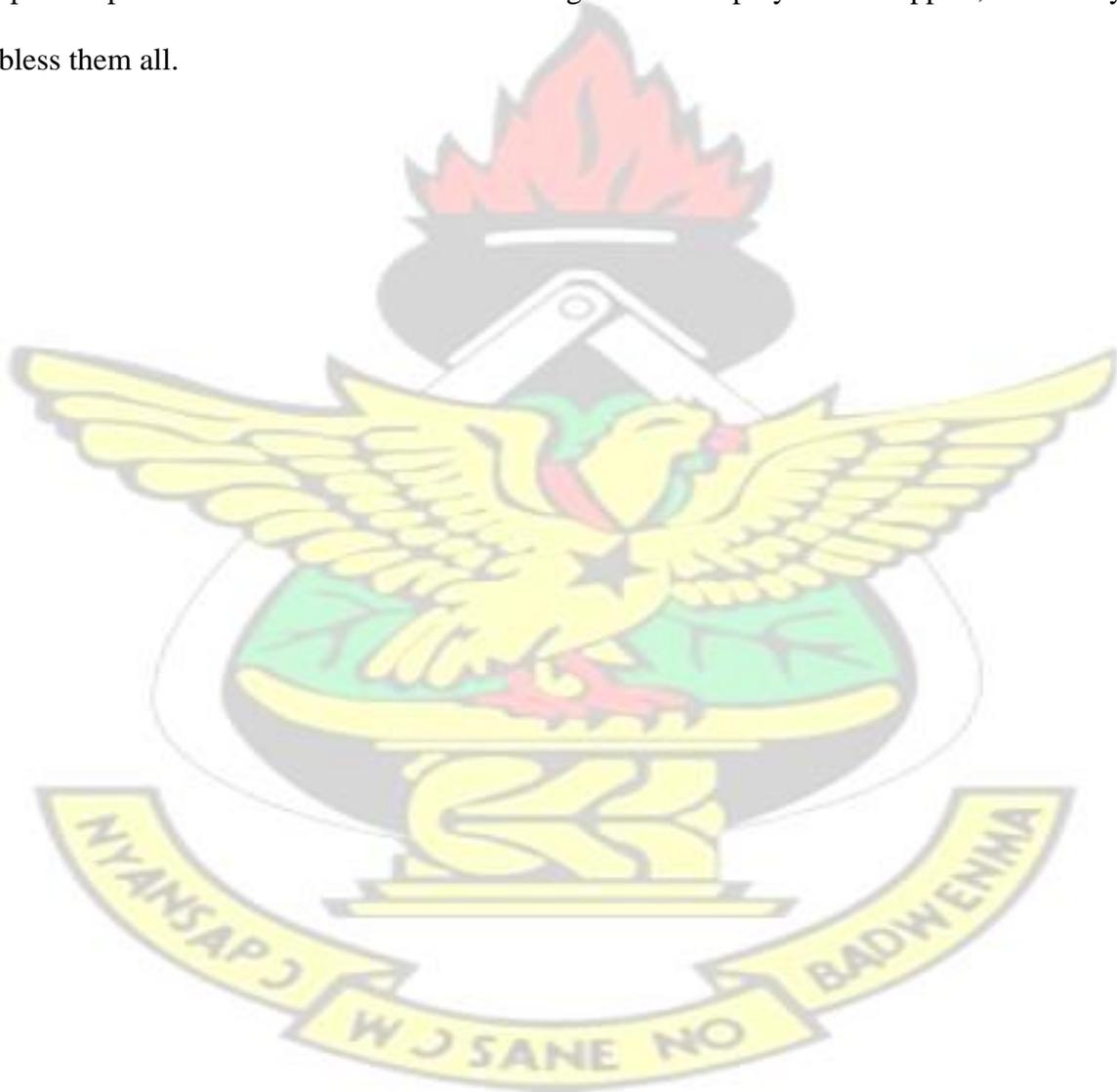
ABSTRACT

Before the adoption of IFRS among firms every country had its own reporting accounting standards which gave room to conflict when it comes to comparing financial statements from different countries. The move of business into the global economy has brought a lot of challenges in comparability, reliability and objectivity, this has therefore increased the need to move accounting standards into globalization. This study was conducted to know whether companies listed on Ghana stock exchange were actually complying with IFRS by Ghana since 2007 when it was adopted. The study used both primary and secondary data for data collection, primary source was questionnaires administered and for the secondary source published financial statements. The finding of the study was that over the years since compliance of IFRS has been made compulsory for all listed companies on the stock exchange, the level of compliance is high and the study was also able to identify some factors that influence the adoption of IFRS.

The study recommends that there must be more training and education for both preparers and users of financial information. Also develop these standards in curricula sectors such as the universities to create more awareness for accounting students.

DEDICATION

This work is dedicated to the Almighty God for His care and guidance throughout the time of study, to my wonderful parents Apostle and Mrs. Emmanuel Acquaye. Finally to my spiritual parents Rev and Mrs. Ransford Obeng for all their prayers and support, God richly bless them all.



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To all friends and love once I really appreciate you all.

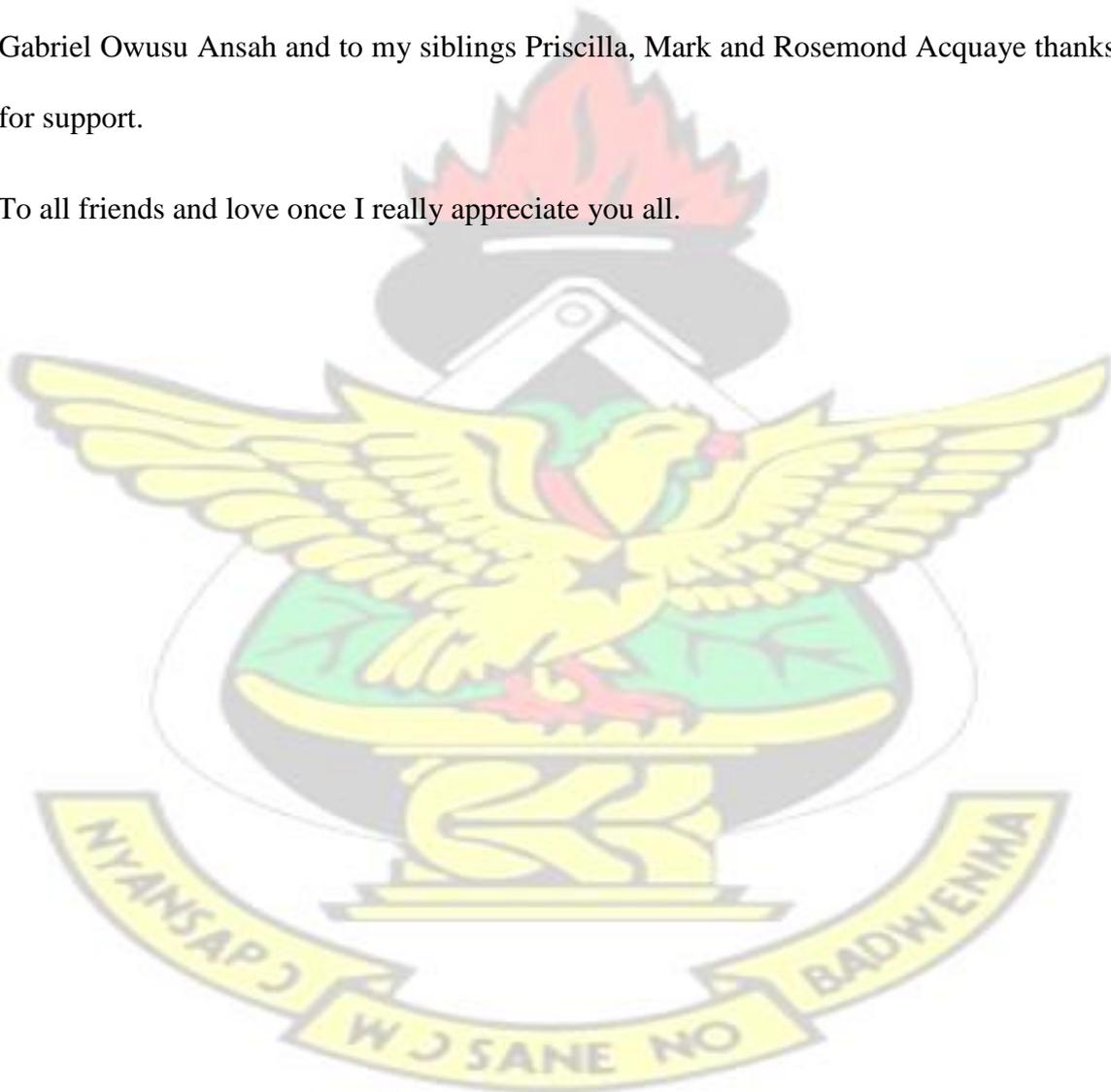


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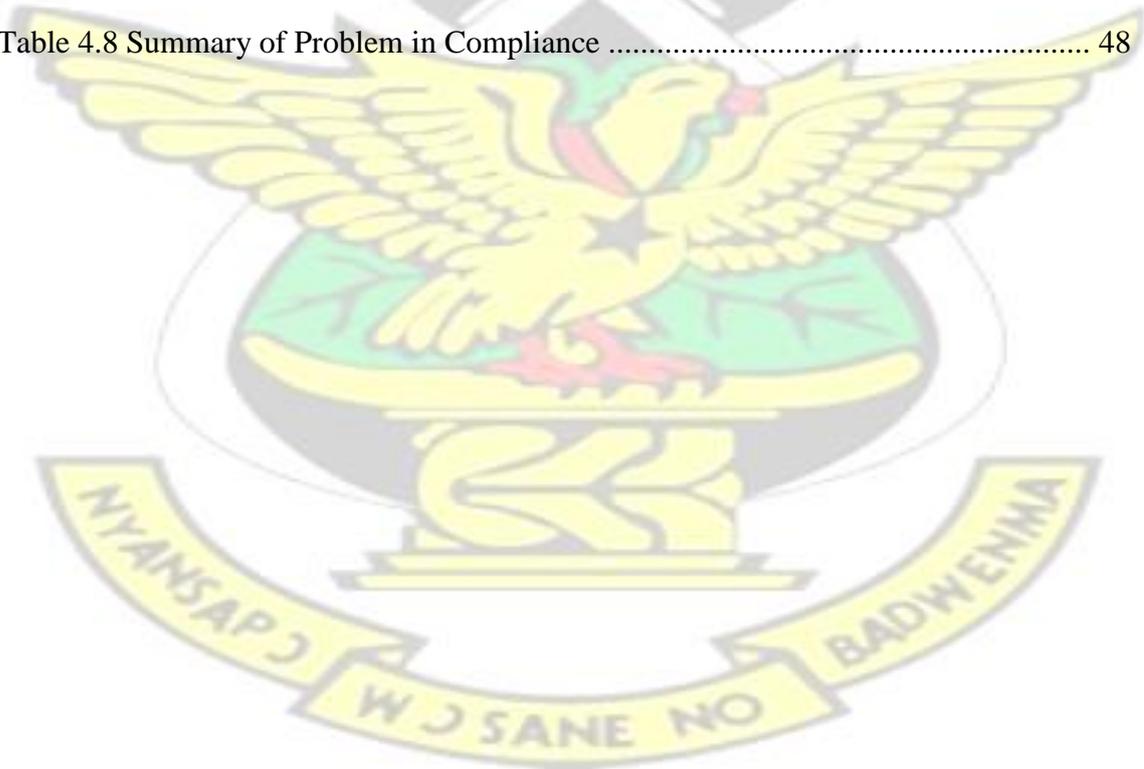
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CHAPTER ONE

INTRODUCTION

1.1 Background to the study

The fact that users of financial information rely on financial statements for economic decisions, makes it important for the acquisition of standards to regulate the preparation of such statements to enhance their reliability. The International Accounting Standards Board (IASB) has become increasingly influential in the world. Its principal objective is to issue International Accounting Standards (IAS) in order to increase comparability in financial reports produced by companies regardless of their country of origin (Choi *et al.* 2002). These standards were developed by different countries to regulate the accounting system peculiar to their environment.

In line with the World Bank recommendations, in January 2007, Mr. Kwadwo Baah Wiredu, the then acting Minister of Finance & Economic Planning of Ghana, formally announced the launching of Ghana's adoption of IFRS and the subsequent replacement of the local Ghana Accounting Standards (GAS). Ghana in its efforts to promote accelerated growth of the economy through private sector-led growth converge its outdated Ghana National Accounting standards (GNAS) to IFRS effective 1st January, 2007.

The council of the Institute of Chartered Accountants Ghana (ICAG), formally launched the adoption on 23rd January, 2007 and required all listed companies, public entities, banks, and insurance companies to comply with the IFRS as at 31st December, 2007 and other entities were given an additional transition period of two years to comply (United Nations , 2007). At present Ghana is among fifteen countries in Africa in the likes of

Botswana, Egypt, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Sierra Leone, South Africa, Tanzania, Zimbabwe, Swaziland and Uganda to have adopted or converged to IFRS (Zori,2011; PricewaterhouseCoopers, 2010).

International standards are now virtually accepted as the common yardstick for international reporting. The acceptance and use of IFRS has become a global phenomenon. Massive international flow of investment capital and capital instruments across geographical boundaries has added a new impetus to the adoption of IFRS. Part of the reason to this is that investors prefer audited accounts to be prepared not only on timely basis but also to conform to global standards (Choi *et al.* 2002).

A number of studies investigated the association between certain firm's characteristics and the extent to which they comply with the disclosure requirements of IASs now Street & Bryant, 2000. The characteristics of a firm that affects its compliance rate include: size, profitability, auditor type, internationality, leverage, and industry type.

The compliance of a firm to the disclosure requirements prescribed by particular accounting standards is affected by the profitability of the firm. Wagenhofer (1990) also argued that the less profitable firms might increase the level of disclosure in order to explain to the market the reasons for the decline in their profitability, for this reason, Owusu Ansah (1998) reported a significant positive relationship between profitability and extent of IFRS compliance.

The study therefore tests the hypothesis that Companies profitability as measured by return on equity has a significant positive relationship with the rate of IFRS compliance.

Companies' profitability as measured by return on assets has a significant positive relationship with the rate of IFRS compliance.

The objectives of IFRS on financial instrument are to enhance users' understanding of the significance of financial instrument to an entity's position, performance and cash flows, as well as to establish principles for recognizing and measuring financial assets and liabilities.

1.2 Statement of Problem

The objective of every financial statement is to provide information about the financial position, performance and changes in the financial position of an organization that should be useful to a wide range of users making economic decisions. Due to globalization and international trade that exists between countries, financial information must be prepared and presented in a way that can be understood by all users both locally and internationally. This has led to the introduction of IFRS to help financial reports to be comparable among firms.

According to Street and Gray (2001), it appears that there is an evidence of noncompliance with the various standards that the IASB has come up with a compilation of companies that claim to have adopted them. This was later ascertained and confirmed by Street and Bryant (2000) when they suggested that, the activities and effectiveness of enforcement of bodies that are responsible for promoting IAS compliance have been questioned.

Since 2005, over 90 countries around the world claim to have made IFRS compliance mandatory (IASB, 2005) and Ghana claimed to have adopted IFRS in financial reporting since 2007. This has become necessary to ensure financial statement comparability among

countries as a result of globalization. What is however missing is the dwelling on past experiences, there is always a significant gap between claiming to have complied and actually complying with accounting standards among most of the Ghanaian companies who claim to have complied.

A study from Street and Gray (2001) discovered that Ghana also has its share of perceived non-compliance with IASs by companies who claimed to have adopted them voluntarily. There is evidence of non-compliance by Ghanaian companies who claim to have complied. Compliance gap can be referred to as the difference between actual practice and applicable accounting standards available. In a report, which had sampled companies who claim compliance with IFRS had evidence of non-compliance.

Street and Bryant (2000) revealed that companies frequently noted in their annual reports that they are in full compliance with IFRS, when in fact there are material nonconformities with IFRS.

There is therefore the need for investigations to be conducted into the level of compliance with the adoption of IFRS by Ghanaian companies who claim voluntary compliance and the formal adoption of IFRS in Ghana.

1.3 General Objective

The general objective of the study is to assess the level of compliance with International Financial Reporting Standards (IFRS) by Ghanaian companies on Stock Exchange. The specific objectives include the following:

- To find out the mechanisms used to monitor and enforce IFRS compliance.
- Identify the problems companies encounter in complying with IFRS.
- Determine the extent to which companies in Ghana comply with IFRS. □ To examine the relationship that exists between IFRS and performance.

1.4 Research questions

- To what extent do companies in Ghana comply with IFRS?
- What are the problems companies' encounters in complying with IFRS?
- What are the formal mechanisms used by regulatory bodies to monitor and enforce IFRS compliance in Ghana?
- How to examine the relationship that exists between IFRS and performance?

1.5 Significance of the Study

Quite a number of researchers have shown that, companies claiming to have adopted IFRS have had their financial statements and notes to their accounts showing otherwise. The researcher finds it necessary to determine how the Ghanaian situation defers with respect to companies complying with IFRS. The study will also add to the body of knowledge on IFRS compliance in Ghana.

1.6 Scope and limitation of the study

The scope of this study is influenced by; the context, geographical coverage, time period and the research design. Contextually, the study is to assess companies who have adopted IFRS with compliance level. Geographically, the study will focus on Kumasi metropolis. Time period covers the period 2008-2009 where the levels of compliance with IFRS were

assessed. In terms of design, the study will deploy an exploratory research which makes subsequent research very imperative. Other limitations of the study relate to inadequate measures of variables, loss or lack of participants, small sample sizes, errors in measurement, and other factors typically related to data collection and analysis.

1.7 Organization of the study

This research is organized into five chapters. Chapter One is the introduction, this entails the background of the study including previous studies on the topic, the problem statement, research questions, the objectives of the study, significance of the study, limitations of the research, and the organization of the study.

Chapter Two includes review of relevant literatures to the study and the conceptual framework relevant to the study.

Chapter Three also deals with the methodology of the study. It will include the research design, source of data, target population, sampling methods and techniques, research instrumentation, data analysis plan as well as issues from the field, ethics and how they will be addressed.

Chapter Four has to do with the analysis and interpretation of results with the aid of Statistical Package for Social Sciences (SPSS).

Chapter Five will draw possible conclusions on the basis of the findings and an indication of their relevance or policy making implications. Recommendations will also be made in this chapter.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents the assessment of prevailing literature related to the research topic, this chapter has the following sub-divisions, Implications and Limitations, Compliance with IFRS, Presentation of Financial Instruments under IFRS, Application of International Financial Reporting Standard, Accounting Principles, Influence of IFRS on Profit and Equity (Performance), The Adoption of IFRS, The Theoretical Framework- Decision-Usefulness, Content of IFRS.

2.1 Implications and Limitations of IFRS Adoption

An analysis of the current reporting practices under IFRS indicates that majority of European banks choose to report on financial information by using IAS 39 measurement categories in their financial statements. We analyze the effect of this practice on individual investors' risk perception based on their financial information. The results of our two experiments suggest that a presentation by measurement categories has an impact on individual risk perception. Our results also show that the impact arises in two different ways.

First, that the measurement categories have a direct labeling effect. Without knowledge about the type of the underlying investment, investors' risk perception varies with the balance sheet classification of financial information. This effect is particularly pronounced for a firm's reporting of the fair value option and is even stronger for professional

investors. This finding signals a need for improvements in professional education on fair value measurement.

Second, there is an indirect effect, in that investors seem to form certain predictions about which type of financial product is reported under a specific measurement category. For example, when investors learn that the fair value category does *not* comprise financial derivatives, they judge that a firm reporting of the fair value category is significantly less risky. These results imply that the product-specific biases in the risk judgment of financial derivatives identified in the earlier accounting literature (e.g., Koonce, Lipe, and McAnally (2005)) also shine through when instruments are presented by measurement categories. Moreover, our findings suggest that footnote information about the type of financial investment that accompanies reporting by measurement categories is relevant to individual investors' risk judgment.

2.2 Presentation and Compliance with IFRS

Every organization wishes that their financial statement presents fairly the financial situation, financial enactment of cash flows. Fair presentation involves the demonstration of the effects of transactions, other occurrences and conditions in agreement with the recognition criteria for classifying information that is provided into assets, liabilities, income and expenses by the organization which was set out by the IASB. The submission of IFRS, with added disclosures when necessary, is supposed to result in financial statements that attain a fair presentation.

In terms of compliance, IAS 1 states that an organization whose financial statements comply with IFRS shall make a categorical and unreserved statement of such compliance

in their notes. An organization shall not define its financial statements as one complying with IFRS unless they conform to all the requirements of IFRS. Fair presentation also requires an organization to:

- (a) To apply accounting policies in reference with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. IAS 8 sets out a pyramid of guidance that management must consider in the non-existence of an IFRS that may apply to an item.
- (b) To present accounting information and policies in a manner that will provides relevant, reliable, comparable and understandable information to users.
- (c) To provide additional disclosure requirements when compliance with other requirements in IFRS is inadequate to enable users to understand the impact of a transactions, conditions on the organizations financial position and financial performance.

2.3 Application of IFRS

IASB standards are currently being applied in more than 100 countries for their financial reporting within the various organizations. For some countries their national GAAP has been switched with the IFRS, while other countries have had a substantial degree of merge towards IFRS already. These standards are primarily applied to private companies, but in some countries they are applied by all organizations for public reporting.

Companies changing to IAS must first apply IFRS 1 *First-time Adoption of International Financial Reporting Standards* so they can restate their opening balances at the start of their comparative period and make disclosures about the financial effect of the transition.

2.4 Accounting Principles

Accounting principles are accounting rules set by regulators that are to be followed by the companies registered in these countries. These rules are qualified as the General Accepted Accounting Principles (GAAP) and since each country has its own rules, the GAAP is often referred to with the country code. For United Kingdom it is UK GAAP and for the Netherlands for example, Dutch GAAP. Each country has its own regulatory bodies, which are responsible for the issuance of these principles and consists out of accountants.

During the preparation of financial statements for foreign users it means that first of all one must refer the same bunch of financial statement to all users , secondly, convert the financial statement sent to foreign users into the language of the foreign nations users or translate the financial statement sent to foreign users into the foreign nations language and currency, prepare two sets of financial statement one in the home country language, currency and accounting principles and the other in the language, currency and standards of the foreign country and finally to prepare one set of financial statement based on worldwide accepted accounting principles.

The International Accounting Standards Committee (IASC)in 1973 was founded and they were accountable for developing the International Accounting Standards (IAS). The foundation of IASC was initiated by the arrangement between the national accounting bodies of nine countries. The purpose of the committee was to develop and promote the international accounting standards, which were not obliged for use in that time, but could be voluntary, adapted for use.

In the early 70's the IASC board was compounded of public accountants only, with three main objectives:

- To develop and circulate for public interest accounting standards to be observed in the presentation of financial statements and to promote their worldwide approval and adherence.
- To implement for public interest, a high quality, easily understood and enforceable accounting standards of entities and countries who have accepted the use of international accounting standards.
- And perform generally in respect of the enhancement and the harmonization of accounting regulations, standards and measures relating to the presentation of financial statements.

During the last decades of the 20th century, concerning companies' globalization became more important and the country borders did no longer limit companies. Because in addition the government borders no longer limited the investors (shareholders), the need concerning harmonization in the accounting standards became more important.

In the 90's the work of IASC was used more widely and the work of IASC has become more and more important, resulting in a restructure of the IASC in 2001 .In that year the International Accounting Standards Board (IASB) was founded and accountable for the development of IFRS. The objective of IASB was to develop a single set of high quality, understandable, enforceable and globally accepted financial reporting standards based upon clearly articulated principles.

As at January 2001, almost 120 countries were using IFRS and more are expected to join. Companies listed on the Euronext stock exchanges are obliged to file the financial statements in agreement with IFRS. In addition, it is important to note that although IASC in its beginning years was run by public accountants, nowadays IASB decisionmaking process and involvement of others has changed.

2.5 Impact of IFRS on Profit and Equity

IFRS 1 states that companies who are using the standards for the first time are to produce a reconciliation of both the equity and profit/loss of both standards thus the national GAAP and the IFRS. Samples that were used were mostly based on the financial statements with content analysis, but some companies were excluded because it was not possible to analyze their reconciliation statements. These reconciliation statements were used as index of conservatism to calculate and assess the variances in profits and equity reported under IFRS as compared to the national GAAP.

2.6 The Adoption of IFRS

The transition process of IFRS has seen a lot of irregularities and inconsistent even though over 100 countries now adopted it (KPMG, 2007). For instance, the EU and Australia adopted IFRS during 2005, New Zealand during 2007, and Canada has been committed to the implementation process of IFRS by 2010. Since the formation of the IASC, a significant number of IASs and IFRSs have been delivered.

Nevertheless, the levels of non-compliance with these standards have been noted. Street et al. (1999) conducted and studied the 1996 annual reports of 49 sample companies in 12 different countries chosen from a total of 221 companies that had complied with IAS. The report came out that the degree of compliance with IAS varied extensively, their willingness to fulfill all of the requirements involved. Quite a number of researches have noted that the lack of consistency in the use of IAS and IFRS usually results in reporting overstated income (Street and Gray, 2002; Prather-Kinsey and Meek, 2004).

Additional, there is lack of inconsistencies in the implementation of international standards due to many cultural differences that runs across different countries that have adopted these standards, this has had an influence in the interpretation of standards and led to substantial

dissimilarities in reported amounts (Schultz and Lopez, 2001). KPMG (2006) scrutinized about 26 IFRS options within 22 countries and noted that the alternatives chosen were influenced by the previous national GAAP.

In addition, Ernst & Young (2006) made further research on alternatives that were determined on a country basis too, assuming a UK company decides to choose the functional approach in the income statement, showing cost of sales, distribution costs and administrative costs, whereas an Italian company chooses to disclose the nature of costs such as purchases, employee costs and depreciation. The PwC (2006) also conducted a study using 26 European insurance companies, the alternative of accounting policy chosen was based on whether or not the previous GAAP was in use or not.

Thus, the use of domestic standards results in comparisons of reports between companies in one country relatively than those that exist between sectors across borders. For example, German pharmaceutical companies appear to bear more resemblance to German automobile companies than to French pharmaceutical companies (KPMG, 2007).

Also, some EU countries have their standards thus their national GAAP to be quiet similar to IFRS, for instance the UK and Ireland. They were not amongst the first countries to implement IFRS, the EU member countries of Eastern Europe were the first group to adopt and this was to help them hold high reputation within the EU (Sellhorn and GornikTomaszewski, 2006). Studies proved that there were a number of issues that had impact on the level of IFRS compliance. Jaggi and Low (2000) outline a range of socio-political, legal and environmental factors that may have had an influence on the financial disclosures provided by reporting organizations within the various countries.

Even though the standards have been acknowledged by many jurisdictions, such as the EU, some countries have still not signed in to its usage. The US was amongst the major economies that had not decided to adopt IFRS yet, instead they held on to their own standards instituted by the Financial Accounting Standards Board (FASB) (Zeff, 1999). Nevertheless, the Securities and Exchange Commission (SEC), who supervises the FASB, has been very conducive for the coordination between the IASB and FASB in minimizing the irregularities that exist between the different accounting rules (Street et al., 2000). In 2002, a Memorandum of Understanding was signed between the IASB and the FASB known as the Norwalk Agreement (Street, 2006), which affirmed that the two boards would co-operate in the convergence of US GAAP and IFRS.

2.7 The Relevance of Accounting Information on IFRS

In (2008) Negash conducted a study on the IAS adoption and its effect on the Johannesburg Securities Exchange (JSE) for the listed companies who were using the book value plus earnings and dividends. He used a four- year period to observe the value relevance of accruals in accounting information before liberalization thus, pre IAS adoption period of 1989-1993 and post IAS adoption period (1998-2004). The study had an integration viewpoint and concluded that when the scale effects were controlled the difference in panel regression r-squares vanished, signifying that the value relevance of accounting information did not get better in the post IAS implementation period.

Quite a number of studies conducted shows that for economies and Euro zone countries companies do influence their financial statements to show small increases in profits or avoid reporting losses.

2.8 Challenges of IFRS Implementation

Throughout the world every implementation process has its own challenges and IFRS cannot be an exception. There are a number of factors in the adoption process of IFRS which may necessarily not be technical but rather cultural, legal, educational and political influences (Obazee, 2007). Rong- Ruey Duh in 2006 said that compliance challenges may comprise of interpretation of standards, continuous modification of IFRS, accounting knowledge available and expertise in relation to users of financial statement its preparers and regulators.

Furthermore, Soderstrom & Sun in 2007 noted that cultural, political and business differences may continue to impact negatively towards the achievement of a single global financial communication system. Since a single set of accounting standards cannot replicate the differences in national business practices arising from alterations in institutions and cultures. The perception of IFRS quality by users is critical to its implementation.

In a recent survey by McEnroe & Sullivan in 2011, “investors felt content with the current US accounting model and did not desire to move towards the implementation of IFRS, likewise, Winney et al (2010) also found out that small businesses in the US had not made up their mind to join the IFRS train for the reason that they did not see benefits in moving from GAAP to IFRS.

IFRS has its own problems as it gives way to essential alterations to a country’s regulatory, legal and economic structure. Due to the application of laws and tax issues, the IFRS must be conformed to meet the legal system of every country. The implementation of IFRS must involve the empowerment of some institutions that will enhance its effective implementation such as; management, auditors who per their status will be independent, regulators such as legal systems or courts, accounting boards, shareholders, analysts, rating

agencies, accounting professional bodies, tax authorities and capital market regulators, educational institutions, financial market”(Ball, 2006).

2.9 The Theoretical Framework - Decision-Usefulness

We have previously discussed the opposing issues confronted by companies in the UK, Ireland and Italy respectively and noted that diversity of culture around all the three countries has created a system that has led to a fluctuating level of importance on some aspects of financial reporting. In any case, the over-riding benchmark for the IASB in spreading its project of harmonization has been the setting up of valuable data for decision markers.

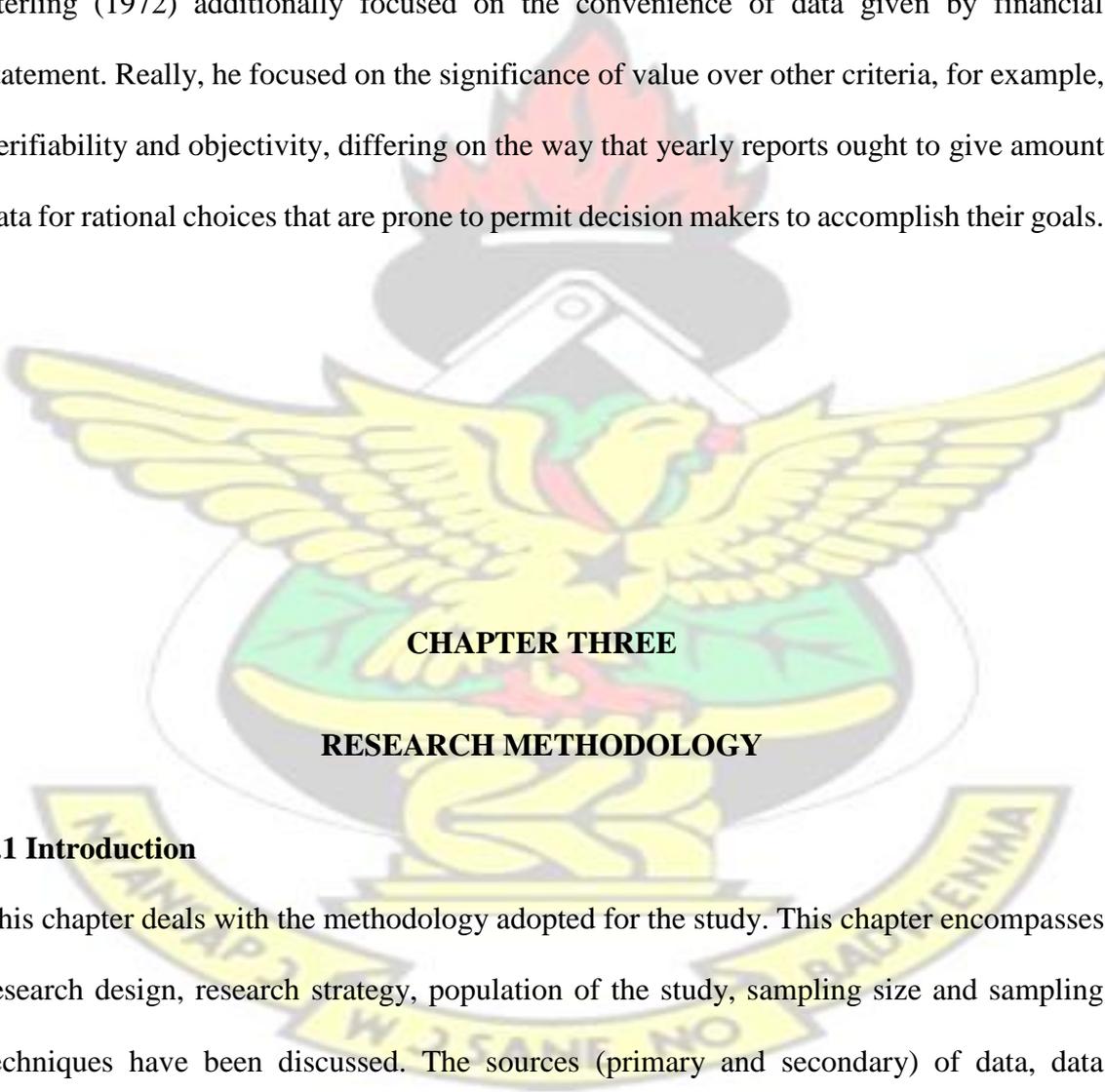
The IASC distributed its Framework for the Preparation and Presentation of Financial Statements in September 1989. This record was drafted in view of the comparing archive issued by the FASB in the US. It was not issued as an accounting standard and thus does not over-ride individual IFRS. The IASC's structure was sub isolated into seven noteworthy segments which are as per the following;

- Underlying assumptions;
- Qualitative characteristics of financial statements;
- The elements of financial statements;
- Recognition of the elements of financial statements; □ Measurement of the elements of financial statements; and □ Concepts of capital maintenance.

The first subdivision specified that the objective of financial statements is to be responsible for information in relation to the financial position, performance and changes in financial position of an organization that is essential to a wide variety of users in making economic decisions.

It further suggests to users about profitability rate, financial position, financial adaptability and cash generation of a company. Other related deliberation can be found in the systems of both the FASB and the UK's Accounting Standards Board (ASB's) Statement of Principles. Choice handiness, therefore, offers a consistent methodology for the current study since it permits the research team to evaluate the financial statement delivered under IFRS against the target that the standard setting body has itself proposed.

Sterling (1972) additionally focused on the convenience of data given by financial statement. Really, he focused on the significance of value over other criteria, for example, verifiability and objectivity, differing on the way that yearly reports ought to give amount data for rational choices that are prone to permit decision makers to accomplish their goals.



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter deals with the methodology adopted for the study. This chapter encompasses research design, research strategy, population of the study, sampling size and sampling techniques have been discussed. The sources (primary and secondary) of data, data collection, data analysis data collection instruments as well as the profile of the study area had also been outlined.

3.2 Research Design

Research design is the structure that guides researchers in their investigation into a phenomenon (Kotzar, Seuring, Muller, & Reiner, 2005).

Inductive research calls for an author to gather and analyse data, conclusions will be drawn based on these findings. In relation to the differences between IAS/IFRS and GNAS there has not been any current standards and qualitative characteristics, thus there has not been an actual research on this issue. Besides, a limited number of researches on Ghanaian professionals' points of view towards IAS/IFRS merging. Therefore, the researcher wishes at utilising the inductive approach to grasp the essential differences in terms of the current standards and qualitative features. Moreover, such an approach is used to understand the professionals' viewpoints concerning the adoption of IAS/IFRS, the factors that affect its implementation and the related challenges.

3.2.1 Qualitative research methods

Qualitative research adopts basically subjective view of knowledge of the real world. A qualitative research is a means for discovering and understanding the meaning individuals or groups or attributes to a social problem (Creswell, 1997). The purpose of qualitative research is more open-ended where the respondents express their own views on issues more than quantitative studies where more close-ended items are used (Creswell, 2005). This method was applied to enable the comparability of IFRS and GNAS. In this regard to assess Ghanaian Companies Level of Compliance with International Financial Reporting Standards (IFRS). Qualitative tools such as questionnaires, interviews, field observations as well as content analysis were used in this study.

3.3 The case study

With reference to Yin (2003), the case study is usually suitable when how and why questions are given for respondents to answer, the researcher has little or no control over procedures and the focus is on current occurrence within some real life context. This study focused only on Ghanaian Companies listed on the Ghana stock exchange, hence the case study approach was considered as ideal under the context. The key strength of the case study method involves using numerous sources in the data collection process. In spite of the many benefits available by the submission of the case study approach in research studies few shortcomings have been recognised thus; generally, academic knowledge is more valuable than material and practical knowledge. Also, a general conclusion cannot be given on the basis of an individual case, therefore, the case study approach cannot add to scientific development.

3.4 Population

The population of this study was basically staff and management of most of the companies listed on the stock exchange. From (Mason et al., 1997), the population of a study usually consists of all the individuals whose measurements are being taken for the study (Cooper et al, 2001). The study was organized empirically to assess the adoption of IFRS by Ghanaian companies, their level of compliance with reference to Financial Statement Preparation. The study population comprises the major companies on the Ghana stock exchange.

3.4. Sample Size and Sampling Technique

In reference to (Strydom et al, 2005) sampling means taking any portion of a population as characteristic of that population. If population is comparatively small, the model should

comprise a reasonably larger percentage of the population. Large samples enable the investigator to draw more accurate assumptions and more precise predictions than in smaller samples.

Sample Size

For simplicity and ease of getting the needed data for this study, companies that are listed on Ghana stock exchange formed the sample size for this study. Companies listed on other stock exchanges aside Ghana stock exchange were also omitted. This was done to avoid an incidence of the effect of group accounting preparation. In all twenty-nine (29) companies were used for this study. The researcher adopted the purposive sampling technique to specifically select only listed companies because these companies by regulations prepare their financial statements to conform to internationally acceptable accounting standards hence make it easy for comparison and as such accounting staff in such an organization will be able to provide more adequate information for this study.

Sampling Technique

Purposive sampling was used for the key informants interviews because the choices concerning the individuals involved in the sample were derived by the researcher, based upon a variety of conditions which include expert knowledge of the research issue, their readiness to participate in the research. Some types of research design demands the researcher taking a decision about the individual participants who would want to add up suitable data, both in terms of significance and depth. Simple random sampling was also used by the researcher to give equal chance to all the respondents who were included in the study.

The following are the list of sample companies and their respective industries;

Table 3.1 Sample Size

NO	NAME OF COMPANY	INDUSTRY
1	African Champion Industries	Paper
2	Aluworks	Metal
3	Ayrton Drug Manufacturing	Pharmaceutical
4	Benso Oil Palm Plantation	Palm Oil Extraction
5	CAL Bank	Finance
6	Clyde stone (Ghana)	It Services
7	Camelot Ghana	Security Printing
8	Cocoa Processing Company	Food Processing
9	Ecobank Ghana	Finance
10	Enterprise Group	Conglomerate
11	Fan Milk	Food Processing
12	Ghana Commercial Bank	Finance
13	Guinness Ghana Breweries	Beverage
14	Ghana Oil Company	Oil
15	Golden Web	Food
16	HFC Bank (Ghana)	Finance
17	Mechanical Llyod Company	Automobile
18	Mega African Capital	Finance/Investment
19	Produce Buying Company	Food/Cocoa Processing
20	Pioneer Kitchenware	Kitchenware
21	PZ Cussons Ghana	Health Care And Consumer Goods
22	Standard Chartered Bank Ghana	Finance/Banking
23	SIC Insurance Company	Finance/Insurance
24	SocieteGenerale Ghana	Banking/Finance
25	Sam Woode	Publishing
26	Total Petroleum Ghana	Oil
27	Transaction Solutions (Ghana)	Electronics
28	Unilever Ghana	Food Processing
29	UT Bank	Finance

3.5 Types and Sources of Data

This research used both primary and secondary of data to run the required responses to the research questions.

3.5.1 Primary Data

Primary data were obtained from the field using questionnaires and structured interview guides. Questionnaires were administered to some of the twenty nine (29) listed companies on Ghana stock exchange. Considering the nature of the topic, it was appreciated that questionnaires would be the most suitable instrument to use for the study. This is because questionnaire has been identified as the best economical means of gathering data from a possibly large number of respondents at a moderate cost. Thoughtful thoughts were given to each wording of individual questions. This was done to ensure that respondents gave objective responds to the questions. There were both open and closed ended questions.

3.5.2 Secondary Data

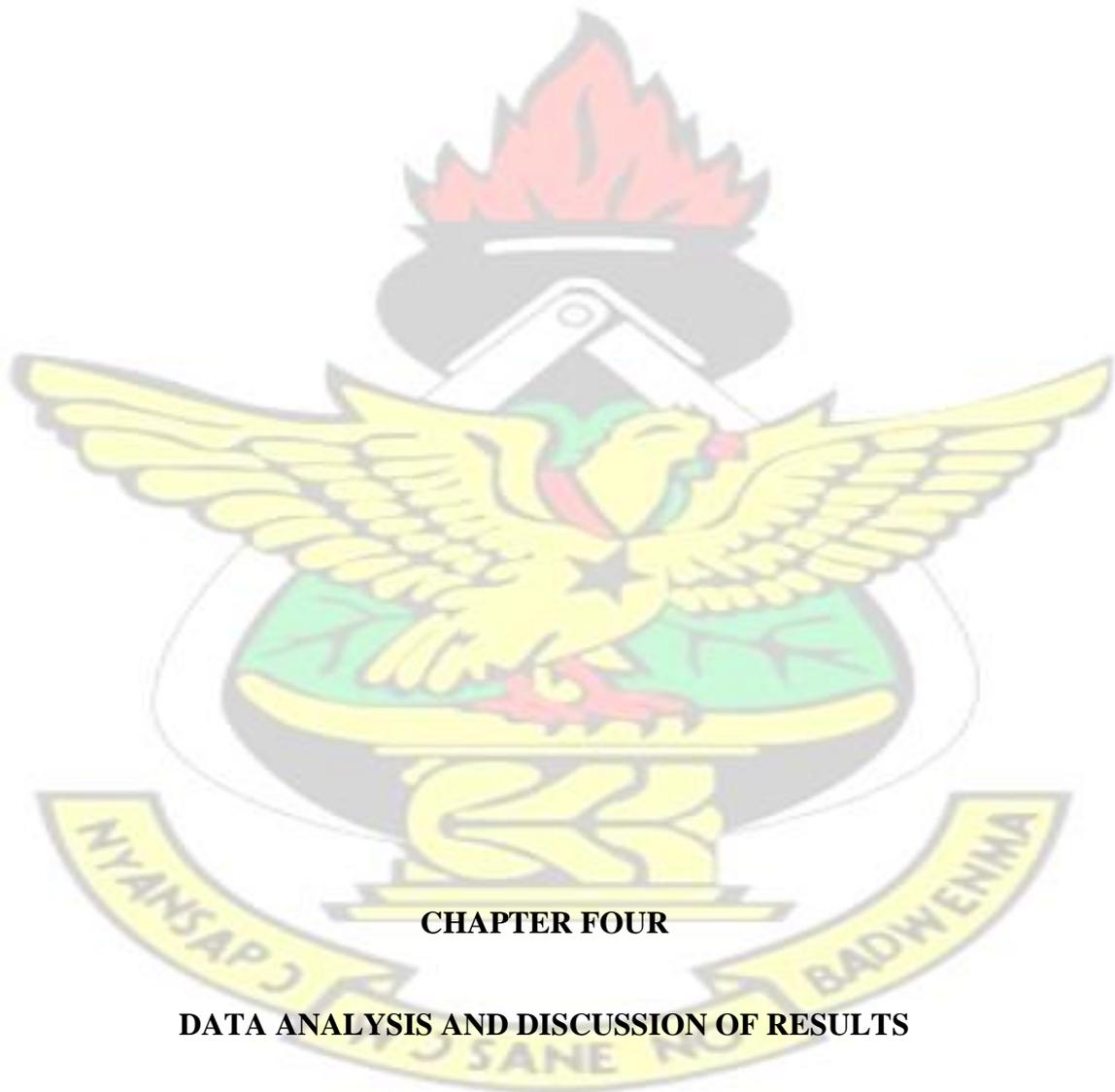
Secondary data used for this study were gathered from both distributed and unpublished sources. This forms both academic and theoretical foundation of this research. The sources of data included published financial statements from the internet, papers, articles, and published accounts of the sample companies. Due acknowledgements has been given to all the cited materials where necessary.

3.7 Data Analysis

For this study, data was analyzed by the use of Data Entry Screens developed in SPSS for Data Entry. This applied to the quantitative data collected. The qualitative data was coded and entered into MS Excel before being transported to Predictive Analytic Software (PASW) formerly Statistical Package for Social Scientist (SPSS).SPSS Windows Version 20 was used for the analysis. This is due to its modified features and accessibility.

3.8 Ethical Issue

Cautious believed was given to get endorsement from every member about their contribution in the study. It was entirely done on deliberate premise. The researcher offered appreciation on members' right side and protection. Research discoveries were exhibited with no deviancy from the result of the research. Likewise, the researcher gave full affirmations to all the reference materials utilized as a part of the study.



4.1 Introduction

This chapter is about data analysis and discussion of research findings. The analysis and discussions were done with understanding of research objectives which includes;

mechanisms for monitoring IFRS implementation, problems companies encounter in complying with IFRS, factors that influence IFRS implementation, and the relationship between IFRS adoption and Performance.

4.2 Response Rate

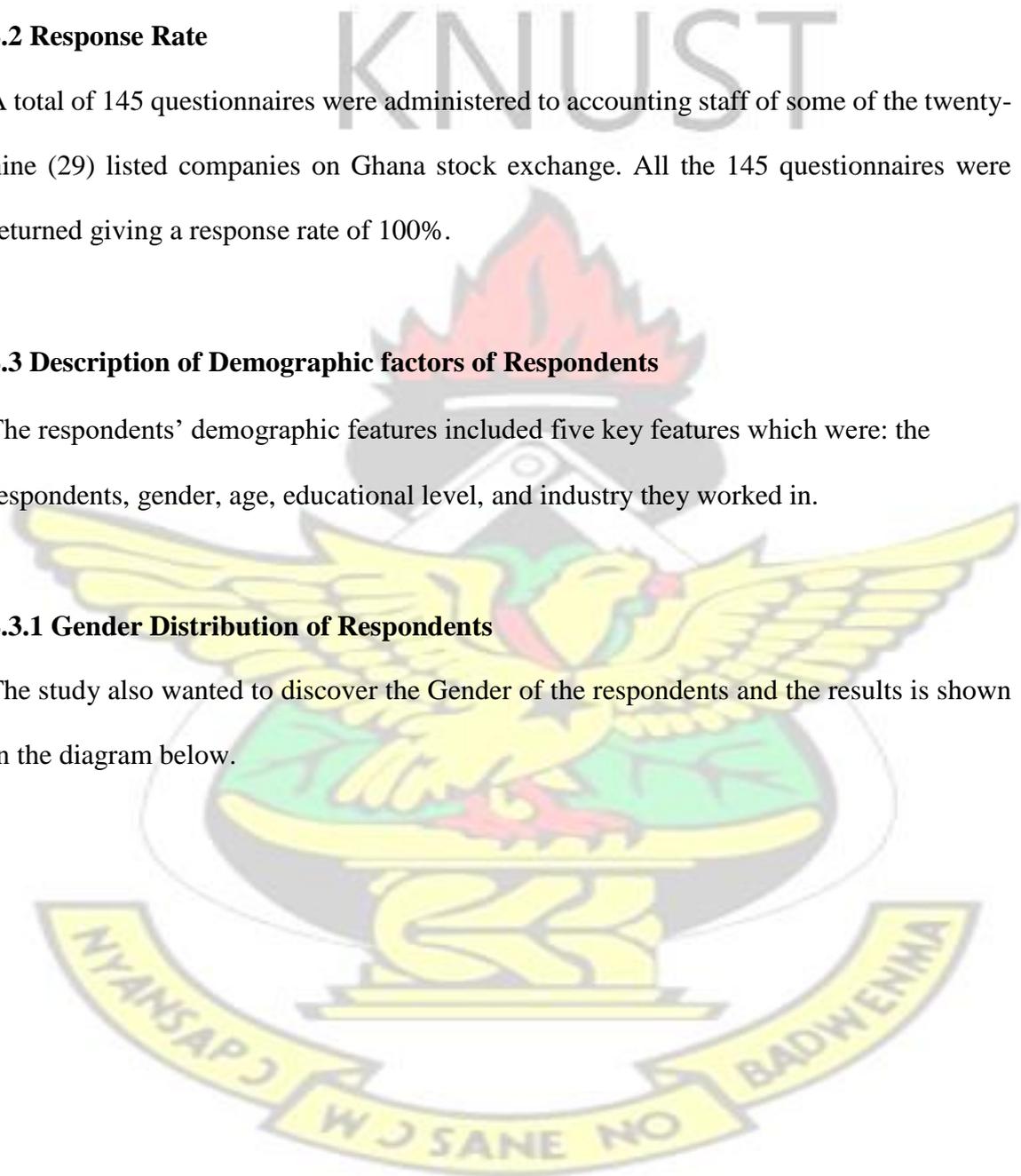
A total of 145 questionnaires were administered to accounting staff of some of the twenty-nine (29) listed companies on Ghana stock exchange. All the 145 questionnaires were returned giving a response rate of 100%.

4.3 Description of Demographic factors of Respondents

The respondents' demographic features included five key features which were: the respondents, gender, age, educational level, and industry they worked in.

4.3.1 Gender Distribution of Respondents

The study also wanted to discover the Gender of the respondents and the results is shown in the diagram below.



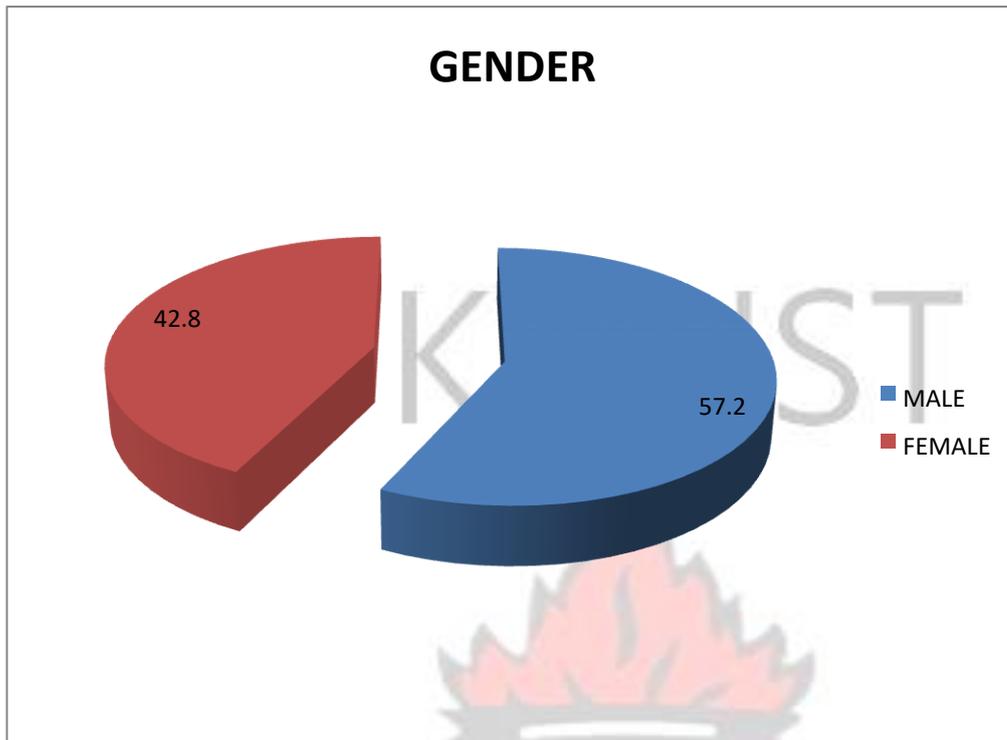


Figure 4.1; Gender of Respondents

(Source; Field Work, 2015)

Figure 4.1 shows that out of the 145 respondents, 83 representing 57.2% were males while 62 representing 42.8% were females. This shows that males dominate the accounting profession in Ghana. The reason for men dominating the accounting profession in the study area could partly be explained by traditional stereotype of business/accounting education which most women are not accustomed to. Also not much premium is placed on women education in Ghana; women therefore tend to have very low educational and employable skills that would qualify them for employment in the formal sector that requires a much higher level of education. Women therefore resort to self-employment as a source of livelihood or to complement their husbands' efforts in providing for their families.

4.3.2 Age Distribution of Respondents

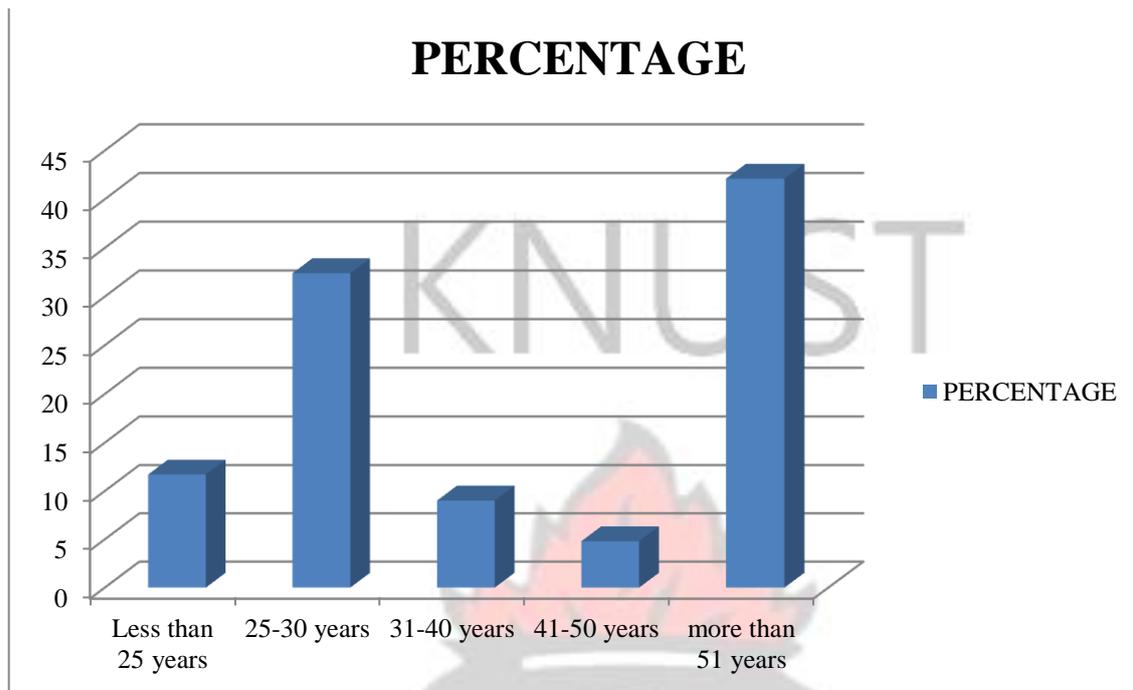


Figure 4.2 shows age distribution of the respondents

(Source; Field Work, 2015)

From figure 4.2 majority of the respondents were above 51 years. This age group contributed 42.1% of the total respondents. The total percentage of Respondents who were aged less than 25 years were 11.7%, 25 to 30 years but 31 years and above were 32.4%, from 31 to 40 were 9.0%, and 41 to 50 years were 4.80%. The overall intuition is that most of the respondents were above 51 years. However, there are indications of younger age groups taking considerable participation given the 32.4% of those between 25-30 years.

4.3.3 Education Level of Respondents

Another demographic measure used in this study is the education level of the respondents.

The response on the educational level of respondents is summarized in the table below;

Table 4.1 Educational level of Respondents

	Frequency	Percent

Valid	High school certificate	11	7.6
	Diploma	21	14.5
	Bachelor's Degree	42	29.0
	Master's Degree	51	35.2
	Others	20	13.8
	Total	145	100.0

Source; Field Work

The formal educational levels of the respondents were typically at the tertiary level, as more of the respondents 51 (35.2%) had master's degree. Those who had bachelor's degree were 42 representing 29.0% of the respondents while 14.50% of the respondents representing 21 of the sample size surveyed had attained Diploma level education. 7.6% of the respondents had attained High school education with 13.8% of the respondents claiming to have other form of education.

Education and literacy are critical parts of socio-economic advancement of Ghana. They upgrade the obtaining of information, abilities, qualities and states of mind that encourage the improvement of individual limits for socio-economic prosperity. From the analysis, most of the accounting staff has attained high level of education with 35.2% attaining master's degree.

4.3.4 Professional Qualification

The study also, sought to find out the professional qualification of the respondents. Since most professional bodies/associations expect their members to adhere to certain standards, the researcher sought to find out the professional bodies the respondents belong to, the researcher expect the respondents to be conversant with the IFRS regulations. The professional bodies the respondents belong to are captured in Fig 4.3



Figure 4.3 Professional qualifications of the Respondents

(Source; Field Work, 2015)

Fig 4.3 show that majority of the respondents belong to professional accounting bodies, with 29% belong to ICA Ghana, 24.80% associating themselves with CIMA, whilst 16.6% hold membership in CPA (USA). 12.4% of the respondents also stated that, they belong to other professional bodies. The intuition here is that most of the respondents belong to professional bodies, as such members are expected to be familiar with IFRS implementation in Ghana hence they are good sample for this study.

4.3.5 Industry Distribution of Respondents

Table 4.2 shows the industry distribution of the respondents.

		Frequency	Percent
Valid	Manufacturing	13	9.0
	Mining	10	6.9
	Banking	15	10.3
	Education	19	13.1
	Service	19	13.1
	NGO	20	13.8
	Securities and Exchange Commission	21	14.5
	Others	28	19.3
	Total	145	100.0

The industry in which the respondents belong to is mainly categorized into manufacturing, mining, Banking, Education, service, non-governmental organization (NGO), Securities and Exchange Commission of Ghana among others. The information in the table above demonstrate that larger part of the respondents worked in industries such as Securities and Exchange Commission, NGO, service, banking, among others. Their respective percentages are 14.5%, 13.80%, 13.1%, 10.3%, whilst manufacturing had the lowest number of respondents of 9%. This shows an even distribution of respondents across all the major sectors of the economy, bringing diversity into the study.

4.3.6 Role of Respondents within the Industry

The Figure 4.4 shows the role of all the respondents within the industry in which they are working.

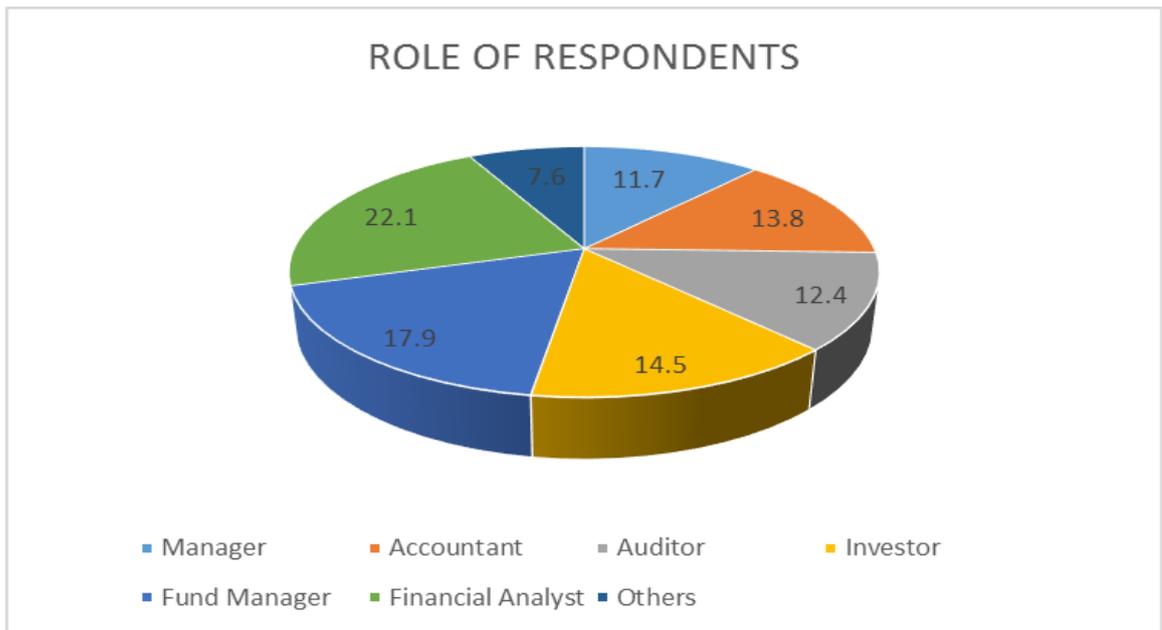


Figure 4.4 Role of Respondents

(Source; Field Work, 2015)

Result of the research shows that majority of respondents are financial analyst, they accounted for 21.2% of the total respondents, and this was followed by fund managers having 17.2%. Investors, accountants and auditors were 13.9%, 13.2% and 11.9% respectively while managers of organization were 11.3%. This therefore shows the level of influence the implementation IFRS has on organizations that have adopted the standards and their debt of knowledge about the standards.

4.2.8 Years of Experience

Figure 4.5 This shows the distribution of number of years a respondent has worked within the industry, it helped the researcher to know the respondents level of experience and how they have made use of the standard available to the industry to which they belong.

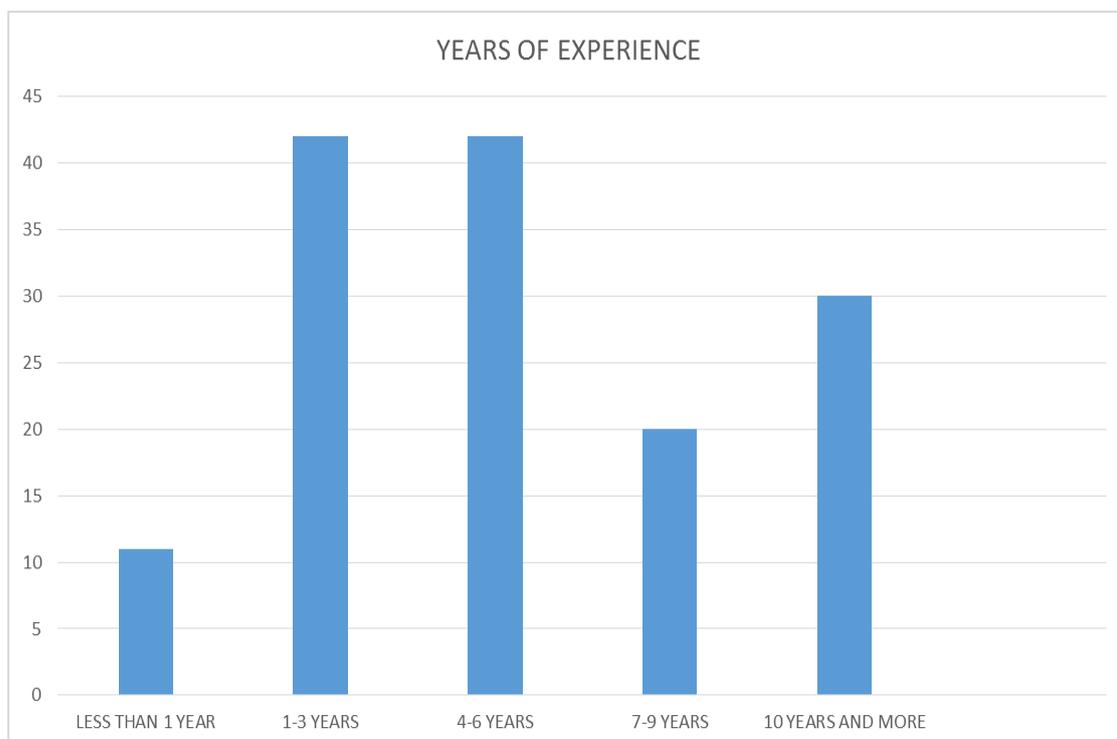


Figure 4.5 Years of Experience

(Source; Field Work, 2015)

The study showed that greater part of the respondents have worked in their various industries between 2 to 6 years making 58%, followed by those who had worked for more than 10 years consisting 19.9%. For those who worked for less than a year were about 7.3%.

4.4 Analysis of Factors that influence the Adoption of IFRS in Ghana

Many factors in the adoption of IFRS in Ghana. These are;

- 4.4.1 Economic Development
- 4.4.2 Economic Growth
- 4.4.3 Legal System
- 4.4.4 Existence of Capital Market
- 4.4.5 Effectiveness of Previous Accounting System

4.4.1 Economic Development

Economic factors are one of the main contributing factors with socio economic development of every nation. As such it is also, a rare factor in the development of a country's accounting system. As a country develops and moves from one state to other, the base of the economy changes which demands changes in the entire computation of economic variables such as gross domestic product and its accounting system. Accounting as a means of communication must be able to show the through state of affairs of every economic activity.

This clearly shows that a country's state of development will determine its appropriate accounting system that it should adopt. The bar chart below depicts the responses from the respondents on whether economic development had some impact on the adoption of IFRS in Ghana.

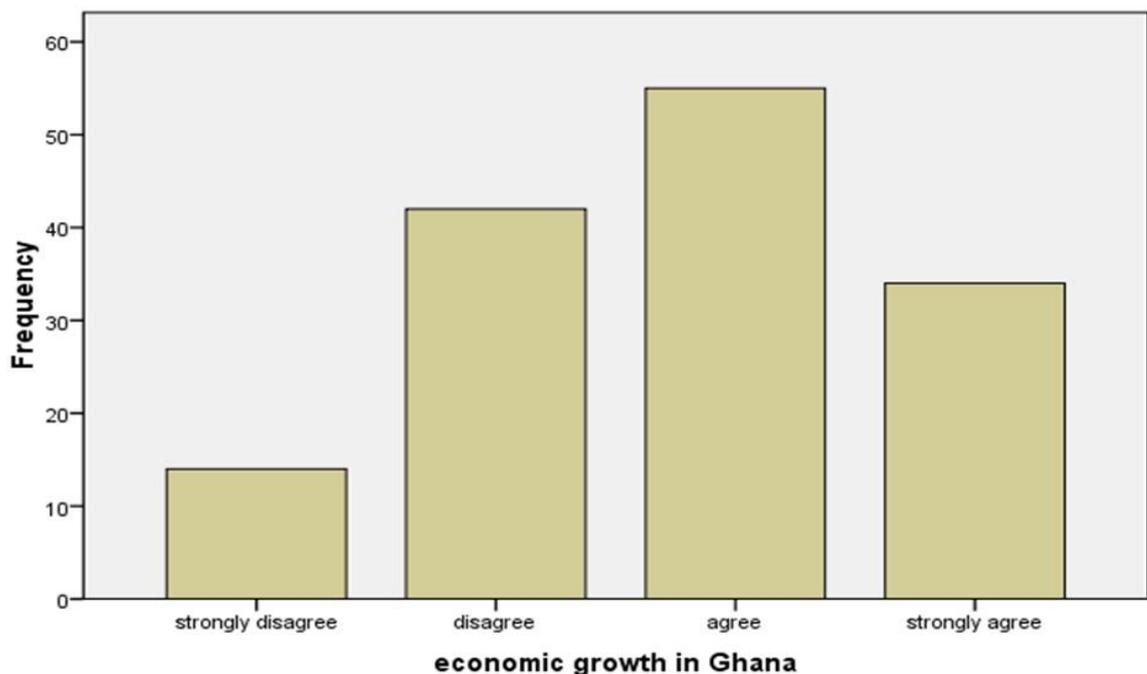


Figure 4.6 Economic Growth

(Source; Field Work, 2015)

The Fig 4.6 shows that about 89 (55 agree and 34 strongly agree) of the respondents agree to the assertion that economic development has influence on Ghana's IFRS adoption while 56 (14 strongly disagree and 42 disagree) disagrees with it. From the above, it can be justifiably be say that economic growth affected the adoption of IFRS in Ghana.

4.4.2 Legal System

Ghana inherited most of its laws after in-dependence from British legal framework and its common law system. Under these laws autonomous expert articulate and legalize the accounting practices in Ghana. The Companies Code of Ghana which was formulated in 1963 is based on United Kingdom legislation. This regulation permits these free bodies to take certain choices without government impedance so far as it's inside of their lawful mandate. The Institute for Chartered Accountants Ghana (ICAG) and Securities and Exchange Commission (SEC) bear the principle obligations of putting the Ghanaian accounting altogether. Despite the fact that without an unmistakable legitimate mandate, the ICAG, plans and guarantee the execution of accounting standards in Ghana while SEC sees to the agreeability of recorded organizations with fitting reporting standards. Below is the detailed response from the respondents on whether legal system has any effect on IFRS adoption in Ghana.

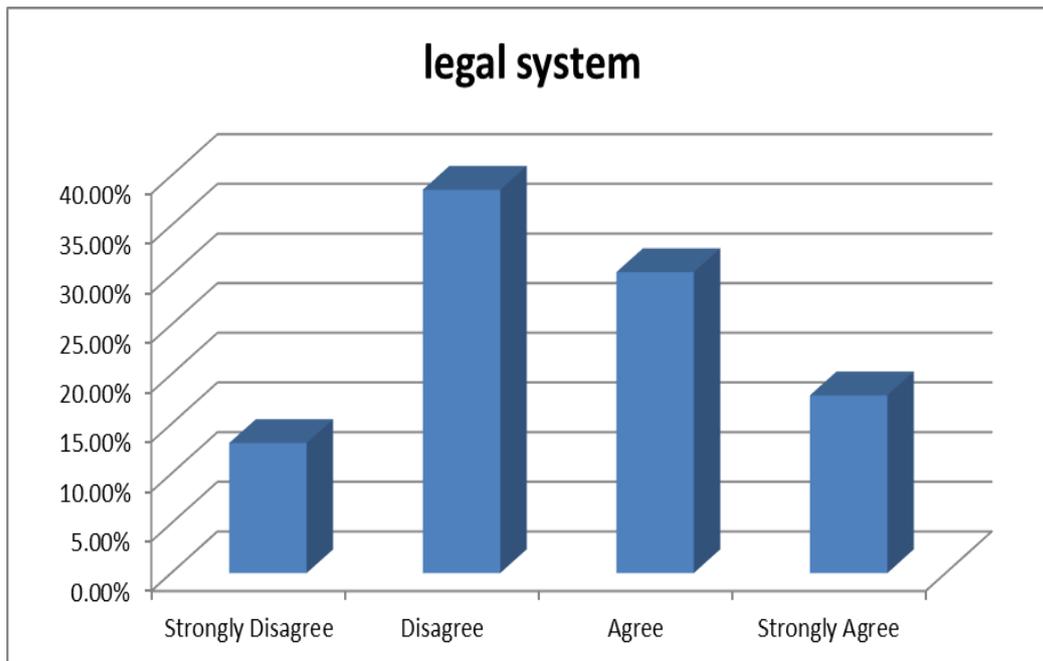


Figure 4.7 Legal System

(Source; Field Work, 2015)

The results from the bar chart above shows that approximately 49% of the respondents think that legal system has a meaningful effect on the IFRS adoption whilst 51% disagrees Ghana’s legal system has any effect on the IFRS adoption. It can therefore be concluded that there is weaker relationship between legal system and IFRS adoption in Ghana.

4.4.3 External Environmental Factors

External environmental pressures exercised by institutions such as international monetary fund (IMF), World Bank, international Accounting firms besides the presence of foreign investors can greatly influence the adoption of a particular accounting policy. The level of openness of economy to any of the aforementioned bodies can result in the adoption of accounting policy that is globally acceptable and recognized. In the instance of Ghana, the World Bank is on record to have recommended the adoption of IFRS, afterward studying the Ghanaian accounting system and formulating the Report on Observance of Standards

and Codes. This study was also designed to find out the opinions of the respondents on their take on the degree to which external environmental factors can influence IFRS adoption. The result is shown in the figure below.

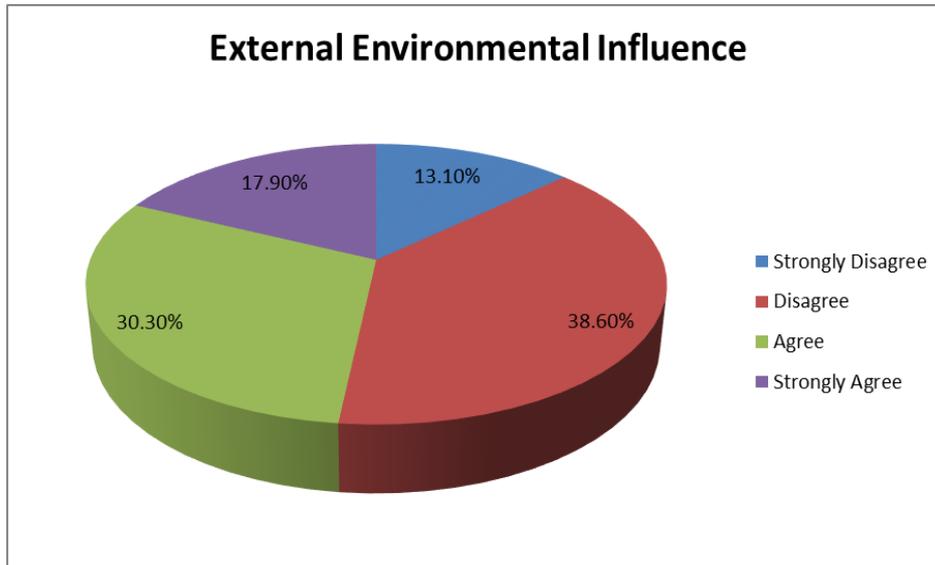


Figure 4.8 External Environment

(Source; Field Work, 2015)

The figure 4.8 shows that 38.6% of the respondents disagree with the assertion that external environmental factors influenced IFRS adoption, whilst 13.1% also strongly disagree with the assertion. However, 30.30% agree with the assertion and 17.9% of the respondents in strong agreement with the assertion. The overall effect from this observation is that external environmental factors did not actually influence the adoption of IFRS adoption in Ghana.

4.4.4 Existence of Capital Market

Today, many countries in the world compare their economies based on the functioning and performance of their capital markets. Capital market plays an important role in economic growth and economic prosperity of a country. Most developing countries, in

Eastern and Central Europe, have implemented reforms in the financial sector, in terms of restructuring and privatization of public companies and the establishment or development of capital markets.

At the core of these changes is the significance of taking an interest institution towards monetary improvement as a rule, and performance of capital markets specifically. Capital markets in developing nations do not have meaning of activating domestic resources for financing, additionally giving or attracting foreign direct investment. Capital markets will impact on enhancing the preparation of domestic resources to finance and advance the efficient utilization of capital. The results from the study on whether or not existence of capital market indeed induced the adoption of IFRS in Ghana are shown in the figure below;

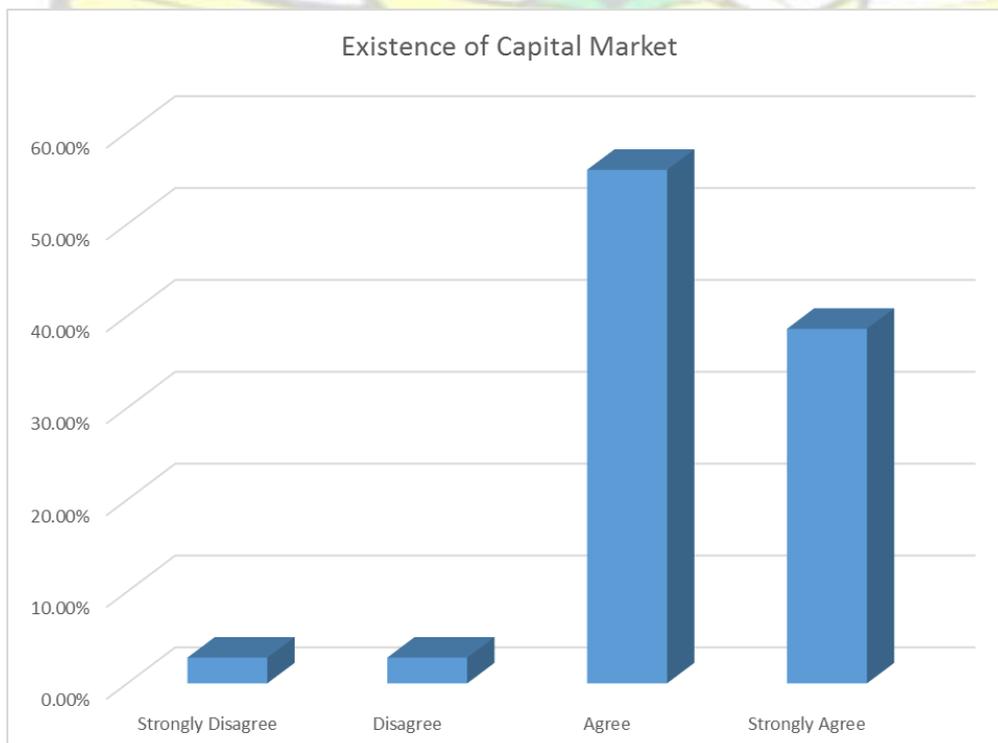


Figure 4.9 Existence of Capital Market

(Source; Field Work, 2015)

The measurements portrays that more than ninety four percent (94.5%) of the respondents agree, or strongly agree with the attestation that the presence of capital markets influenced the adoption of IFRS in Ghana, with just 5.6% of the respondents not in agreement with the affirmation that presence of capital market surely instigated the adoption of IFRS in Ghana. The presence of capital market consequently impacted extraordinarily the adoption of IFRS in Ghana.

4.4.5 Effectiveness of the Previous Accounting System

As part of its oversight responsibility the World Bank in 2004 set up a body to study and report on the effectiveness of Ghana National accounting and audit standards. The commission was among other things was to recommend the standards conformity with international standards and its effectiveness in meeting the challenges and expectations of the 21st century. In this study a number of discrepancies were recognized in the Ghanaian Accounting and Audit standards. These discrepancies involve old standards, non-adherence of a few standards with international standards, no execution guide on the Ghana National Accounting Standards, furthermore there were no measures to implement compliance with the current Ghana National Accounting Standards (Gyasi, 2010).

The researcher therefore sought to find out from the respondents on their views on the effectiveness of previous accounting system in Ghana; the results are shown in the Figure 4.10,

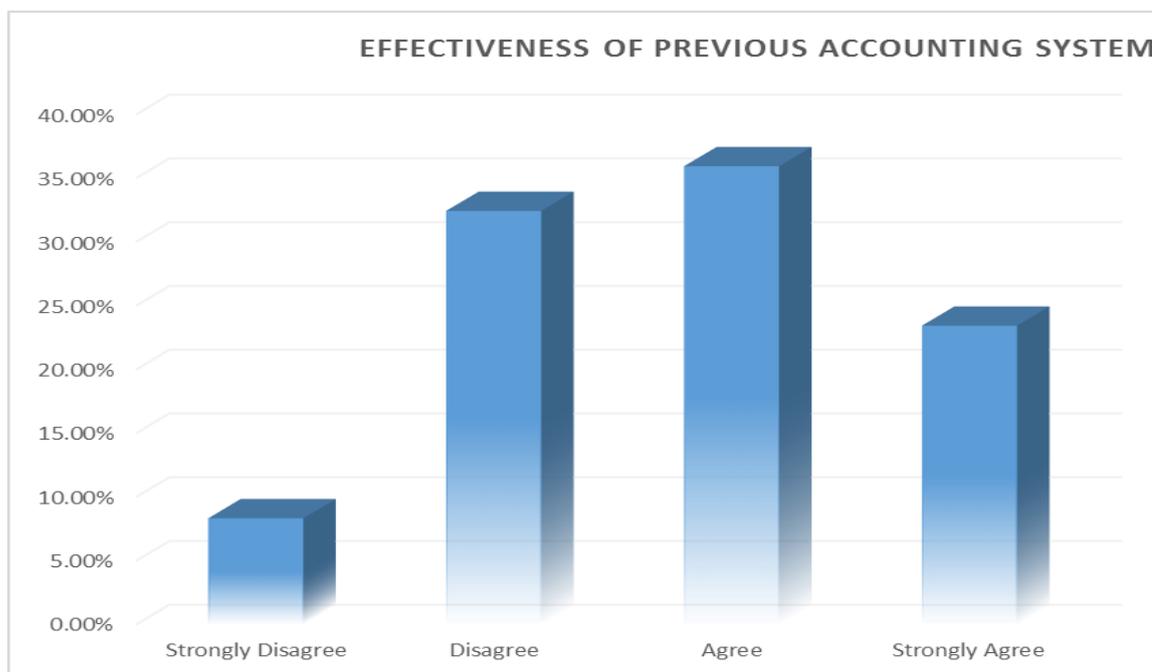


Figure 4.10 Effectiveness of Previous Accounting System

(Source; Field Work, 2015)

From Fig 4.10 around 59.3% of the respondents agreed that unsuccessful past standards impacts on the adoption of IFRS in Ghana, whilst 40.7% oppose the idea that previous accounting that unsuccessful past has impact on the adoption of IFRS in Ghana.

4.3.6 Summary of Factors that Influence IFRS Adoption

It must be noted that majority of the variables identified had varying degrees of influence on IFRS adoption. The figure below summarizes the elements that impact IFRS adoption in Ghana.

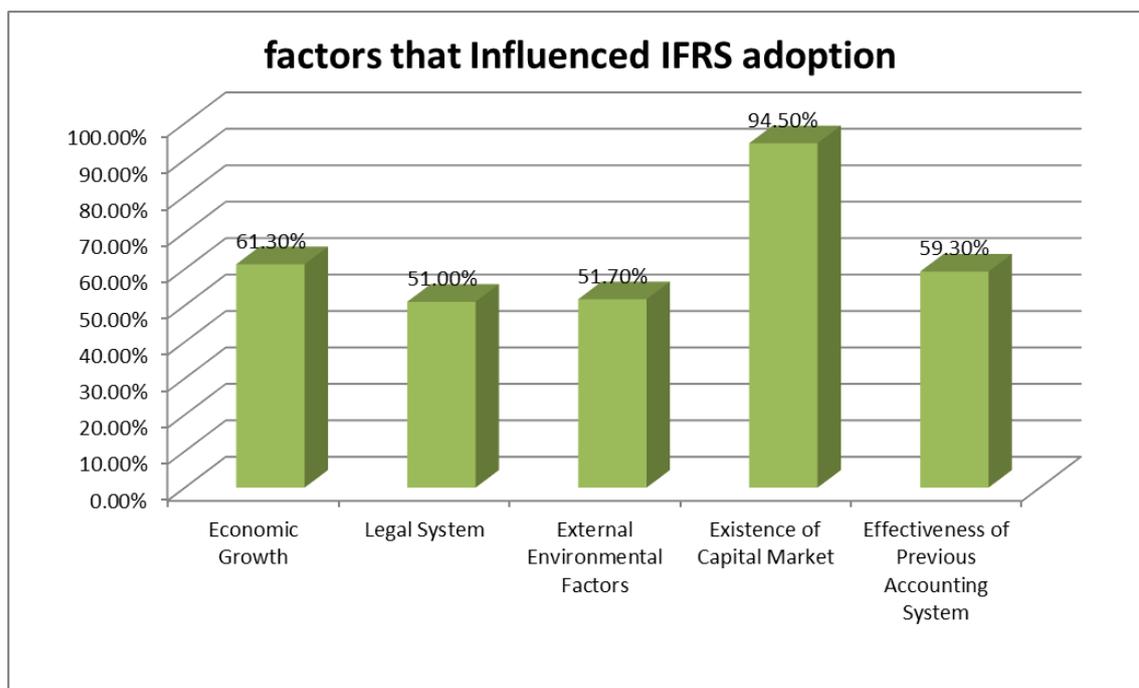


Figure 4.11 Factors That Influence IFRS Adoption

(Source; Field Work, 2015)

Fig 4.11 shows that 61.3% of the respondents agree with the assertion that economic growth indeed influences IFRS adoption. 51.0% of the respondents affirms the assertion on legal system and IFRS adoption, whilst the a whopping 94.5% of the respondents affirms existence of capital market to be a major influence on IFRS adoption in Ghana, and the effectiveness of the previous accounting system accounted for 59.3% of the respondents. However, 51.7% of the respondents disagree those external environmental factors such as World Bank, IMF, and foreign investors etc. influence IFRS adoption. From the above we can conclude that existence of capital market had the highest weight on the elements that influence the implementation of IFRS in Ghana.

4.4 Relationship between IFRS Implementation and Performance

The study was also designed to capture the relationship between IFRS implementation and Performance. The table below captures the responses from the respondents. This is

followed with regression and correlation analysis to understand the extent of such relationship if any. This was based on four optional responses from which respondents were expected to choose from. The responses are Strongly Agree (SA), Agree (A), Disagree (D), and Strongly Disagree (SD). Pearson Product Moment Correlation Coefficient was used for data analysis;

Table 4.3 Source: Field survey, 2015

$$r = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{n[\sum x^2 - (\sum x)^2][\sum y^2 - (\sum y)^2]}}$$

S/N	Variables Response (%)	Preparers of Financial Statement				Users of Financial Statement			
		SD	D	A	SA	SD	D	A	SA
1	IFRS improves the quality of financial statements and increase access to global capital market	12 20%	10 17%	18 30%	20 33%	5 6%	14 16%	23 27%	43 51%
2	IFRS adoption ensures the use of one standard for both parent and subsidiary companies	10 17%	9 15%	20 33%	21 35%	13 15%	6 7%	19 22%	44 52%
3	IFRS has positive effect on the information for control and decision making by financial statement like investors.	11 18%	12 20%	17 28%	20 33%	15 18%	6 7%	14 16%	50 59%
4	IFRS adoption has significant effect on FDI in flows	10 17%	7 12%	8 13%	35 58%	13 15%	8 9%	38 45%	26 31%

Calculation of Correlation

Question 21 (21) The relationship between IFRS implementation and Foreign

Direct Investment (FDI) inflows

Table 4.4 Source: Field Survey 2015

Options	Preparers of Financial Statement					Users of Financial Reports (UFS)			
	Point (x)	Response (y)	Xy	x ²	y ²	Point (x)	Response (y)	x ²	y ²
SA	4	35	140	16	1,225	4	26	16	676
A	3	8	24	9	64	3	38	9	1,444
D	2	7	14	4	49	2	8	4	64
SD	1	10	10	1	100	1	13	1	169
Σ	10	60	180	30	1,438	10	85	10	2,356

Calculation of FDI Correlation based on Average Response

Table 4.5 Source: Field Survey 2015 (Note: AR = Average Response)

Options	Point (x)	Average Response AR (y)	Xy	(x ²)	(y ²)
SD	1	11.5	11.50	1	132.25
D	2	7.5	15.00	4	56.25
A	3	23	69.00	9	529.00
SA	4	30.5	122.00	16	930.25
Σ	10	72.5	217.5	30	1,647.75

Using Pearson's Correlation function; $r = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{[n\sum x^2 - (\sum x)^2][n\sum y^2 - (\sum y)^2]}}$

$$r = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{[n\sum x^2 - (\sum x)^2][n\sum y^2 - (\sum y)^2]}}$$

Where;

$$N = 4$$

$$\Sigma xy = 217.5$$

$$(\Sigma x) = 10$$

$$(\Sigma y) = 72.5 \quad \Sigma x^2 = 30$$

$$\Sigma y^2 = 1,647.75 \quad r = \frac{(4 \times 217.5) - (10 \times 72.5)}{\sqrt{4(30) - 10 \times 10}} \frac{(4 \times$$

$$1,647.75) - 5,256.25}{\sqrt{(120 - 100) - (6,591 -$$

$$5,256.25)} \quad r = \frac{145}{\sqrt{20}} \frac{-1,334.75}{\sqrt{-1,314.75}} \quad r = \frac{145}{\sqrt{20}} \frac{-1,334.75}{\sqrt{1,314.75}}$$

$$= -3.99$$

The calculation of r was -3.99 which is less than 0.5 level of significance. Hence there is a negative relationship between IFRS adoption and FDI inflows.

Calculation of Correlation based on firm Performance

Table 4.6 Source: Field Survey 2015 (Note: AR = Average Response)

Option	Point (x)	Average Response AR (y)	Xy	(x ²)	(y ²)
SA	4	33	132	16	1,089
A	3	55.5	55.5	9	342.25
D	2	21.6	21.6	4	116.64
SD	1	11	11	1	121
Σ	10	73.3	220.1	30	1,668.89

Using Pearson's Correlation function;

$$r = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{n[\sum x^2 - (\sum x)^2][\sum y^2 - (\sum y)^2]}} \quad r = (4 \times$$

$$73.3) - (10 \times 73.3) / \sqrt{(120 - 100)(6,675.56 - 5,372.89)} \quad r =$$

$$(293.2 - 733) / 161.41 \quad r = 2.72$$

The calculation r was 2.72 is more than 0.5 level of importance, hence there a positive relationship between firm performance and IFRS adoption in Ghana.

4.4 Mechanisms to monitor compliance

Respondents views on mechanisms to ensure IFRS compliance in their respective sectors was also analyzed. The responses gathered on this are summarized in the table below;

Table 4.7 Summary of Mechanisms to Ensure Compliance

Research Question	FREQUENCY (PERCENTAGE)				TOTAL
	Strongly Disagree	Disagree	Agree	Strongly Agree	
Training on IFRS	13 (9.0%)	35 (24.1%)	50 (34.5%)	47 (32.4%)	145 (100%)
Stakeholders awareness of IFRS	35(24.1%)	48(33.1)	36(24.8%)	26(17.9%)	145(100%)
Providing guidelines on implementation	13(9.0%)	40(27.6%)	53(36.6%)	39(26.9%)	145(100%)
Harmonizing with regulatory bodies	21(14.5%)	63(43.4)	39(26.9%)	22(15.2%)	145(100%)
Establish efficient enforcement mechanisms to ensure compliance	31(21.4%)	44(30.3%)	41(28.3%)	29(20.0%)	145(100%)

Develop a supported version of IFRS to make it user friendly	27(18.6%)	29(20.0%)	54(37.2%)	35(24.1%)	145(100%)
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4.4.1 Mechanism to monitor compliance

The table 4.7 is to enable the researcher answer the first research objective of mechanisms that can be used to monitor and enforce IFRS compliance, the researcher was able to identify 5 of the mechanisms.

4.4.2 Training on IFRS

Training of staff on IFRS by organizational heads was one of the mechanisms that was identified to help in the compliance of IFRS. The study showed that since adoption in 2007 there has been series of training sessions on IFRS, its adoption and compliance. Out of 145 respondents 35.8% of them disagree to the fact that more education should be given in relation to IFRS, but on the contrary 19.9% agreed to the fact that training must still be given because more and more people keep coming into the industry.

4.4.3 Stakeholders Awareness of IFRS

The first step to achieve success is to create awareness on the standard, when stakeholders are made to know and understand the reasons and benefits they will derive from working with the IFRS that have been introduced to them. These standards are reviewed time after time but before an organization can derive its full benefit after adoption, the review must be well circulated and understood so that full compliance can be achieved. From the study conducted respondents who agreed to the fact that stakeholders' awareness is actually being practiced were about 17.2% out of the total sample size. For those who disagree to this were 31.8% and respondents who take a neutral stand were 23.8%, this means that this

mechanism is actually being practiced by fewer companies who have registered on the Ghana Stock exchange although all companies have complied..

4.4.4 Harmonization with regulatory bodies

Harmonization with regulatory bodies was another mechanism identified by the researcher. Only 14.6% agree that harmonization with regulatory bodies is fully practiced in their organization. This means that majority of these companies do not harmonize with regulatory bodies, this is due to the cost incurred during compliance. Regulatory bodies are there to implement supervisory roles that may be in the form of enforcing requirements and constraints, also coming out with guidelines in respect of any activity, and obtaining compliance.

4.4.5 Efficient enforcement methods to ensure compliance

The measure that should be put in place to help organizations in the process of compliance, the process of compliance with IFRS must be made easy for all embrace with ease. From the study it was just 19.2% who agreed that there are in existence efficient enforcement methods to ensure compliance while 49.6% disagree otherwise.

4.5 Problems Encountered During Compliance

For the researcher's second objective to be met thus problems companies encounter during the compliance of IFRS, the following were identified.

The associated frequencies and percentage responses from the respondents are captured in the table 4.8

Table 4.8 Summary of Problem in Compliance

RESEARCH QUESTION	FREQUENCY (PERCENTAGE)				TOTAL
	Strongly Disagree	Disagree	Agree	Strongly Agree	Total

IFRS are complex and difficult	16(11%)	54(37.2%)	58(40%)	17(11.7%)	145(100%)
Frequent changes on IFRS	23(15.9%)	57(39.3%)	37(25.5%)	28(19.3%)	145(100%)
Inadequate number of professional accountants in the country	24(16.6%)	49(33.8%)	52(35.9%)	20(13.8%)	145(100%)
Inadequate technical competence in applying IFRS	26(17.9%)	69(47.6%)	23(15.9%)	27(18.6%)	145(100%)
Inadequate regulatory bodies to monitor and ensure compliance with IFRS	19(13.1%)	47(32.4%)	62(42.8%)	17(11.7%)	145(100%)
Cost assorted with IFRS compliance is high compared to benefit	37(25.5%)	32(22.1%)	51(35.2%)	25(17.2%)	145(100%)

4.5.1 IFRS are Complex and Difficult

Due to the nature and complexity of the accounts to be prepared and the requirements that are demanded under IFRS, professional would have to do them by themselves meaning that they cannot delegate. Under IFRS a multinational company has a lot of requirements to meet, since they would have to prepare a consolidated group account and they prepare one for each subsidiary making it tedious. From the data collated by the researcher 46.4% of the total sample size disagrees to this while 11.3% agrees that account preparation under IFRS looks complex and difficult

4.5.2 Frequent changes on IFRS

Frequent changes occur due to the fact that the IASB has a research team who always conduct research to find out lapses in the various standard set so modification can be done on them. The standard setters have also given room for uses of the standard to make their recommendation as and when the see any problem or have any difficulty during the

implementation and application of the standards. After the recommendation the boards sits down to access and test if it can make the standard easy to understand and apply, it is then circulated to all centers to be applied by stakeholders who have adopted. The study show that majority agreed to that yes frequent changes do occur and the world being a dynamic place changes will always come, but those changes must be communicated well. This gave the researcher 52.9% who agreed and 18.5% who did not agree. Below is a table to depict the above information.

4.5.3 Inadequate qualified accountants

From the study conducted it came to the knowledge of the researcher that the process involved in attaining the qualification to be called a Chartered accountants is tedious and that its takes a long time too for this reason there are not much adequate qualified accountants in Ghana. This is due to the fact that individuals who want to charter must go through the process of writing professional exams which is not easy at all to pass, but that is going to give that individual the required knowledge to know and apply these standards. Since it is the understanding get in the field on knowledge that will help in the adequate implantations process. Moreover the researcher observes that most of the chartered accountants lack adequate competence in relation to the application of IFRS.

4.5.4 Cost associated with IFRS compliance

The cost involved is largely dependent on the size and nature of the organization, and for those that are listed on Stock Exchange they are very large once. Cost can be in relation to staff training and the implementation of IT support system and financial reporting in relation to operation. It is always the expectation of any organization to gain some income

after they have incurred some cost. Cost in a form of comprehensive training for new staff or existing staff members in case any review is done on any of the standards.

CHAPTER FIVE

SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter considers three main components which are the major findings drawn from the research, necessary recommendations to the field of study and final conclusion.

5.2 Summary of Major Findings

The researcher from the investigations identified some key factors that have influence on the adoption of IFRS. These were economic development which had about 90% of the respondents agreed to the fact that economic division has an influence on the adoption of IFRS. For the legal system in Ghana the relationship between the two thus IFRS implementation and legal system of Ghana was weak, the data collected had 51% of the respondents disagreed to the assertion that the Ghana's legal system has an impact on the implementation of IFRS.

As to whether external environmental factors influences IFRS implementation was about 43.48% of the respondents who agreed while the rest disagreed to external environmental factors.

The statistic depicts that over 94.5% of respondents agrees that the existence of capital market has a constructive impact on the acceptance of IFRS in Ghana.

Respondents who agreed that the effectiveness of previous accounting system does not have an effect on the adoption of IFRS was about 59.3%, from the above facts presented the indicator that had the highest percentage was the existence of capital market which had 94.5% of the total score. That is to say that the existence of capital market has the greatest influence when it comes to the adoption of IFRS.

The relationship between performance and IFRS implementation, two main factors were used to determine it, first of all was checking the relationship that existed between IFRS implementation and foreign direct investment the results showed a negative relationship between the two components. The correlation calculated was -3.99 which is below 0.5 level of significance. The second sections used three indicators for the correlation determination these were:

The use of IFRS as a means of improving quality financial statement and increase access to global capital market, the percentage released was 51%. Also using IFRS adoption to ensure the usage of one principle for both parent and subsidiary firm's statement preparation carried about 52%. Finally whether IFRS has an outcome on the information provided for control purposes and choice making through users of financial statement was about 59% of respondent who strongly agreed to the above indicators. When the three above indicators were combined in the correlation calculation, there was an improvement of positive relationship which was 2.72. This is to showing that an organizations performance using above indicators has a positive impact on the adoption of IFRS.

Also mechanisms to help maintain compliances of IFRS were identified as follows: Training on IFRS by the board to all stakeholders was one of the mechanisms identified which had about 66.9% of respondent agreeing. The next indicator that was identified is for the IASB to provide guidelines on IFRS implementation. Creating more awareness of

IFRS by stakeholders especially for students to know and perform better when in future they begin to use these standards practically on the field.

Furthermore about 61.3% of the respondents agreed that the IASB can develop a supported version of IFRS to make it more user friendly to help stakeholders be conversant with the standards so its application can be easy.

5.2 Conclusion

The accounting regulatory authorities throughout the world have sought to improve the quality of financial disclosure and communication in a wide context of economic globalization. This has resulted in introduction of new reforms into the accounting practice a means of communicating with the various interested stakeholders, and its subsequent adoption of the international financial reporting standards. These standards among other things seek to bring convergence in the global accounting practices. It has subsequently been adopted by many countries both developed and developing as a means of bringing congruence into their reporting standards. Hence, the present work's objective, which seeks to analyze the level of compliance by listed firms on Ghana's stock exchange with regards to IFRS by analyzing the views of interested parties.

The results of the empirical analysis have shown that IFRS adoption in Ghana was positively influenced by economic the growth rate, existence of financial market, weakness of previous accounting system, and a common law based on legal systems. Other factors such as external environmental factors, influence of the world bank and international monetary fund has no significant effect on IFRS adoption in Ghana .These agencies have collectively considered these results leading us to concede that the decision to adopt the international standard is closely related to developing countries' institutional environment

(above all the legal system) as well as to their macroeconomic data (i.e. their economic and educational growth level). This allows us to identify the existence of the trend in the developing countries vis-à-vis the international accounting standards. This finding highlight's the difference that distinguishes the results achieved by similar studies relevant to the developed countries and that of the developing countries. On the relationship between IFRS adoption and Performance, the value of r calculated (Pearson correlation) shows that there is a positive relationship between IFRS adoption and overall performance.

Finally, on compliance by the listed companies, the study revealed that all the companies surveyed are using IFRS as the standard of reporting, since Ghana institute of chartered accountants made it compulsory for all companies to switch to the standard in 2007, hence there has been efficient and effective compliance with the standards. The overall intuitions gathered from this study shows that, there is a high level of compliance by listed companies with regards to IFRS adoption in Ghana.

5.3 Recommendations

The ISAB must set up more regulatory bodies preferably every country must have a body to monitor all activities by companies listed on the stock exchange concerning the implementation of IFRS. Every country must ensure that their regulatory bodies are up and doing, thus strict measures for compliance should be put in place. These regulatory bodies must be strengthening from time to time.

Also independent monitory bodies must be set to monitor objectively compliance by companies who are listed on the stock exchange.

There must be more educational seminars and forums conducted by standard setters to help stakeholders understand each standard, how and when to apply these standards. The educational institutions must make students understand the debt of each standard to make its application with more ease. Changes done on standards must be communicated on time to all stakeholders so they can get use to how it is applied.

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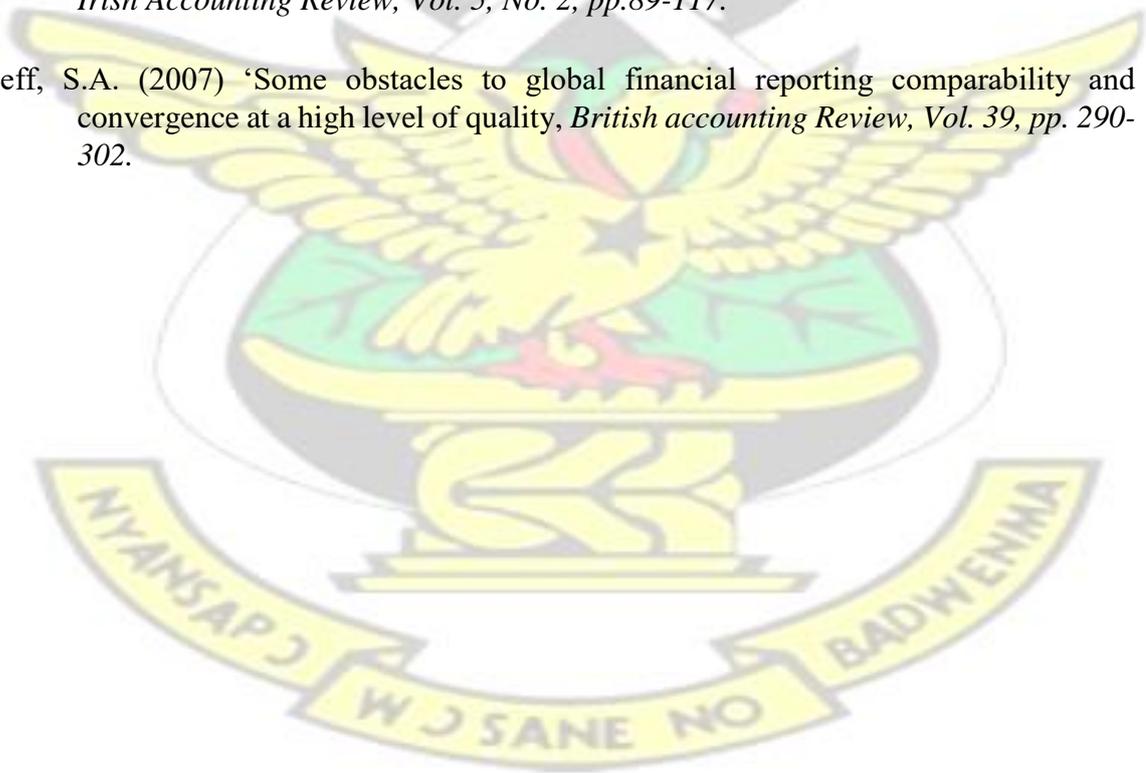
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(5) Which industry sector do you work in?

- Manufacturing Education
- Government Service
- Mining NGO
- Banking Securities and Exchange Commission

(6) What is your role within the industry?

- Manager Investor
- Accountant Others (specify).....
- Auditor

(7) How long have you worked within the industry?

- Less than 1 year a. 7-9 years
- 1-3 years b. 10 years or more
- 4-6 years

(8) How many employees do you have in your organization?

- Less than 50
- 51-100
- 101-150
- 151-200
- Above 200

(9) Do you know that Ghana has adopted International financial reporting standards (IFRS)?

YES

NO

(10) Which year did your company start using IFRS?

Please specify

(11) If you compare the previous accounting standards to IFRS, which one is easier to apply?

Previous one

IFRS

(12) Which of the two standards do you prefer?

Previous one

IFRS

(13) State the reasons for your answer above

.....

 ...

 ...

Factors that influenced your company to adopt International Financial Reporting Standards (IFRS)

In the Questions 14 to 17 given in the table below, please, indicate the extent to which you agree with each statement about the factors that influenced the adoption of IFRS by your company.

Please, use a scale of 1 – 4, with 1 representing **strongly disagree**, **2 disagree**, **3 Agree**, **4 strongly agree**

QUESTION	1	2	3	4
(14) Economic growth in Ghana greatly influenced the adoption of IFRS.				
(15) The legal system influenced IFRS adoption.				

(16) The external environment forces such as IMF, WORLD BANK influenced IFRS adoption.				
(17) Existence of capital market influenced IFRS adoption.				
(18) Previous accounting standards were ineffective.				

(19) Section B: Mechanism To Ensure Compliance At IFRS

Please the following are the mechanisms to which IFRS compliance can be ensured. Please indicate your perception on each statement made below by ticking the ax appropriate agreement –box according to the agreement legend supplied. **5. Strongly Agree 4. Agree 3. Neutral 2. Disagree 1. Strongly Disagree**

Variables	1	2	3	4	5
Training on IFRS					
Stakeholders awareness of IFRS					
Providing guidelines and implementation					
Harmonizing with other regulatory bodies					
Establish efficient and enforcement mechanisms to ensure compliance					
Develop a supported version IFRS to make it user friendly					

Other (specify).....

Section C: Problems Facing IFRS

(20) The following are problems facing IFRS, please indicate your perception on each statement made below by ticking the ax appropriate agreement –box according to the agreement legend supplied. **5. Strongly Agree 4. Agree 3. Neutral 2. Disagree 1. Strongly Disagree**

Problems facing IFRS	5	4	3	2	1
IFRS are complex and difficult					
Frequent changes on IFRS					
Inadequate number of professional accountants in the country					
Inadequate technical competence in applying IFRS					
Inadequate regulatory bodies to monitor and ensure compliance with IFRS					
Cost assorted with IFRS compliance is high compared to benefit					

Other (specify).....

(21) What other factors from your viewpoint influenced the adoption of IFRS by your company other than those mentioned above?

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(22) Are you fully conversant with the relevant standards that relates to your industry?

YES

NO

(23) If You answered NO in the above, please give reasons

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(24) From your point of view, how beneficial is IFRS to Ghana and the companies practicing them.

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(25) How does the IFRS affect your financial statement preparation?

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