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COMPARATIVE STUDY OF THE INTERNATIONAL FINANCIAL REPORTING STANDARD IMPLEMENTATION IN GHANA AND NIGERIA

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Abstract

The globalization of the world's economy and markets led companies and nations to become world global players. In addition, more investments take place on a global level. Before the adoption of International Financial Reporting Standards (IFRS), different countries developed their own national accounting standards or adopted that of other countries. However, movement of business toward a global economy brought challenges in comparability, objectivity, reliability, understandability among others. These issues have accelerated the need to move toward global accounting standards. Thus these challengesspelt the need for a single set of high quality and globally accepted accounting standards. Ghana and Nigeria are major trade partners and due to different timing of the adoption of IFRS, this research was conducted tocompare the IFRS adoption and implementation of these countries through a literature review. It was found that Ghana and Nigeriacommenced the adoption process in 2005 and 2010 respectively. It was revealed that, the national standards of Ghana and Nigeria were closely related and had both suffered lack of certain standards and disclosurerequirements. Besides, it was revealed that the IFRS'adoption and implementation demands a new set of skills and expertise, transitional challenges,dealing with inconsistencies in applicable laws, emerging technical areas and terminologies; also frequent reviews of standards, higher demand for auditors among others despites the benefits that came with it.This study recommends that, both Ghana and Nigeria should work on skills and expertise gap through training and development andto ensure that these standards are included in the academic and professional curricula. Moreover, regulatory bodies should monitor and

enforce these standards but where local content is needed, convergence should be the solution.

Keywords: Convergence, Disclosure treatment, Globalization,IFRS' adoption demands

Introduction

The globalization of the world's economy and markets lead companies and nations to become world global players. In addition, more investments take place on a global level. Before the harmonization of International Financial Reporting Standards, different countries developed their own national accounting standards or adopted that of other countries. Fosbre, Kraft &Fosbre(2009) affirmed this when they indicated that there was a movement of business toward a global economy and have accelerated the need to move toward global accounting standards.

When financial statements were prepared under different countries' accounting standards, they were often not comparable. For instance, if one company reports under Ghanaian accounting standards (GNAS) and another under United States' accounting standards (U. S. GAAP), an investor would not be able to put the two together without making a number of adjusting accounting entries. Without adjustments the comparison becomes difficult and meaningless.

Further, there was the need to attract capital from investors, creditors and financial institutions both locally and externally, for expansion of businesses and also set up new ones. This birthed the need of a global set of accounting standards.

Moreover, to keep transparency and accountability of financial statements at desired levels in both the private and public sectors, financial statements presented should follow standards that are credible, acceptable and easily understandable. Thus, for institutions and the government to account and attract finance from multilateral organizations, donor communities and other investors, financial statements presented should follow standards that are understood and acceptable by these institutions (Wiredu, 2007).

The above demands supported the idea of adopting a common language for financial reporting and to enhance international comparability. The International Accounting Standards Board (IASB) therefore developed a single set of international accounting standards, called International Financial Reporting Standards (IFRS) (IASB, 2007). These standards are considered as a high quality global accounting standards. Murphy (2000) therefore contended that a common set of practices will provide a level playing field for all companies worldwide.

Jacob &Madu (2009) identified IFRS as a single set of high quality and globally accepted accounting standards that can enhance comparability of financial reporting across the world. This they believed will increase comparability of financial information, enhance investment decisions and ensure a more optimal allocation of resources across the world economy. Cai and Wong (2010) added that having a single set of internationally acceptable financial reporting standards will eliminate the need for restatement of financial statements, and guarantee accounting diversity among countries. This consequently facilitates international movement of capital and greater integration of the global financial markets. Besides, a single set of financial reporting standards will increase market liquidity, decrease transaction costs for investors, lower cost of capital and facilitate international capital formation and flows (Epstein, 2009).

Several researches have confirmed that adoptions of IFRS at country level has increased direct foreign investment ((Irvine & Lucas, 2006), high level of global market integration and improve quality accounting indicators (Chai, Tang, Jiang, & Lin, 2010). Additionally, adoption of IFRS at the firm level has enhanced accounting quality (Meeks & Swann, 2009; Barth, 2008) and financial performance (Latridis, 2010).

Many countries have moved in the direction of International Financial Reporting Standards. The European Union has adopted IFRS in 2005 and was required of any new EU applicants. Russia also adopted IFRS in 2004 and many other countries have either adopted IFRS or are in the process of adopting them either outright or piecemeal. Nonetheless, the adoption of IFRS came with some difficulties and challenges. Challenges such as demands of a new set of skills & expertise, transitional challenges such as change management bottlenecks, inconsistencies in applicable laws, emerging technical areas & terminologies, frequent reviews of standards, cost verses benefit analysis.

Ghana and Nigeria which were former coloniesof Britain derived many of their laws and policies from their former colonial masters. With the introduction of International Accounting Standards (IAS) and International Reporting Standards (IFRS) and their accrued benefits, Ghana adopted the IFRS fully in 2008 upon recommendation of the Report on Observance of Standards and Codes (ROSC) on the accounting and auditing practices in Ghana commissioned by the World Bank and the Ministry of Finance and Economic Planning (MOFEP). However, Nigeria fully adopted the IFRS this year 2014. Ghana and Nigeria are major trade partners, have similar laws and policies, and due to different timing of the adoption and implementation of IFRS, this research seeks to conduct a comparative study on theInternational Financial Reporting Standard (IFRS) adoption and implementation of Ghana and Nigeria. Desk search was employed for this research.

Effect of Globalization on Financial Reporting

Previously, different countries have different accounting practices but this came with several disadvantages as globalization of the world economy and market became a reality. Thus, the globalization of the world's economy and markets lead companies to become world global players. In addition, more and more investments take place on a global level. This was highly facilitated by information technology, bringing the world closer than before.

Members of the accounting profession saw the need for having a common basis for financial reporting, through international standards. Consequently, in 1971, the International Accounting Standard committee (IASC) was formed. IASC had autonomy in setting international accounting standards and publishing discussion documents relating to international accounting issues. The IASC from the 1970s issued about forty standards. Most large corporations and countries which already established accounting systems did not use these standardsand the fact that the IASC was not conferred with the power and authority to enforce the standards. However, Europe and developing or newly industrialized countries began using it. For instance, in the 1990's Italy, Belgium, France and Germany all allowed large corporations to use International Accounting Standards (IAS) for domestic financial reporting (Rathi&Abusef, 2014). As many countries in Europe began using the standards, the IASC focused on getting power and authority to regulate accounting in European markets. Many European multinational companies which were going through the burden of filing under the U. S. GAAP and the national standards for listing on the U. S. stock exchanges were interested in working towards authoritative international standards that would phase out the use of U.S. GAAP. This made IASC terminate its link with IFAC in order to restructure in early 2000. In 2001, the IASC reorganized as the International Accounting Standards Board (IASB) and began developing International Financial Reporting Standards (IFRS) in addition to the existing IAS.

It is worth noting that the IASB is "an independent standard-setting board, appointed and overseen by a geographically and professionally diverse group of Trustees of the IASC Foundation who are accountable to the public interest" (IASB, 2007). The main goal of the board is to collaborate with national accounting standard- setters to achieve convergence in accounting standards around the world. The mission is to work toward convergence not absolute replacement of national standards. Thus, the IASB wanted agreement between its standards and the national standards of a country.

IASB had great achievement and provided the necessary drive for U.S. GAAP convergence with IFRS. Due to pressure from EU officials and corporations in 2008 the SEC eliminated the rule requiring European companies to restate their financial statements to U.S. GAAP for listing on US exchanges.However, this convergence did not catch up with Europe and United States of America alone but with the rest of the world and more especially, the developing countries. Ghana and Nigeria were not left out; when especially developing partners and foreign donors always required that accounts should be prepared in accordance with IFRS before receiving any grant or donation.

Adoption of International Financial Reporting Standards (IFRS)

The IFRS covered 33% of the global capitalization; US represent 35% while the rest of the world including China and India plan to have partial adoption of IFRS. Other countries not participating were estimated at 10% (Fosbre, Kraft &Fosbre, 2009). It was further indicated by Deloitte and Touché (2008) that, large countries like Brazil, Canada and India have announced mandated adoption of IFRS and all European Union (EU) countries as of 2005 aligned to use IFRS reporting. However, during 2007, Hong Kong adopted national standards that are identical to IFRS standards and China listed 150 companies on the Hong Kong Exchange. Also, Australia and New Zealand adopted national standards described as IFRS equivalents and Switzerland permits the use of IFRS or US GAAP in financial reporting. Besides, Ecuador agreed to adopt IFRS in 2008. Chile had arranged to adopt IFRS in 2009. Brazil also was prepared to adopt IFRS in 2010. Canada, India, Japan and Korea also scheduled to adopt IFRS in 2011. Thus, a total of 113 jurisdictions permitted or required IFRS in the year 2007 (Deloitte& Touché, 2008).Table 2.1 revealed the IFRS adoption status of the G20 countries.

Table 2.1 IFRS Adoption Status of the G2O Countries

Country	Status for Listed Companies
Argentina	Required for fiscal years beginning on or after 1 January 2012
Australia	Required for all private sector reporting entities and as the basis for public sector reporting since 2005
Brazil	Required for consolidated financial statements of banks and listed companies from 31 December2010 and for individual company accounts progressively since January 2008
Canada	Required from 1 January 2011 for all listed entities and permitted for private sector entities including not-for-profit organisations
China	Substantially converged standards
European Union	All member states of the EU are required to use IFRSs as adopted by the EU for listed companies since 2005
France	Required via EU adoption and implementation process since

	2005
Germany	Required via EU adoption and implementation process since 2005
India	Converging with IFRSs, date to be determined
Indonesia	Convergence process ongoing
Italy	Required via EU adoption and implementation process since 2005
Japan	Permitted from 2010 for a number of international companies
Mexico	Required from 2012
Republic of Korea	Required from 2011
Russia	Required from 2012
Saudi Arabia	Required for banking and insurance companies. Full convergence with IFRSs is planned
South Africa	Required for listed entities since 2005
Turkey	Required for listed entities since 2005
United Kingdom	Required via EU adoption and implementation process since 2005
United States	Allowed for foreign issuers since 2007

Adopted from: IFRS Foundation, 2014

Table 2.2 also indicates the IFRS adoption status of African countries.

Table 2.2 IFRS Adoption Status of African Countries as at 2013

	Country	**National Accounting Framework**	**Remarks**	**Status**
1.	Algeria	IFRS		Full
2.	Angola	Angolan Accounting Law	Specific prohibition of IFRS&IFRS for SMEs	None
3.	Benin	IFRS		Full
4.	Botswana	IFRS		Full
5.	Cameroon	OHADA[i]	Specific prohibition of IFRS&IFRS for SMEs	None
6.	Chad	OHADA	Specific prohibition of IFRS&IFRS for SMEs	None
7.	Cote D'Ivoire	OHADA	Specific prohibition of IFRS&IFRS for SMEs	None
8.	DR Congo	None	Discussing IFRS, no clear timetable	None

	Country	National Accounting Framework	Remarks	Status
9.	Egypt	Egyptian Accounting Standards	Specific prohibition of IFRS&IFRS for SMEs	None
10	E. Guinea	OHADA	Discussing IFRS, no clear timetable	None
11	Eritrea	IFRS		Full
12	Gambia	IFRS		Full
13	Ghana	IFRS		Full
14	Guinea Conakry	SYSCOHADA[ii]		None
15	Kenya	IFRS		Full
16	Liberia	USA GAAP[iii] / IFRS		Partial
17	Libya	Libyan GAAP	Specific prohibition of IFRS&IFRS for SMEs	None
18	Madagascar	Madagascar GAAP	Specific prohibition of IFRS&IFRS for SMEs	Partial
19	Malawi	IFRS		Full
20	Mauritius	IFRS		Full
21	Morocco	Moroccan GAP/ IFRS		Partial
22	Mozambique	Mozambique FRS/ IFRS		Partial
23	Namibia	IFRS		Full
24	Nigeria	IFRS		Full
25	N. Sudan	None		
26	R. of Congo	OHADA	Specific prohibition of IFRS&IFRS for SMEs	
27	Rwanda	IFRS		Full
28	Senegal	Senegal GAAP	Specific prohibition of IFRS&IFRS for SMEs	None
29	Seychelles	IFRS		Full
30	Sierra Leone	IFRS		Full
31	Somalia	None		Full
32	South Africa	IFRS		Full
33	South Sudan	None		
34	Swaziland	IFRS		Full
35	Tanzania	IFRS		Full

	Country	National Accounting Framework	Remarks	Status
36	Tunisia	Tunisian GAAP/ IFRS		Partial
37	Uganda	IFRS		Full
38	Zambia	Zambian FRS/IFRS		Partial
39	Zimbabwe	IFRS		Full

Source: Okundi (2013). (i = Organisation pour l'Harmonisation en Afrique du Droit des Affaires- Organization for the Harmonization of African Business Law; ii =SystémecomptableOuestafricain -West African Accounting System; iii =Generally Accepted Accounting Principle)

It was discovered that as at March 13, 2014, 130 countries adopted the IFRS (IFRS Foundation, 2014).

Adoption and Implementation of IFRS in Ghana

In 2004, theWorld Bank and the Ministry of Finance and Economic Planning [MOFEP] commissioned a Report on the Observance of Standards and Codes (ROSC) in Ghana (theWorld Bank, 2005). Reporting on the accounting and auditing practices in Ghana, ROSC observed 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.

Although Ghana Accounting and Auditing Standards have been based on International Accounting Standards and International Standards on Auditing, respectively, they were outdated and significant gaps existed in comparison with the international equivalents. More so, full compliance with Ghana National Accounting Standards was not often achieved; some listed companies inappropriately claim compliance with International Accounting Standards. These were as a result of weak capacity and inadequate functioning of the Institute of Chartered Accountants. These also affected the monitoring and control of professional accountants' training and practice. ROSC therefore recommended that the statutory framework, enforcement mechanisms, professional education and adoption of International Financial Reporting Standards (IFRSs) without any modifications, in place of the existing Ghana National Accounting Standards (World Bank, 2005).The Institute of Chartered Accountants Ghana, the country`s Accounting Standard Setter joined the International Federation of Accountants (IFAC) in the year 2005. IFAC passed a directive by requesting its member countries to adopt IFRS.Consequently, Ghana put things in place and successfully launched the International Financial Reporting Standards (IFRS) on January 27, 2007.

PricewaterhouseCoopers (n. d.) described the conformity to the international accounting standards as a major event championed by all to meet the ever increasing demands in the corporate reporting world. This mandated all public interest entity companies such as banks, listed companies, insurance companies, security brokers, pension funds just to mention but few to publish their financial statements for the periods covering or after 1 January 2007 in accordance with IFRS. But due to challenges of companies fully implementing the IFRS, 2008 was set as the reporting date. However, IFRS for Small and Medium Scale Enterprises (SMEs) were expected to be fully adopted in 2010.

Though some opponents were of the view that the Institute of Chartered Accountants Ghana should not hasten the process but should do some consultations, some believed it was a step in the right direction. The adoption was facilitated because, many believed it was not a matter of convenience but convergence and that if it delayed, the world will continue to move ahead (PricewaterhouseCoopers, n. d.).

Adoption of IFRS in Nigeria

Nigeria also saw the need of convergence of accounting standards. In pursuance of Nigeria addressing the global demand of adoption and harmonization of IFRS, it took steps for safe migration. The Nigerian Federal Executive Council directed the Nigerian Accounting Standards Board (NASB) to take further necessary actions for the staged implementation of IFRS. Hence, January 2012 was approved as the effective date for convergence of accounting standards in Nigeria with International Financial Reporting Standards (IFRS). Therefore, Financial Reporting Council was formed and backed by law to issue standards, regulate accounting, actuarial, valuation and auditing standards of the country (www.iasplus.com/country/nigeria.htm). Consequently, the adoption of IFRS was launched in September 2010.

The adoption was structured in such a way that all stakeholders will use the IFRS by January 2014. The adoption was scheduled to start with Public Listed Entities and Significant Public Interest Entities who were expected to adopt the IFRS by January 2012. Also, it was mandatory for all other Public Interest Entities to adopt the IFRS for statutory purposes by January 2013. Besides, Small and Medium-sized Entities (SMEs) were also mandated to adopt IFRS by January 2014 (www.iasplus.com/country/nigeria.htm).

Comparative Analysis of IFRS,GNAS and SAS

The findings are tabulated in order to enhance easy understanding of the differences and similarities between GNAS of Ghana and SAS of

Nigeria. Also differences are mapped against IFRS to heighten the significant differences that necessitated the adoption and implementation of IFRS by these two countries. They are further explained after the table of comparison.

Table 3.1Findings of Differences between IFRS, GNAS and SAS

No	IFRS	Ghana (GNAS)	Nigeria (SAS)
IAS 1	Detailed framework for the preparation of financial statements	Several aspects of the framework were omitted. Particularly, the qualitative characteristics of financial statements were not visible	SAS also lack some aspect of the qualitative characteristics of financial statements
1AS 1	Requirements to include statement of Changes in Equity	Not required under GNAS but the Companies code requires the disclosure of Capital Surplus and Income Surplus which could include some of the items to be included in the statement of changes in Equity	Statement of change in equity and significant management estimates & judgmentis absent in SAS
IAS 8	Changes in Accounting Policy	GNAS requires that the effect of certain changes in accounting policies should be included in the extraordinary items in the current period	SAS also requires that the effect of certain changes in accounting policies should be included in the extraordinary items in the current period
IAS 27	Non-controlling interest is to be separately disclosed for both parent and subsidiary on the face of the income statement and the statement of financial position	GNAS omits the IAS disclosure of minority interest on face of income statement	SAS did not include the disclosure of minority interest on the face of income statement as well
IAS 12	Recognition of deferred tax assets	GNAS requires deferred tax assets and	SAS similarly requires deferred tax

	and liabilities for all temporary differences	liabilities to be created only for timing differences relating to depreciation	assets and liabilities to be created only for timing differences relating to depreciation
IAS 23	Full disclosure of borrowing costs	Disclosure for borrowing costs and the capitalization rate was absent	SAS has no substantive standard on borrowing cost
IAS 41	Provides extensive guidance on account for agriculture and biological related assets.	GNAS does not have a substantive standard on accounting for Agriculture	SAS has no substantive standard on accounting for Agriculture as well
IAS 38	The recognition and measurement of intangible assets differs depending on whether they are purchased individually or acquired through a business combination, or whether they are internally generated	No substantive accounting standard dealing specifically with accounting for intangibles, example, measurement and recognition except goodwill in business combinations, but requires disclosure for Goodwill, patent, trademarks and similar assets	SAS has no substantive standard on accounting for intangible assets too, except goodwill in business combinations but not as a standard on its own
IFRS 5	Requires separate disclosures for discontinued operations	There is no substantive standard that provides detailed guidance on discontinued operations	No substantive standard that provide detailed guidance on discontinued operations as well
IAS 40	Treats changes in value on investment property directly in the statement of comprehensive income	No substantive standard specifically for investment property, but accounting for investments in GNAS requires that investment property be accounted for as long term investments or as Property Plant and	Lack substantive standard specifically for investment property, but accounting for investments requires that investment property be accounted for as long term

		Equipment	investments or as Property Plant and Equipment
	Requires that dividend liability should only be created when dividend is declared and not when it is proposed as these may or may not be ratified	GNAS allows dividend declared pending ratification at Annual General Meeting to be recognized as appropriation of retained earnings and forms a component of liabilities in the statement of financial position	Permits dividend declared pending AGM’sratification to be recognized as appropriation of retained earnings and as a component of liabilities in the statement of financial position
IFRS 8	Leaves it up to management to decide on the definition of operating segment and the financial information provided but should reflect the way the business is managed	GNAS did not identifying primary or secondary segments but did required that industry segments and geographical segments be used as a basis for grouping the operations of an entity	SAS equally did not identifying primary or secondary segments, was more on geographical grouping

Compilations from:Zori (2011, September 2); Ebimobowei (2012); Monisola (2013)

The table above indicates absence of certain standards in GNAS and SASin areas of accounting for government grants and disclosure of government assistance, borrowing cost, impairment of assets, intangible assets, financial reporting in hyperinflationary economies, first-time adoption of international financial reporting standards, non-current assets held for sale and discontinued operations, accounting and reporting by retirement benefit plan, share based payments, events after reporting date, related party disclosure and accounting for Agriculture.More so, there were differences in the treatments of the disclosure of Capital Surplus and Income Surplus, the effect of certain changes in accounting policies, deferred tax assets and liabilities, accounting for intangibles, dividend declared pending ratification and basis for segment accounting.

Comparing GNAS and SAS as indicated in table 3.1, the standards were virtually the same and were suffering from similar deficiencies. They both lacked about the same standards and had similar treatment differences. These deficiencies, lack of certain standards and differences in the treatment of some standards fueled adoption and implementation of IFRS in Ghana and Nigeria.Even though the table above identified some of the differences among the IFRS, GNASof Ghana and SAS of Nigeria, these were as at the time of switching over from Ghana National Accounting Standards (GNAS) to International Financial Reporting Standard (IFRS) and Statement of Accounting Standards to IFRS. Ghana started the adopting process of IFRS in 2005 and finally adopted it completely in 2008 for companies listed on the Ghana Stock Exchange and SMEs fully adoptedin 2010. Therefore, GNAS could only be compared with IFRS as at the time of adoption as the GNAS is no more in operation. Thus, the differences identified were during 2007 and 2008 accounting years. Also, Nigeria started the adoption process in 2010 and completed it in 2014,as the SAS is also not in operation any more.Thus, there are no deficiencies and different of standards as at now since both countries adopted IFRS fully.

Aside these deficiencies and challenges, both countries were suffering fromweak ethical and corporate governance system, poor capital market for retail investors, lack of transparency and accountability of listing on the stock exchange, several regulating bodies for similar institutions which should be harmonized and weak institutional based capacity to fully enforce laws. As indicated earlier, Ghana and Nigeria were virtually suffering from the same challenges before the adoption and implementation of IFRS. The difference is more of different timing of adoption and implementation of IFRS. Currently, these challenges are resolved.

BenefitsofIAS andIFRS Adoption and Implementation

Several researches profile numerous perceived benefits derived from the adoption of IFRS. Benefits include that the adoption of IFRS reduced the cost of capital (Leuz&Verrecchiia, 2000; Daske, Hail, Leuz& Verdi, 2008), enhance efficient capital allocation (Bushman &Piotroski, 2006), easier international capital mobilization (Okundi, 2013; Young & Guenther, 2008), wider market development (Ahmed, 2011), improved and higher market liquidity and value (Adekoya, 2011), boosted comparability (Okere, 2009), higher quality information for investors (Barth, 2008), enhanced transparency of results (Essien-Akpan, 2011; Mike, 2009) and facilitated cross border movement of capital (Bhattacharjee& Hossain 2010).

Madawaki (2014) also believed that Nigeria's adoption of IFRS will advance the compilation of meaningful data of reporting entities' performance for comparability and reliability, facilitate and enhance informed decision making of investors, and attract foreign investments. It is also believed there will be easy access to external capital for local companies, low cost of doing trans-border businesses, easy consolidation of financial statements of multinational companies, easy regulation of companies, improved global financial reporting knowledge and better access to tax liabilities of companies.Besides, Zori (2011,September 2) conducted analysis of the financial statements of various companies listed on the Ghana Stock Exchange and discovered that, the adoption of IFRS has great impact on the financial performance of listed companies.

Challenges of IFRS Adoption and Implementation

Despite these benefits, challenges such as possible shortfall of knowledge (Alp &Ustundag, 2009), high demand for education and training (Irvine & Lucas, 2006), complex tax system effect (Shleifer&Vishny, 2003), changed of legal system effect (Li and Meeks, 2006), enforcement and compliance mechanism (Martins, 2011).

In confirmation to the above challenges identified, Okundi (2013, p.5) intimated that "demand for a new set of skills & expertise, transitional challenges such as change management bottlenecks, inconsistencies in applicable laws, emerging technical areas & terminologies, frequent reviews of standards, cost verses benefit analysis" were some of the challenges Rwanda encountered during its adoption of IFRS.

Thus, the level of economic growth, prevailing regulatory framework and financial reporting system of a particular country presents its own implementation challenges of IFRS. These may include issues of regulatory framework consistency, groundwork of relevant institutions, enforcement and technical capacity among others.

Besides, Bohušová&Blašková (2011) indicated that,IFRS implementation for SMEs could be more challenging especially in taxation and capital maintenance rules. It is believed that IFRS is suitable for medium and large scale businesses and or companies with subsidiaries in different countries or seeking international finance. Otherwise, the cost of implementing will be higher than the benefits derived.

In addition, the application of IFRS is more challenging in developing countries (United Nations, 2008) and countries which did not developed their own accounting standards (Sacho&Oberholster, 2008 cited in Bohušová&Blašková, 2011) than in developed countries which developed their own standards. Correa-Cortes (2008 cited in Bohušová&Blašková, 2011) further added to the challenges ofSMEsin developingcountries by intimating lack of human resource capital to be one of the challenges. All the above challenges accompany the implementation of IFRS in developing economies as standards setters may not consider economic level of developing countries.

Conclusion and Recommendations

Review of literature revealed that, the IFRS adoptioncreated platform for standard setters to share ideas and resources and strengthen national standards. Besides, it assisted developing countries to save cost of standard setting, added more credibility to financial statements which also aided the attraction of foreign investors. Moreover, it enhanced analyst, investors and other stakeholders' understandability, comparability, transparency, confidence and reduce cost of analysis of financial statements and other investment decisions. Further, it assisted companies in reducing cost of capital and minimized uncertainty, have one accounting system, no need of reconciliation, added more credibility to financial statement reports and improved consistency of internal and external financial reports. Also, the need for auditors searching for several standards to be acquainted with and global training was dealt with.

Additionally, standards such as accounting for government grants and disclosure of government assistance, borrowing cost, impairment of assets, intangible assets, financial reporting in hyperinflationary economies, first-time adoption of international financial reporting standards, non-current assets held for sale and discontinued operations, accounting and reporting by retirement benefit plan, share based payments, events after reporting date, related party disclosure and accounting for Agriculture that were not available are fully catered for in the IFRS.

Notwithstanding benefits of IFRS, its adoption demands a new set of skills and expertise, transitional challenges such as change management bottlenecks, inconsistencies in applicable laws, emerging technical areas and terminologies, frequent reviews of standards, cost verses benefit analysis and higher demand for auditors as well. These challenges are more evident in small scale businesses in developing countries like Ghana and Nigeria. That is, the implementation of IFRS has the need of training and in-depth knowledge since the standards are principle based. Technical capacity of regulators, preparers, auditors and users offinancial statements is a necessity.Also, there is the need of strong ethical and good corporate governance system.

To realize the full benefits of the adoption of IFRS, both Ghana and Nigeria need to work on skills and expertise gap by series of training and workshops and ensure that these standards are included in the academic and professional curricula. Moreover, regulatory bodies should monitor and enforce these standards to the core but where there is the need for local content, standard setters should provide convergence rather than adoption. In addition, laws that contradict or defer in application which could lead to non-compliance should be harmonized.

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