

THE ADOPTION OF THE INTERNATIONAL ACCOUNTING STANDARDS IN GHANA AND ITS IMPACT ON BUSINESSES

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ABSTRACT

International accounting standards are global standards that have been accepted in many countries and by various business organizations. Ghana has adopted it and expects companies, private enterprises and state owned enterprises to apply them from January 1, 2007 whiles small and medium sized enterprises as well as ministries, departments and agencies in the public sector to start using them from January 1, 2009.

International accounting standards adoption provides great opportunities to business organizations in Ghana. It has been identified that, International Accounting Standards (IAS) opens Ghanaian businesses to the international market, lenders, investors and other stakeholders easily. It makes financial statements of Ghanaian businesses easily understandable and comparable to stakeholders in the international market.

It will also help enhance public confidence in these businesses and can contribute in stimulating national development.

This project explores the impact that the International Accounting Standards will have on businesses in Ghana, the need for the International Accounting Standards (IAS) and the factors that can impede the successful implementation of International Accounting Standards in Ghana. The project also outlines some measures that need to be taken to enhance its (IAS) successful implementation and to enhance its efficiency in Ghana. It is the fervent belief of the researcher that, this study would conscientise government, policy makers, investors and businesses organizations on the need for International Accounting Standards, the impact of International Accounting Standards on businesses and the impediments to the successful implementation of International Accounting Standards and the appropriate measures to ensure its effective implementation in Ghana.

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CHAPTER ONE

INTRODUCTION

1.1. BACKGROUND OF THE STUDY

Financial statements communicate to stakeholders the financial performance and position of a company. It is more efficient when it is comparable and understandable. It has however been difficult and sometimes, impossible to compare or understand financial statements of companies of different countries due to diversification of accounting standards. Several efforts to reduce the diversity in accounting standards have been ongoing for several decades and international accounting standard committee (IASC), which is now international accounting standard board (IASB), has played a substantial role in this. International Accounting Standard Committee (IASC) has been one of the two most important players involved in harmonizing accounting standards on global basis.

International Accounting Standard Committee was formed in 1973 and sets standards known as the international accounting standards (IAS). The International Accounting Standards states how particular types of transactions and events should be reflected in the financial statements. Since 2001, the new set of standards has been known as the International Financial Reporting Standards (IFRS) and has been issued by International Accounting Standard Board (IASB). International Accounting Standards (IAS) has gained acceptance in a number of ways. A number of companies and countries have been urged to adopt International Accounting Standards in preparing their financial statements.

Ghana adopted International Accounting Standards and International Financial Reporting Standards (IFRS) to replace the Ghana national accounting standards (GNAS) in January 2007. The new standards are applicable to private enterprises, state owned enterprises and companies whose securities are held by the banks, public and insurance companies. However, small and medium sized enterprises, ministries, departments and agencies in the public sector are expected to continue to use Ghana National Accounting Standards until January, 2009 when the International Financial Reporting Standards and the international public sector accounting standards (IPSAS) become mandatory.

It is likely that, International Accounting Standards will have an impact on businesses and other entities in Ghana. It is likely to influence or have an impact on some business, economic and legal activities.

1.2 PROBLEM STATEMENT

One of the problems the researcher identified is that, the impact of the newly adopted International Accounting Standards on businesses in Ghana is not known. The researcher identified that, less has been done to educate people such as investors, students, business executives and other interested parties on the impact that International Accounting Standards will have on businesses in Ghana. Less research has also been carried into that sector.

Secondly, the researcher identified that, the need for the replacement of Ghana National Accounting Standards with the International Accounting Standards is not known. The Ghana National Accounting Standards could have been modified, converged or be replaced gradually instead of total replacement.

Lastly, some of the factors that will impede the successful implementation of the newly adopted International Accounting Standards are not known. Identifying these impediments will help find solutions to them. The researcher identified that, if measures are not taken to ensure a successful implementation of International Accounting Standards, its impact will either be less or, even, it will have negative impact on entities.

1.3. OBJECTIVES OF THE STUDY

The researcher had the following objectives for the study.

- Investigate, Identify and assess the impact that International Accounting Standards will have on businesses in Ghana.
- Investigate, Identify and assess the need for replacing Ghana National Accounting Standards with International Accounting Standards.
- Investigate, identify, assess and outline some factors that exist to impede the successful implementation of International Accounting Standards in the country.

1.4 RESEARCH QUESTIONS

The research questions for the study included the following;

- Was there the need for replacing Ghana National Accounting Standards with International Accounting Standards?
- Does the newly adopted International Accounting Standards have impact on businesses in Ghana?
- What are some of the impact of International Accounting Standards on businesses?
- What are some of the impediments to the successful implementation Of International Accounting Standards in Ghana?

1.5 SIGNIFICANCE OF THE STUDY

Comparability and understandability of financial statement is a unique and an important character that is needed in order to measure company's performance and financial position. To ensure comparability globally, there is the need for harmonization of accounting standards. Countries accounting standards must be consistent with the global standards to ensure global comparability of financial statement.

This study shall therefore serve as the basis for knowing the impact of International Accounting Standards on businesses in Ghana.

Furthermore, the study shall serve as the basis for knowing whether there was the need for replacing Ghana National Accounting Standards with International Accounting Standards.

Moreover, the study shall serve as the basis for knowing whether there are impediments to the successful implementation of International Accounting Standards and identify some of those impediments.

Lastly, the study shall serve as the basis for further research work into the impact of the International Accounting Standards on businesses in Ghana and impediments to the successful implementation of International Accounting Standards.

1.6. METHODOLOGY

The researcher used questionnaire to gather his information. The following groups of people were administered with questionnaires. They include;

- Managing directors or chief executive officers of the organizations that has adopted International Accounting Standards.
- Practicing chartered accountants working for the organizations that have adopted International Accounting Standards.
- investors
- Financial analysts

The researcher administered 65 questionnaires to gather information from the Kumasi metropolis. Secondary data was gathered from a variety of archival data while primary data was gathered by the use of questionnaires.

1.7 LIMITATION

The limitation to the study was the low level of information and also difficult access to information on Ghana National Accounting Standards. The poor level of research work and database management in the country contributed to this.

The limited number of words limited the researcher from emphasizing on some key issues.

1.8 CHAPTER ORGANISATION

The chapter one gives a vivid and a comprehensive introduction to the research work by highlighting issues like the background of the study, problem statement, objectives of the study, research questions, significance of the study, methodology for the study, limitation of the study and the organization of the various chapters.

The chapter two presents reviews of existing and related knowledge or literature on the topic.

Chapter three presents the methodology of the study. The totality of the study depends on the way information was gathered and presented. The chapter highlights the procedures, tools and method for the collection of data.

Chapter four presents the findings and the analysis of the data. Tables were used to interpret some of the findings.

Chapter five which is the last chapter presents the summary, recommendations and the conclusions of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

Hoyle B, Schaefer F and Doupnik S- 2001 identified that, because of different environmental influences, differences in accounting across countries might be appropriate and necessary. They also stated that, 'a survey of relevant literature identified the following five items as commonly accepted factors influencing a country's financial reporting practice; legal system, taxation, providers of financing, inflation and political and economic ties'.

Each Country has/had its own unique set of accounting and financial reporting rules.

However, the same Hoyle B, Schaefer F and Doupnik S- 2001 identified that, 'Global economic development has recently called for the harmonization of accounting standards internationally. The question is no longer whether harmonization should be strived for, but what extent can accounting practice be harmonized and how fast'. Substantial efforts to increase accounting harmonization have therefore been ongoing for several decades.

Securities and Exchange Commission, United Nations, International Accounting Standards Committee among other bodies is putting in much effort to increase accounting harmonization.

The Securities and Exchange Commission (SEC) of the United States of America outlines that, 'with the activities and interest of investors, lenders and companies becoming increasingly global, the commission is increasing its involvement in a number of forums to develop a globally accepted, high quality financial reporting framework'. (www.sec.gov/rules).

However, 'one of the two most important players involved in harmonization on a global basis is the IASC' (Hoyle B, Schaefer F and Doupnik S-2001).

The International Accounting Standard Committee set the International Accounting Standards (IAS). In 2001, it was changed to International Accounting Standard Board and

the standards the International Accounting Standard Board set is the International Financial Reporting Standards (IFRS).

Ghana adopted the International Accounting Standard and the International Financial Reporting Standard to replace the old Ghana National Accounting Standard in January 1, 2007.

2.2 INTERNATIONAL ACCOUNTING STANDARDS COMMITTEE (IASC) AND ITS STANDARDS-(IAS)

‘In hopes of eliminating the diversity of principles used throughout the world, the IASC was formed in June 1973 by accounting bodies in Australia, Canada, France, Germany, Japan, Mexico, the Netherlands, the United Kingdom and Ireland and the United States’ (Hoyle B, Schaefer F, and Doupnik S-2001). The International Accounting Standard Committee sets the International Accounting Standards which is a set of financial accounting standards and reporting guidelines. Its general use is accounting and financial records and reporting.

‘The International Accounting Standard Committee has no authority to require compliance with its pronouncements or accounting standards. However, many countries require the financial statement of publicly-traded companies to be prepared in accordance with International Accounting Standards’ (www.investopedia.com).

‘The International Accounting Standard Committee had issued 32 International Accounting Standards as at January 1997 and 36 as at January 1998, some of which has been subsequently revised’ (Larsen E-2003).

‘In April 2001, the International Accounting Standard Board adopted all International Accounting Standards and continued their development calling the new standards international financial reporting standards (IFRS)’ (www.sec.gov/rules).

‘Headquartered in London, the business of the International Accounting Standard Committee is conducted by an International Accounting Standard Board of up to 17 members, of whom 13 are representatives of other international organizations having an interest in accounting’ (Larsen E-2003).

‘In pronouncement, at least three-fourth of the members is required. Board members come from nine countries and have a variety of functional backgrounds. The Board is committed to developing in the public interest, a single set of high quality, understandable and enforceable global accounting standards that require transparent and comparable information in general purpose financial statements. In addition, the Board cooperates with National Accounting Standard setters to achieve convergence in accounting standards around the world’. (www.axeconsult.com.IASEng).

‘The IFAC made the implementation of the International Financial Reporting Standards and International Accounting Standard a mandatory in 2005 for all member countries including Ghana’. (www.mofep.gov.gh).

From the World Bank’s website (www.worldbank.org/ifa/rosc), with effect from January 1, 2007, Ghana will adopt the IFRS/IAS to replace the Ghana National Accounting Standards. The new standards are applicable to companies whose securities are held by the public, banks and insurance companies. Private enterprise and state owned enterprises are also expected to apply IFRS/IAS to enhance public confidence in their financial reporting. Small and medium sized enterprises as well as ministries, departments and agencies in the public sector are expected to continue to use the Ghana National Accounting Standards until January 1, 2009 when IAS/IFRS and the International Public Sector Accounting Standards become mandatory.

‘The International Accounting Standards and International Financial Reporting Standards adoption makes Ghana compliant with global standards of financial reporting and promises to promote investor confidence in Ghana’. (www.worldbank.org/ifa/rosc).

2.3 IMPACT OF IAS ON BUSINESSES

‘The IAS has some explored and unexplored impact. It has to do not only with financiers and fiancées but on a wider unexplored issues such as corporate governance, human resource management, strategy, macroeconomic planning, development, economics and so on which has not being integrated in the discourse and policy making of IAS’. (www.sbs.ox.ac). This research considered the explored impact of IAS.

George Latridis therefore conducted a research within January 1 to 31 December, 2004 on the impact of International Accounting Standards on firms by sampling 262 United Kingdom industrial firms that are listed on the London stock exchange. George made the following observations;

Early adopters of International Accounting Standards 1 tend to display higher leverage measures (TLSFU, IGEAR, and CGEAR) compared to normal adopters which would in turn negatively affect their liquidity. Early adopters exhibit lower liquidity (CUR and CFM). Despite the higher financial leverage, early adopters appear to be more profitable than normal adopters.

Firms that present the reported accounting information in consistent with the requirement of International Accounting Standard 1 and disclose the required accounting statements such as the statement of total recognition gains and losses and the reconciliation of movements in shareholders funds would tend to please investors and stock market authorities and strengthen their stock market picture.

Also, Ashbaugh H and Pincus M-2000, observed that, the absolute value of analyst forecast errors decreases following firms adoption of International Accounting Standards. And Ashbaugh-1999 provided evidence that, large firms are more likely to use International Accounting Standards and those firms typically issues additional shares of stock within a year or two of adopting International Accounting Standards.

Moreover, International Accounting Standards introduces harmonization which promotes easy comparability and understanding of international financial information. 'It heightened the need for standardized global accounting practice and it provides credible, comparable, conceptually sound and usable financial information across all market according to proponents' (Blake J and Hossain M-1996). 'It would help in raising foreign capital as investors, financial analyst and foreign lenders will be able to understand the financial statement of foreign companies' (Blake J and Hossain M-1996) thereby helping businesses in attracting investment and loans easily.

If a company desires to obtain capital by selling stock or borrowing money in a foreign country, it likely is required to present a set of financial statements prepared in accordance

with the accounting standards in the country in which the capital is being obtained (Hoyle B, Schaefer F and Doupnik S-2001). Companies could gain access to all capital markets in the world with one set of financial statements (Hoyle B, Schaefer F and Doupnik S-2001).

Further more, companies with foreign operations have easy preparation of consolidated financial statements. If a company has many subsidiaries in different countries, and all those countries the company operates in has adopted International Accounting Standards, there will be a reduction of the cost and will ease the preparation of consolidated financial statements. Hoyle B, Schaefer F and Doupnik S-2001 put it this way, one set of universally accepted accounting standards would reduce the cost of preparing worldwide consolidated financial statements, and auditing of these statements also would be simplified. This simplifies the evaluation by multinational companies of possible foreign takeover targets.

Lastly, International Accounting Standards help in making it easier to conduct the competitive and operational analysis needed to run the business.

International Accounting Standards has an impact on the country in general as well as investors. A quotation from honorable Baah Wiredu's speech at the launch of IAS/IFRS in Ghana states, 'it is pertinent that in March 2006 the finance minister of China (Jim Renqing) announced that, China-the worlds fasters growing economy has achieved a 'milestone' by bringing its accounting and auditing practice in the line with IFRS, moving China towards 'a more modern economic model' and helping investors make 'more servable decisions as from January 1 2007'. (www.mofep.gov.gh)

2.4 GHANA NATIONAL ACCOUNTING STANDARDS

'Despite no clear legal mandate to set national accounting standards, the ICA (G) issued Ghana National Accounting Standards in the late 1990s, some of which became effective in 1997 and others in 1999'. (www.worldbank.org/ifa/rosc).

The Ghana National Accounting Standards has been in existence for fourteen years. It is set by the Ghana National Accounting Standard Board, which is a wing of ICA (G). the board has 16 voting members working on voluntary basis and are selected based on experience, knowledge and sector of the profession.

'The Board members who are accountants and lawyers are appointed by the council of the ICA (G) and serve on a four year term. Ghana National Accounting Standards are based on International Accounting Standards effective in mid 1990s' (www.worldbank.org/ifa/rosc).

An IFAC's website 'www.ifac.org/ComplianceAssessment', outlines the due process followed before pronouncement are made as follows;

- Public exposure of standards; views are collected from members on the practical difficulties encountered when using a particular International Accounting Standards. Suggestions for handling the difficulties in the light of local conditions.
- Accessibility of meetings; meeting are held in public
- Approval process for final standards; two-third majority is required.

In January, 2007, the Ghana National Accounting Standards was replaced by the IAS/IFRS. However, Ghana National Accounting Standards will be used by small and medium sized enterprises as well as Ministries, Departments and Agencies' (MDA's) in the public sector until 2009 when it will be replaced.

2.5 LIMITATIONS OF THE GNAS

The World Bank's website outlines the following as the limitations of the Ghana National Accounting Standards;

Firstly, it is outdated and differs significantly with International Accounting Standards. It therefore does not comply with global standards of financial reporting, making it impossible to promote investor confidence in Ghana.

Moreover, the ICA (G) has not made any efforts to review and update the national standards. The ICA (G) lacks technical skills for the task.

Furthermore, the legal requirement on accounting and reporting by companies, banks and insurance companies are not consistent with International Accounting Standards.

Again, there is no published implementation guidance.

There are significant compliance gaps. Examples are highlighted below;

- i. Outdated terminology and practices
- ii. Accounting policies
- iii. The role of financial statement in tax collection is minimal.

2.6 IMPEDIMENTS TO THE SUCCESSFUL IMPLEMENTATION OF IAS

Certain factors impede the successful implementation of International Accounting Standards and the researcher has summarized some of these impediments as outlined by Hegarty J, Gielen F and Barros H-2004 as follows;

A misunderstanding of the nature of the standards is an impediment to the successful implementation of International Accounting Standards. Countries are unable to set concrete implementation targets or to measure progress in reaching those targets due to this.

Again, Lack of appropriate mechanisms for granting national authority to the standard is also an impediment. The standards require the law and other regulatory to back it in order to be effective.

Moreover, Inconsistencies between standards and the legal framework is an impediment. The fundamental implementation of International Accounting Standard is an unequivocal relationship between the legal framework and International Accounting Standards.

Furthermore, Lack of appropriate linkages between general-purpose financial reporting and regulatory reporting. If the requirement of regulatory reporting conflict with those of IAS/IFRS, it precludes successful implementation.

Inappropriate scope of application of International Accounting Standards limits it. Full IAS/IFRS are not appropriate for use by all reporting entities.

Non-observability of compliance can impede the successful implementation of International Accounting Standards.

CHAPTER THREE

METHODOLOGY

3.1 RESEARCH DESIGN

The nature of the study was a survey. The researcher visited the respondents in their offices to administer to them questionnaires. The survey was well structured and piloted making it relatively cheap and quick in obtaining information. The researcher used the survey because survey aims at obtaining information which can be analyzed and patterns extracted and comparisons made. Questions of survey are designed to be unbiased and lend themselves to future replication. The research is an analytical type.

Data was collected from a variety of archival data, including books, articles and website.

3.2 POPULATION

The populations for the research were made up of all;

- practicing Chartered accountants working for the businesses that has adopted IAS
- Managing Directors (MDs) and Chief Executive Officers (CEOs) for the businesses that has adopted IAS
- Investors and
- Financial analysts

The actual number of the various populations as it would have been was not made available to the researcher.

3.3 SAMPLING AND SAMPLING TECHNIQUES

47 accountants and MDs/CEOs were sampled from the population above by the use of the simple random sampling technique which gave each element an equal chance of being selected. 18 of the analysts and investors were sampled by the use of snowball sampling technique which helped the researcher locate respondents by asking respondents to suggest others with similar abilities to address the issue. The elements sampled were administered

with questionnaires. Below is the number of the elements that were issued with questionnaires.

- 17 Managing Directors and Chief Executive Officers
- 30 practicing chartered accountants in the businesses that has adopted IAS
- 9 investors
- 9 financial analyst

The researcher was able to gather 52 of the questionnaires administered. Below is the number of the various groups that the researcher was able to retrieve the administered questionnaires from.

- 12 Managing Directors and Chief Executive Officers
- 27 practicing chartered accountants in the businesses that has adopted IAS
- 7 investors
- 6 financial analysts

3.4 DATA GATHERING INSTRUMENT

Questionnaires were used in gathering primary data. An interactive style questionnaire in an easy to follow sequence was developed by the researcher. 65 questionnaires were administered to respondents. However, 52 questionnaires were retrieved by the researcher.

Since the researcher needed in-depth information and to eliminate the possibility of being biased, open ended questionnaire was used in gathering information.

The researcher used questionnaire because the study population were all literates who could read and understand.

Lastly, questionnaires helped the researcher obtained accurate information to some sensitive questions since the questionnaire offered greater anonymity.

Secondary data was gathered from a variety of archival data.

3.5 DATA ANALYSIS

Data was analyzed in relation to the research problem after it has been successfully collected.

The data was analyzed by the researcher in order to measure, make comparison, forecast, examine relationships, test hypothesis, construct theories and concepts and to explore, explain and control. Data collected was edited by the researcher to ensure completeness of answers, legibility, consistency, comprehensive and accuracy of information. Data was analyzed using qualitative method. This method uses frequency distribution table and percentages in analyzing data. Percentage was carried on each scaling item.

CHAPTER FOUR

DATA ANALYSIS

4.1 INTRODUCTION

The data which forms the basis for the analysis were the response from the questionnaires administered.

The analysis was carried out upon the variables below.

- The impact of International Accounting Standards on businesses in Ghana.
- The need for International Accounting Standards to replace Ghana National Accounting Standards.
- Impediments to the successful implementation of International Accounting Standards.

Tables were used to aid easy analysis of data.

4.2 Impact of International Accounting Standards on businesses in Ghana

Table 1

Responses to the question, 'does International Accounting Standards have impact on businesses in Ghana'?

	YES	%(YES)	NO	%(NO)	TOTAL	TOTAL %
Accountants	27	100	0	0	27	100
MDs/CEOs	12	100	0	0	12	100
Investors	5	71.4	2	28.6	7	100
Financial analyst	6	100	0	0	6	100

From the data above, it was realized that all the accountants and MDs/CEOs which represent 100% answered yes.

The reasons for their responses gathered by the researcher are outlined below.

- They find it easier to compare their financial performance and position to their subsidiaries abroad and some other foreign companies to ascertain how well their business is performing, impacting their business to perform extra better.
- International Accounting Standards has made them please their investors and has strengthened their stock market picture as their investors now find it easier to compare and understand financial statements. Their foreign partners and foreign stakeholders have shown much interest since they adopted International Accounting Standards.
- The adoption of International Accounting Standards has challenged their accountants and, especially, their businesses to perform effectively in order to satisfy stakeholders and attract more finances into their business.

Moreover, 71.4% of the investors responded yes to the question while 100% of the financial analyst answered yes.

The explanation to their responses (yes or no) from their point of view is outlined below.

- International Accounting Standards will help enhance the confidence of investor and or stakeholders as it will provide them with a comparable and understandable financial statement. Businesses can therefore loss or gain more of its investors through the nature of their financial statement.
- International Accounting Standards will enable businesses to undertake an activity or an operation in any foreign country easily. Purchases, attracting loan or fund and other activities in the foreign market can be done easily.
- Comparable and understandable financial statement provides good information to management on their financial performance and position. International Accounting Standards will enable businesses to compare their financial position and performance to other businesses both locally and internationally.
- International Accounting Standards will enable businesses to attract foreign stakeholders and partners. This will enable them to increase their capital base. It will

provide to them a big opportunity to obtain funds or raise capital from foreign countries.

- International Accounting Standards will introduce technical expertise to businesses as it enables an easy transfer of accountants and auditors to businesses in the country by their foreign subsidiary or the business itself.

However, 2, representing 28.6% answered no to the question. Their major reason for their answer was that, there will not be any impact of International Accounting Standards on businesses as it will only change some of the terminologies and not the financial figures. They continued that, most businesses in the country are not in position to attract foreign capital as this will open to them greater responsibility that the businesses can not bear.

4.3The need to replace Ghana National Accounting Standards with International Accounting Standards.

Table 2

The need for replacing Ghana National Accounting Standard with International Accounting Standards.

	YES	%(YES)	NO	%(NO)	TOTAL	TOTAL %
Accountants	23	85.2	4	14.8	27	100
MDs/CEOs	7	58.3	5	41.7	12	100
Investors	5	71.4	2	28.6	7	100
Financial analyst	6	100	0	0	6	100

From the table above, it is analyzed that, 85.2%representing 23 respondents of accountants as well as 58.3% representing 7 respondents answered yes to the need for International Accounting Standards to replace Ghana National Accounting Standards.

Their responses to the reason for their answer were;

It was difficult working with the Ghana National Accounting Standard as it did not clarify certain disclosures as compared to International Accounting Standards.

Moreover, Ghana National Accounting Standards did not expose their businesses to the foreign market, foreign investors and lenders as it was not understood by most potential foreign stakeholders. International Accounting Standards is widely understood and clear to most potential foreign investors.

14.8% representing 4 and 41.7% representing 5 of the accountants and MDs/CEOs answered no to the above question.

Their explanation was that, though the Ghana National Accounting Standards was outdated and was not comprehensive, the ICA (G) could have redeveloped it based on the International Accounting Standards to converge both. They believed that, the ICA (G) needed to analysed and assessed the conditions and practices in the country and use it to develop the Ghana National Accounting Standards. They see some of the International Accounting Standards applications inappropriate in Ghana.

71.4% representing 5 of the investors and 100% representing 6 of the financial analyst responded yes to the question.

Their major reason was that, Ghana National Accounting Standards was outdated and also, the ICA (G) did not have the proper knowledge to update it hence the need for International Accounting Standards which would be updated with the necessary attention by external qualified body.

Further more, the International Accounting Standards will be of much benefit to the government as it will improve the role of tax collection in Ghana and also on the business as it will improve the assessment and collection of taxes on corporate profits.

28.6% representing 2 of the investors responded no to the question. Their reason was similar to that of the accountants who answered no. No financial analyst responded no to the question.

4.4 Impediments to the successful implementation of International Accounting Standards in Ghana.

Some of the responses the researcher gathered from respondents on the significant impediments to the successful implementation of International Accounting Standards in Ghana have been outlined below.

It is sometimes difficult to have full understanding of some of the standards as they are new to them.

Some few inconsistencies between the regulations as in the company's code and the International Accounting Standards have also been an impediment to the successful implementation of International Accounting Standards.

Confusion as to those aspects of International Accounting Standards that is applicable to the reporting entity preparing the financial statement.

Also, responses from the investors and financial analyst to the above question have been outlined below.

One of the impediments they wrote was the misunderstanding of some of the disclosures to the financial statement preparers as no seminar to give them full understanding of unpopular disclosures has not been implemented.

Again, they see the law and regulatory bodies not given full backing to International Accounting Standards. By this reason, compliance is now discretion on the part of accounting statement preparers.

They wrote that, the scope of International Accounting Standards application is not appropriate as accountants sometimes find it difficult in knowing those standards that are not, and are applicable to their financial statement.

CHAPTER FIVE

SUMMARY, RECOMMENDATIONS AND CONCLUSION.

5.1 SUMMARY

The International Accounting Standards has been introduced to replace the Ghana National Accounting Standards in Ghana. This introduction comes with either a positive or a negative impact on businesses.

It also comes with an argument as to whether it is the best standards to alleviate the problems that accountants face when using the Ghana National Accounting Standards which was the accepted accounting standards in the country.

Lastly, it comes with an argument as to whether business operations and the economy have the necessary foundations to properly accommodate it without impeding its successful implementation in any way.

In order to find solution to these problems, the researcher carried out this study and has summarized his responses below.

The researcher realized from the data analyzed that, International Accounting Standards will have positive impact on businesses by promoting efficiency and effectiveness on business activities and finances. This can be achieved by the degree of fair competition among businesses to gain the interest and satisfy investors, lenders and creditors on the local and international market and the expertise it introduce.

International Accounting Standards will help make available good information to management for efficient and effective managing of businesses.

Moreover, International Accounting Standards will impact on businesses positively by enhancing the flow of funds into businesses as they will have a financial statement that they can use on all capital market to attract or gain funds. International Accounting Standards will therefore contribute to foreign direct and portfolio investment and will facilitate the integration into global firm and capital markets.

The researcher found out that, there was the need to replaced Ghana National Accounting Standards with International Accounting Standards as the Ghana National Accounting Standards is outdated and differs significantly from International Accounting Standards. He also realized that, the ICA (G) lacked the needed technical skills to help them update the Ghana National Accounting Standards to the International Accounting Standards.

The researcher found out that, there exist several impediments in the country that will inhibit the successful implementation of International Accounting Standards. These impediments must be identified and rectified if possible

5.2 RECOMMENDATION

The researcher makes the following observations based on the finding from the analyzed data.

- i. Businesses should be knowledgeable enough of the opportunities that the adoption of International Accounting Standards has created for them and should tune them properly to access these opportunities in order to match global business standards.
- ii. The ICA (G) should take it upon them to educate accountants, MDs/CEOs and other relevant executives in the various business organizations on the application of the International Accounting Standards to enhance efficient and effective management of businesses to help them take advantage of the opportunities that is inhibited in the International Accounting Standards adoption.
- iii. The ICA (G) and the national authorities should take upon them the burden to change some of the regulations that are not consistent with International Accounting Standards, and also to help the legal standards give the necessary backing to International Accounting Standards implementation.
- iv. The ICA (G) should set concrete implementation targets to measure progress in reaching the set targets. This will help hamper rigorous and uniform application of International Accounting Standards.

5.3 RECOMMENDATION FOR FURTHER RESEARCH

The researcher has recommended that, the areas below should be researched further to come out with solutions that will give students and other stakeholders a comprehensive insight into the adoption of International Accounting Standards in Ghana.

- i. The impact of the adoption of International Accounting Standards on the Ghanaian economy and investors.
- ii. The impediments to the successful implementation of International Accounting Standards and appropriate controls to alleviate them.
- iii. The preparedness of the economy to successfully implement Accounting Standards.

5.4 CONCLUSION

It is concluded that, International Accounting Standards has positive impacts on businesses and it needs to be taking advantage of by businesses in the country. Various impacts like opening the countries businesses to the international markets, investors, lenders and creditors. These also contribute to the efficient and effective management of businesses in the country.

Moreover, there was the need for International Accounting Standards to replace the Ghana National Accounting Standards to open businesses in Ghana to the opportunities in the international market.

Lastly, the researcher concludes that, impediments to the successful implementation of International Accounting Standards should be identified and controls carefully taken to alleviate their effect.

The researcher also outlined some areas that must be researched into to give much insight into the adoption of International Accounting Standards.

The researcher also made some recommendations that if carefully implemented, will go a long way to improve the implementation of International Accounting Standards in Ghana.

APPENDIX 1

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APPENDIX 2

QUESTIONNAIRE I

CHRISTIAN SERVICE UNIVERSITY COLLEGE

RESEARCH QUESTIONNAIRE (ACCOUNTANTS AND MANAGING DIRECTORS)

The questionnaire is mainly for academic purpose to analyze the international accounting standards that Ghana has adopted and its impact on businesses in the country. Any information will be held confidential.

Note;

- i) You are kindly requested to write your response in the space provided where necessary.
- ii) Kindly tick the appropriate response where alternative response has been given.

1. Please indicate the name of your organization?

.....
.....

2. Which of the Accounting Standards below was your organization using in preparing its financial statement?

I) Ghana National Accounting Standards (GNAS) ☐

II) (ii) International Accounting Standards (IAS) ☐

3. Which of the Accounting Standards below does your organization use in preparing its financial statement?

i) Ghana National Accounting Standards ☐

ii) (ii) International Accounting Standards ☐

4. Please write the reason for your answer to the question 3 above?

.....
.....
.....

5. Do you find any reason for replacing GNAS with IAS?
- I) Yes ☐ (ii) No ☐
6. Could you please write the reason for your answer to question 5 above?
-
-
-
7. Has IAS had any impact on your organization since you adapted it?
- I) Yes ☐ (ii) No ☐
8. If answer yes to question 7 above, could you please tick the impact that IAS have had on your organization?
- i. Increase in foreign investment in the business
 - ii. Easy in attracting loan and capital from abroad
 - iii. Improvement in public confidence in the business
 - iv. Easy in comparing the business performance to other foreign businesses
9. Could you please tick the challenge(s) that the IAS pose on your organization?
- i. difficulty in applying the standard
 - ii. the standards are complex
 - iii. difficulty in understanding the standards
10. In your opinion, do you think some factors exist to impede the successful implementation of IAS?
- i) Yes ☐ ii) No ☐
11. Could you please tick from the answers below the one you think that it highly impedes the successful implementation of IAS in your organization?
- i) Lack of appropriate understanding to standards
 - ii) Poor backing to the IAS by the Ghanaian law
 - iii) Inconsistencies between the standards and the regulations
 - iv) Poor observance of compliance to the standards
12. Could you please write some reservations you have?
-
-

APPENDIX 3

QUESTIONNAIRE II

CHRISTIAN SERVICE UNIVERSITY COLLEGE

RESEARCH QUESTIONNAIRE (FINANCIAL ANALYST AND INVESTORS)

The questionnaire is mainly for academic purpose and is to analyze the adoption of the international accounting standards and its impact on businesses in Ghana that has adopted it. Any information given would be held confidential.

Note;

- i) you are kindly requested to write your response in the space provided if necessary
- ii) kindly tick the appropriate response where alternative responses has been given

1. Would you please indicate the group you belong to?

i) financial analyst ☐

(ii) investor ☐

2. Did you realize any problem with Ghana National Accounting Standards (GNAS)?

I) Yes ☐

(ii) No ☐

3. Could you please write the reason for your answer to question 2 above?

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4. Which of the standards below would you like businesses in Ghana to adopt in preparing financial statements?

I) GNAS ☐

II) IAS ☐

5. Do you realize any impact that IAS will have on businesses in Ghana?

(I) Yes ☐

(ii) No ☐

6. Could you please write the reason to your answer in question 5 above?.....
.....
.....
7. Are there problems with IAS?
I) Yes ☐ (II) NO ☐
8. Do you see the need for the replacement of GNAS with IAS ?
(I)Yes ☐ (ii) No ☐
9. Could you please write the reason for your answer to question 8 above?
.....
.....
10. Could you please write some of the impacts that International Accounting Standards will have on investors?
.....
.....
11. Do certain factors exist to impede the implementation of International Accounting Standards in Ghana?
i) Yes ☐
ii) No ☐
13. Could you please tick from the answers below the one you think that it highly impedes the successful implementation of International Accounting Standards in your organization?
v) Lack of appropriate understanding to standards
vi) Poor backing to the International Accounting Standard by the Ghanaian law
vii) Inconsistencies between the standards and the regulations
viii) Poor observance of compliance to the standards
12. Could you please write other reservations you have?
.....
.....
.....