

THE SUCCESS OF IFRS IN AFRICA: COMPARATIVE EVIDENCE BETWEEN GHANA AND KENYA

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ABSTRACT

Comparability of financial statements in the face of increased globalisation of businesses has triggered mandatory adoption of IFRS by many countries in the world. Kenya adopted IAS now IFRS in 1998 while Ghana adopted IFRS in 2007. This study empirically sought to determine the extent of compliance with IFRS in Ghana and Kenya and further determined whether significant difference exist between the two countries. The study also sought to determine company attributes that have a relationship with IFRS compliance rate in Ghana and Kenya. Financial reports of 31 companies listed on the Ghana Stock Exchange and 50 companies listed on the Nairobi Stock Exchange were examined and compliance scored with an aid of a checklist. The study revealed an overall compliance rate of 97.1% and 74.5% between Kenya and Ghana respectively. Pearson product moment correlation revealed company attributes of auditor type, Industry type and Internationality as variables having a positive association with IFRS compliance rate in both Kenya and Ghana. The study concluded that the differential attribute of Kenya having an older Stock Exchange and having adopted IFRS far earlier could explain its higher compliance over Ghana.