ADOPTION OF INTERNATIONAL FINANCIAL ACCOUNTING REPORTING STANDARDS: THE CHALLENGES OF DEFINITION AND IMPLEMENTATION

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Abstract
This study examines the International Financial Accounting Reporting Standards adoption practices around the world and the way these practices are reflected in the financial statements of companies in different countries. It also examines the incentives/motivations for the variations in the type of International Financial Accounting Reporting Standards adopted by various countries and the meaning they attached to the term ‘IFRS adoption’. To this end extant literature on International Financial Accounting Reporting Standards adoption was reviewed. Findings indicate that IFRS adoption officially means the undiluted application of all International Financial Accounting Reporting Standards as issued by the International Accounting Standards Board without any deviation but that many countries have not adhered to this meaning of The study recommends that the International Financial Accounting Reporting Standards Foundation should carry out post implementation surveys and publish on a regular basis, a ranking of countries according to their International Financial Accounting Reporting Standards compliance status. The study also recommends that a Global Quality Corporation Union be established to act as the umbrella body of corporations that are complying with International Financial Accounting Reporting Standards.

Keywords: International Financial Reporting Standards, adoption, convergence, comparability, national standards

Introduction
IFRS are accounting rules (standards) issued by the International Accounting Standard Board (IASB), an independent organization based in London, UK. Before the inception of IASB, international standards were issued by the IASB’s predecessor organization, the International Accounting Standards Committee (IASC), a body established in 1973 through an agreement made by professional accountancy bodies from Australia, Canada, France, Germany, Japan, Mexico, the Netherlands, the United Kingdom and Ireland, and the United States of America. Up to 2000, the IASC’s rules were referred to as “International Accounting Standards” (IAS). In 1997, and after nearly 25 years of its existence, the IASC realized that its standards were not being followed worldwide and that various countries were still using their own GAAPs. Simply stated, the IASC discovered that it was serving little or no purpose as far as application of international financial accounting standards were concerned. It therefore came to the conclusion that to continue to perform its role effectively, it must find a way to bring about convergence between national accounting standards and practices and high-quality global accounting standards. To achieve this objective, in 1997 IASC formed a Strategy Working Party that published a discussion paper in December 1998 and made final recommendations in November 1999. The IASC Board approved the proposals in December 1999, and the IASC member bodies did the same in May 2000. The new standards-setting body was named the ‘International Accounting Standards Board (IASB)’.

The Components of IASB structure contain IASB, IASC Foundation, International Financial Reporting Interpretations Committee (IFRIC) (previously Standing Interpretations Committee, SIC under IASC), Standards Advisory Council (SAC) and Working Groups. The IASB calls its rules
under the new label “International Financial Reporting Standards (IFRS)”, though it continues to recognize (accept as legitimate) the prior rules (IAS) issued by the old standard-setter (IASC).

Over the years the business community has admitted that accounting is “the language of business” and financial information is a form of language. To ensure its usefulness, financial information should not only be intelligible, but also be comparable so that investment and credit decisions can more readily be taken. Over the past few decades, the accounting profession has been facing the pressure of globalization and continuously seeking the way to present financial situations using unique accounting procedures which can be understood by the entire business community. According to Anderson (1993:25) “a set of international accounting standards will allow new horizons of evolution due to the fact that comparative analysis of the rates of returns established based on the balance sheets and profit and loss account between the companies being in competition become relevant”. Comparison, as the basic form of economical judgment, can be realized only if the accounting system is unique for all the companies involved in the analysis. Also according to Nobes and Parker(1991), harmonization is absolutely necessary because national standards of financial statements are virtually useless; financial markets in more regulated countries are threatened with a loss of market share; and multinational corporations must prepare multiple reports for different nations they do business in. Thus IFRS are to provide high quality accounting standards across nations that would ensure international comparison of financial statements.

One of the thorny issues on the implementation of international accounting standards has been the approach to adoption. In today’s lexicon on IFRS, you hear of “convergence”, “adoption”, and so on. In other words, there seems to be some confusion on what is taking place around the world on IFRS. According to Wong (2004), the question “to what degree do you consider that the international standards have been adopted in your country?”, gave rise to varied responses because there was no universally accepted definition of adoption. Participants referred to “adoption”, “transformation, convergence”, “harmonization” and so on without clearly defining what those terms meant”. According to him without a universally accepted definition of “adoption”, it is difficult to measure progress towards international harmonisation.

**Need for a single set of global financial accounting standards**

According to Ball (1995: 19), the fundamental economic function of accounting standards is to provide “agreement about how important commercial transactions are to be implemented”. The two issues here are the importance of having high quality financial accounting standards and whether IFRS satisfy the requirements of high quality global accounting standards. According to Bhattacharjee and Islam (2009), ensuring disclosure quality of financial information is mandatory for reducing information asymmetry and solving agency problem in the corporate sector. Existing literatures document improvements in accounting quality following IFRS adoption (e.g., Barth et al., 2006; Gassen and Sellhorn, 2006; Hung and Subramanyam, 2007; Barth et al., 2008) .

Gordon (2008) listed the benefits from adoption of IFRS over the world as :(i) Better financial information for shareholders:(ii) better financial information for regulators; (iii) enhanced comparability; (iv) improved transparency of results; (v) increased ability to secure cross-border listing; (vi) better management of global operations; and (vii) increased cost of capital.

Barth, Landsman and Lang (2006; 2008) also find that an international sample of firms that voluntarily adopted IFRS up to 2003 exhibits lower levels of earnings management and more timely loss recognition than a matched sample of firms using local GAAP. In the same vein, Daske et al. (2007) focus on the heterogeneity in the consequences of voluntary IFRS adoption and find that on average capital markets respond modestly to voluntary IFRS reporting.

In general, the evidence on the association between voluntary IFRS adoption and
accounting quality is mixed, although studies applying more recent data generally find relatively better accounting quality among the firms that adopt IFRS (Christensen et al., 2008).

To demonstrate the effect of IFRS on investors’ ability to forecast earnings, some researchers argue that better accounting standards make reported earnings less noisy and more accurate, hence more “value relevant.” (Ashbaugh and Pincus; 2001; Hope, 2003; Armstrong et al., 2007; Covrig, Defond, and Hung, 2007). This would make earnings easier to forecast and would improve average analyst forecast accuracy. However, some researchers (e.g. Ball; Kothari and Robin, 2000 and Ball, Robin and Wu, 2003) think oppositely that managers in low-quality reporting regimes are able to “smooth” reported earnings to meet a variety of objectives, such as reducing the volatility of their own compensation, reducing the volatility of payouts to other stakeholders (notably, employee bonuses and dividends), reducing corporate taxes, and avoiding recognition of losses.

The Chief Executive Officer of the Nigerian Accounting Standards Board NASB, Jim Osayande Obazee, has states that the passage of the Financial Reporting Council Bill that will pave way for IFRS adoption will put Nigeria on the path to adopting the best organised approach to regulation of financial reporting as it is currently the practice in the United Kingdom, Austria, Malaysia etc. (Obazee, 2011). He states further that the bill will be responsible for ensuring the accuracy and reliability of companies’ financial disclosures and harmonising regulatory and professional bodies responsible for corporate governance and financial reporting and that it will also monitor and ensure the accuracy, veracity and fairness of accounting and financial reports of public quoted companies”. According to him, with the passage of the bill, and subsequent implementation of IFRS, Nigerian accounting graduates from tertiary institutions will become internationally acceptable and employable since the passage of the bill has a direct link with the adoption of the of International Financial Reporting Standard (IFRS).

Approaches to IFRS adoption around the world

Having established the need for a single set of high quality financial accounting standards all over the world and the fact that most countries have entered into a Memorandum of Understanding with the IASB to implement IFRS, we now examine the approaches to the adoption around the world. We will proceed to group the practices into compartments to see how these countries incorporate IFRS into their reporting systems and address concerns regarding the regulatory responsibility of the jurisdiction’s capital market regulators, the impact on national standard setters, and the consequences for other bodies responsible for the broader accounting standard-setting process. Although the methods of incorporation differ across jurisdictions, Securities and Exchange Commission (2010) shows that jurisdictions generally have incorporated or intend to incorporate IFRS into their reporting requirements for listed companies by either: (1) full use (without intervening review) of IFRS as issued by the IASB or (2) use of IFRS after some form of national or multinational incorporation process, which could lead to the full use of IFRS as issued by the IASB or some local variation thereof. Regardless of the method of incorporation applied, jurisdictions also require compliance with national laws and regulations. According to SEC(2010), any additional disclosures required by such laws or regulations are typically incremental to, but not inconsistent with, IFRS.

Under the approach in the first of the above categories, countries recognize or accept IFRS as issued by the IASB. IFRSs are applicable in the jurisdiction once issued by the IASB, without approval by any local body. Although this approach seems to have the least potential to create deviations from IFRS as issued by the IASB, it also has the potential to result in a much greater degree of reliance by a national regulator (or other body) in exercising its authority and fulfilling its responsibility for investor protection. According to SEC’s research,
thus far, very few jurisdictions follow this approach.

The second category comprises jurisdictions that use IFRS after some form of a national or multinational incorporation process. Although most of these jurisdictions maintain the objective of adopting IFRS without variation, some jurisdictions following this approach have not adopted IFRSs as issued by the IASB or followed the effective date provisions specified by the IASB. This approach allows for greater ability to address country-specific issues. It could, however, also have an impact on the perception of the use of a single set of high-quality, globally accepted accounting standards.

According to the Securities and Exchange Commission (2010), countries using a national incorporation process generally can be further divided into: (1) those countries that converge their local standards with IFRS without a firm commitment to incorporate fully IFRS as issued by the IASB (“Convergence Approach”); and (2) those countries that undertake some form of local endorsement (“Endorsement Approach”).

**Convergence Approach**

Under the Convergence Approach, jurisdictions do not adopt IFRS as issued by the IASB or incorporate IFRSs into their accounting standards directly. Instead, these jurisdictions maintain their local standards but make efforts to converge those bodies of standards with IFRS over time. One example of a country using the Convergence Approach is the People’s Republic of China (PRC), which is moving its standards closer to IFRS without incorporating IFRS fully into its national financial reporting framework.

**Endorsement Approach**

According to the Securities and Exchange Commission (2010), a large number of countries (e.g., countries within the European Union (EU)) appear to follow a form of the Endorsement Approach. Under this approach, jurisdictions incorporate individual IFRSs into their local body of standards. Many of these jurisdictions use stated criteria for endorsement, which are designed to protect stakeholders in these jurisdictions. The degree of deviation from IFRS as issued by the IASB can vary under this approach. In some cases, countries appear to adopt standards exactly as issued by the IASB with a high threshold for any country-specific deviation.

A significant number of jurisdictions following the Endorsement Approach are the countries within the EU. Although the EU has brought virtually all of the content of IFRS into force for various purposes, it is not exactly IFRS as issued by the IASB that is required. For example in France, consolidated reporting by listed companies requires the French language version of the IFRS as endorsed in the EU by a particular date (Nobes and Zeff, 2008).

In many countries outside of North America, companies are required to publish unconsolidated statements of each legal entity, so that there are hundreds of such sets of financial statements produced by large groups whether the company is listed or not, and by entities that are not part of a group. Such reporting is allowed to use IFRS in France although it is in the UK (Haller and Eicrle, 2004; and Nobes and Parker, 2006).

According to Nobes and Zeff (2008), another controversial version of “adoption” is that of Australia, where the law still requires Australia standards to be followed by reporting entities. It is another example of a jurisdiction following the Endorsement Approach. The Australian current position was proposed by the Canadian Accounting Standards Board as the position for Canada when IFRS is brought into force in 2011 (OSC, 2006). In other words IFRS would not exactly be “adopted” but incorporated into the Handbook of the Canadian Institute of chartered Accountants, which is imposed on companies by the Corporation and Securities laws. The endorsement approach involves the need to constantly turn IFRS into national standards and this means means that time lags occur. It also reduces the clarity, for foreigners, of whether or not IFRS is being complied with. Partly for this reason, the securities regulators in Canada began consulting on a more direct approach to IFRS adoption (OSC, 2008).
Another possible incorporation approach, colloquially referred to as “Condorsement,” was discussed in December 2010 by a member of the Staff of the U.S. SEC (SEC, 2010). It is one of the approaches being considered in her attempt to ‘wriggle’ out of the her ‘IFRS adoption quandary’. This approach to incorporation is in essence an Endorsement Approach that would share characteristics of the incorporation approaches with other jurisdictions that have incorporated or are incorporating IFRS into their financial reporting systems. However, during the transitional period, the framework would employ aspects of the Convergence Approach to address existing differences between IFRS and U.S. GAAP. Significantly, the framework would retain a U.S. standard setter and would facilitate the transition process by incorporating IFRSs into U.S. GAAP over some defined period of time (e.g., five to seven years). At the end of this period, the objective would be that a U.S. issuer compliant with U.S. GAAP should also be able to represent that it is compliant with IFRS as issued by the IASB. Incorporation of IFRS through the framework is intended to achieve the goal of having a single set of high-quality, globally accepted accounting standards, in a practical manner that could minimize both the cost and effort needed to incorporate IFRS into the financial reporting system for U.S. issuers. It also intends to align the United States with other jurisdictions by retaining the national standard setter’s authority to establish accounting standards in the United States.(see SEC, 2011).

Before closing the section on IFRS adoption practices around the world, it is necessary to examine the case of Nigeria. According to NASB(2010), Some reporting entities are already using IFRS for non-statutory purposes. Such IFRS-based financial statements must be in addition to the financial statements prepared under relevant Statements of Accounting Standards issued to date by the NASB. The few entities that are already using IFRS for non-statutory purposes are allowed to continue as it will facilitate effective mandatory IFRS at the appropriate time. The use of IFRS by entities prior to national enforcement is referred herein as “voluntary”.

According to the NASB(2010), Where certain regulators require the preparation of IFRS-based financial statements, such financial statements should be in addition to the ones prepared under national GAAP as defined by the NASB. Mandatory Adoption of IFRS is expected to be implemented in three phases in Nigeria starting from January 1, 2012. Thus, the approach by Nigeria is wholesale adoption of undiluted IFRS without any national flavor.

**IFRS adoption and disclosure in financial statements**

So far we have seen that IFRS (as issued by IASB) is only directly required in very few jurisdictions. This takes us to the issue of what should be disclosed in financial reports as per compliance with IFRS. According to Nobes and Zeff(2008), where the requirements is for a national adoption of IFRS or for national standards based on IFRS, the management and auditors have to refer, among other things to whatever  the legal requirement is. In the case of the EU audit reports, the exact wording was discussed by the Federation des Experts Comptables Europeans (FEE), a professional body representing European Auditors. It originally recommended that the reports should say “…. In accordance with IFRS as adopted for use by the EU”. This was turned into a recommendation by the Auditing Practices Board(2005). The European Commission later replaced the “adopted for use in the EU” with “adopted by the EU”. This is the version that is contained in FEE (2005), the Accounting Principles Board (APB)(2006) and in translation into 20 European Languages. This change was necessitated by variations in audit reports.

Under IAS 1 on presentation of financial statements as revised in 2007, management cannot claim compliance with IFRS unless it complies with all requirements. The amended IAS 1 of 2007 adds a requirement for companies that refer to IFRS but does not fully comply. The amended IAS 1 requires such a company to describe the differences between its reporting and IFRS. But
what has been the reporting practices of companies where IFRS is being applied worldwide. In Australia and various Asian jurisdictions, management and auditors must refer to compliance with national law and standards, even if they are based closely or exactly on IFRS. According to Christopher and Stephen (2008), this amounts to “dual IFRS reporting”. In other words, reporting both full IFRS and another version of IFRS in the statutory financial statements. They believe that it would not amount to “dual IFRS reporting” if the management and auditors refer to IFRS and to a legal framework.

The Institute of Chartered Accountants in England and Wales ICAEW (2007) carried out a survey of IFRS practices in Europe using 200 listed companies. They find examples of references to IFRS only, to EU – IFRS only and to dual reporting. The ICAEW finds some dual reporting by management in countries other than the UK and Germany, with the highest percentage coming from Netherlands. The EU approved wording is “IFRS as adopted by the EU”. However, in the UK, ICAEW, find that all of the Deloitte reports and some Pricewaterhousecoopers (PWC) reports referred to “IFRS as adopted for use in the European Union”. The study also find that one KPMG report referred to “adopted IFRS” without saying who has adopted it.

Thus the meaning of adoption of IFRS and the way it is reported in the financial statements has continued to generate controversy and has indeed assumed some political dimensions.

**Adoption or convergence**

Let us now go back to the meaning of adoption which is apparently at the root of the confusion in the implementation of IFRS globally. The confusion in the meaning of IFRS adoption was ably demonstrated when Angus Thomson of the Australian Accounting Standards Board (AASB) states that: ‘Australia definitely adopts IFRSs’ (Thomson 2009: 153) in response to Nobes (2008: 283) who wrote that: ‘Australia has chosen not to “adopt” IFRS, but to converge its standards with IFRS’. According to Nobes and Zeff (2010), the distinction has major legal and political aspects. It can affect preparers, auditors and users. Nobes and Zeff examines the meaning of ‘adoption of IFRS’ in the context of jurisdictions. According to them, the term ‘IFRS adoption’ has also been used in the context of company choices. In the academic literature, in this context, the term has generally been used in a clear way to mean full-scale use by a company of IFRS as issued by the IASB (for example, Ashbaugh 2001; Ashbaugh and Pincus 2001; Barth et al. 2008; Leuz 2003; Radebaugh et al. 2006; Roberts et al. 2008). This entity-level meaning of ‘adoption’ is also that of the IASB’s own IFRS 1 First-time Adoption of International Financial Reporting Standards. Thus adoption can be said to be the full scale implementation of IFRS without any variation.

From the earlier analysis, convergence to IFRS is the key competing terminology with adoption. We will, therefore, attempt to compare and contrast the two terms. According to Illiano (2008), convergence between IFRS and GAAP does not mean that the accounting standards become identical. According to him, convergence means that where transactions are the same or similar, the accounting treatment should likewise be the same, or there should be enough transparency in the disclosures to allow the reader to understand the differences. It also requires a continued effort by the standard setters to try to reduce differences in the systems over time. The focus is on having similar general principles. Many have misinterpreted convergence as meaning the development of the same or “identical” standards. According to Illiano (2008) The reality is that convergence never really contemplated “identical” standards.
primary objective is to develop ‘a single set of high quality, understandable, enforceable and globally accepted financial reporting standards based upon clearly articulated principles’ and that the Trustees remain committed to the belief that a single set of standards is in the best interests of the global economy, and any divergence from a single set of standards, once transition to IFRSs is complete, can undermine confidence in financial reporting. (IFRS, 2011).

As the body tasked with achieving a single set of improved high quality global accounting standards, the IFRS Foundation said it remains committed to the long-term goal of the global adoption, in their entirety and without modification, of IFRSs as developed by the IASB. According to IFRS Foundation (2011), convergence may facilitate adoption over a transitional period. Convergence, however, is not a substitute for adoption.

**Challenges in full adoption of IFRS adoption**

The issue here is the reason why various jurisdictions are having difficulties in fully adopting IFRS as proclaimed by the IASB. According to Illiano (2008), several obstacles remain that work against moving to one set of high-quality, globally accepted accounting standards. According to him, National pride plays a role. Historically, accounting standards have been promulgated on a national level. There is often resistance to the notion that a foreign set of standards could be better overall. The United States is guilty of this and so many other countries with significant economies, such as Japan and India. In fact, Europe still has not completely accepted IFRS in its refusal to sanction certain elements related to hedge accounting (Bhattachargheee and Islam, 2011; Illiano, 2008).

In some jurisdictions, legal issues act as an obstacle. The local authorities must approve the standards used, or accounting standards must be codified into local law. The process for national approval can result in delays or partial acceptance, neither of which serves to facilitate the move to one set of global accounting standards (Jain, 2009; Illiano, 2008). Standard setters and regulators have similar issues of sovereignty. Political pressures and legal barriers to information sharing among regulators has not made acceptance any easier for various national regulatory agencies. Relinquishing standard-setting authority in favor of, at best, influencing the standard-setting process of another group, especially one that is perhaps geographically and ideologically distant, has met with some resistance. Language can be an obstacle as well. Not just in the translation to or from English, but also the use of similar terms that have different meanings in different countries. Terms like turnover, stocks, and schemes can have different meanings in accounting depending on the country where they are used. In the U.S., we might refer to those same concepts instead as revenue, inventories, and share-based payment plans (IFRS Foundation, 2011; Sacho, 2008; Jain, 2009; Illiano, 2008).

IFRSs must be translated from the official English version. These versions have legal authority in their respective countries. Although this process is a necessary part of spreading IFRS across the world, it is bound to lead to translation errors and ambiguities (e.g. Nobes, 2006a). Thus, having one set of high-quality, globally accepted accounting standards depends on how they are interpreted and applied. If the single set of rules is interpreted in 50 different ways, all you have is 50 different standards that happen to have the same label.

According to Nobes and Zeff (2008), much of the progress on harmonization since the 1970s has been affected by politics. The reunification of Germany in 1990 was a key political factor contributing to the use of “foreign” accounting rules (US GAAP and IFRS) by large German companies from 1993 onwards (Nobes and Parker, 2004; Camfferman and Zeff, 2007). This openness to international standards by Germany and other EU countries enabled the EU Regulation that requires IFRS for the consolidated statements of listed companies.

The issue binding the above points together is whether it is the private sector or the public sector that controls the content of accounting
rules. This debate has a long history (see Benston, 1976; Zeff, 1995). Even in the UK, with its tradition of private regulation, there has always been a legal context into which accounting standards are set. In many jurisdictions, the state takes a closer interest in financial reporting, especially that by listed companies. So, for example, the authority of accounting standards in the US rests entirely on the SEC. In continental Europe, private sector standards are an invention of less than ten years ago in some countries (e.g. France and Germany). The EU’s institutions continue a long continental tradition of reluctance to cede control to the private sector. This has made for a difficult relationship between the EU and the IASB and its predecessor (e.g. Camfferman and Zeff, 2007). Recently, in addition to the European Commission, the EU Parliament has felt the need to engage in the endorsement process and also demanded greater public accountability from the IASB (European Parliament, 2007).

Discussions
In this section, we examine the implication of the findings for the issues raised on Adoption of IFRS: The Challenges of Definition and Implementation. The first finding of the study is that there is a need for a single set of high quality international financial accounting standard. Existing literature document the fact that there are improvements in accounting following accounting quality. (Barth et al, 2006; Grassen and Seihlhorn, 2006; Gordon, 2008; etc). Overall, the evidence on the association between voluntary IFRS adoption and accounting quality is mixed, although research applying more recent data generally find relatively better accounting quality amount firms that adopt IFRS (Christensen, et al, 2008) Although some have argued that because of certain inherent differences among nations that it is not practically possible to have a single set of uniform accounting Standards all over the world, it has nonetheless not remove the need for such accounting standards globally.

Another finding from the study is that IFRS adoption means whole sale application of IFRS developed by the IASB without modification. Convergence and adoption have been used by different jurisdictions to mean the same thing. But this is not so. Convergence is a process geared towards the final end product. Convergence by definition will usually not lead to adoption. Convergence may narrow national differences but will not produce identical set of global standards because each set of standards has a different starting point and Convergence will not address all of the details.

The study finds also that the practices of many Countries who claimed to have adopted IFRS are at variance with the IFRS as proclaimed by the IASB. One of the criticisms of IFRS acceptance around the world has been the emergence of national IFRS “flavours”. In other words, countries adopting IFRS are not always adopting the same standards. The term “as adopted” is being used a lot (e.g. China). What that means is that countries are adopting IFRS in principles but are differing on interpretation and actual application/practice. The end result is the need for financial analysts to become more educated and dig deeper into financial statements. The idea that over 100 countries have one set of standard, thus simplifying analysis is false. Analyst must begin to appreciate how each country is “adopting” IFRS.

Financial statements are supposed to accurately reflect and state their underlying accounting standards. The findings of this study indicate that the financial statement in many jurisdictions do not accurately reflect the version of IFRS adopted. In the preparation of financial statements, it is the standard practice that management and auditors have to refer to, among other things, the legal requirements. Under, IAS 1 on Presentation of Financial statements as revised in 2007, management cannot claim compliance with IFRS unless it complies with all the requirements. This amended IAS 1 of 2007 adds a requirement for companies that refers to IFRS but does not fully comply. It requires such a company to describe the difference between its reporting and IFRS. But in practice financial statements of various countries have not fully comply with this requirement.
The last finding is that political factors, national pride, legal issues, cultural factors among others are militating against the full global adoption of IFRS. One of the key absentees on the list of IFRS adopting nations of the world is the United State of America. National pride dominate the undeclared reasons why the U.S is not in a hurry to adopt IFRS wholly and exclusively. Historically, accounting standards have been promulgated on a national level. Resistance to changing from established national standards to a different set of globally accepted standards stems in part from the belief that the familiar is likely to be superior to the unknown. There is often resistance to the notion that a foreign set of standards could be better overall. All these explain why the U.S has to rigmarole on the adopt – non adopt continuum and going as far as inventing new accounting lexicon absurdities such as condorsement. Apart from the U.S many other countries with significant economies, such as Japan and India are victims of this phobia. It is noteworthy that many ‘insignificant economies’ or countries particularly developing countries like Ghana, South Africa and of course Nigeria do not suffer from this national pride malaise and have therefore gone ahead to adopt IFRS, hook, line and sinker!

Conclusion
There is no doubt that there is considerable confusion over the meaning of the word “adoption” as it pertains to international accounting standards. From evidence adduced above, only few jurisdictions have directly adopted IFRS, partly because of the resistance of the state to allow a private foreign body to control accounting. As noted earlier in the paper, even jurisdictions that have not fully adopted IFRS would want to say in their reports that they have done so. The position of the IASB is very clear vide IAS I on Presentation of Financial Statements that management cannot claim compliance with IFRS unless it complies with all requirements. The bitter lesson from the unfolding scenario is that ensuring global high quality financial reporting standards depends on effective control and enforcement mechanism. What has happened now is that the IFRS of the IASB have become a “still birth” and have failed in the objective of ensuring a single set of global high quality financial accounting standards just like its predecessor, the IASC. Many countries have adopted the IFRS label but they have refused to accept the product (the international standards themselves)

Apart from the international oversight bodies, analysts, securities regulators and other users of international financial statements are put on notice that what they see might not actually be what they get from financial statements of companies around the world at least for now. They are therefore put on enquiry into the actual basis on which international corporate financial statements are prepared and not rely on the mere fact that a particular country claims to have adopted IFRS.

Recommendation
Two broad categories of recommendations are made at the international regulatory level. The first category deals with existing structures within the IASB while the second category deals with the creation of a new international oversight body. The existing bodies within the IASB structure are the IFRS interpretation committee and IFRS foundation. In this connection it is recommended that the IFRS Interpretation Committee should (i) Identify areas of divergence before they become entrenched practices by consulting auditors, audit regulators and securities regulators; (ii) Ensure timely public discussion and resolution of request for interpretation or improvements(iii) Correct and clarify the wording of IFRS; (iv) Reach out to all stakeholder to explain the interpretation and implementation process.

On its part, the IFRS Foundation should (i) Undertake post implementation reviews to help identify implementation issues; (ii) Establish formalized cooperation arrangement with securities regulators, auditors and national standard setters to receive feedback on how IFRS are being implemented and encourage action aimed at addressing divergence; (iii) Regularly publish a ranking of countries of the world according to their IFRS adoption status, clearly
distinguishing those that have fully adopted IFRS from pretenders(iv)Integrate the XBRL into the standard setting process. Presently the XBRL taxonomy is prepared after the development of standards

The second category of recommendations involve the creation of a global monitory organization known as Global Quality Corporations Union (GQCU) or any other appropriate name. The GQCU system will not require convergence of regulatory approaches Firms within the GQCU will be required to wholly and exclusively comply with IFRS. Entrance into the GQCU will be voluntary. However, members will be required to enter into a private contract whereby they agree to abide by the rules of the GQCU. The GQCU will enforce the implementation of IFRS by all the members of the GQCU, irrespective of the home country since membership is voluntary. The GQCU will be funded mainly by fees from member companies. In this way companies applying IFRS would be clearly distinguishable from those that are not. The creation of the GQC would not in any way negate the IFRS adoption approaches of the various countries. The only snag here is that they be required to reconcile their financial statements to the local GAAP their host states. This is definitely not too high a price to pay for being identified as a Global Quality Corporation(GQC).

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