

EVALUATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS APPLICATION FOR NON FINANCIAL INSTITUTIONS: THE CASE OF ALBANIA

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Abstract

This study is focused on the application of International Financial Reporting Standards (IFRS) for non financial institutions using domestic and foreign companies' observations from Albania, a developing country with an open economy but with limited enforcement capabilities. This paper intends to present benefits and challenges from the IFRS adoption and evaluate IFRS application for non financial institutions in Albania. The study was conducted as an exploratory research through 15 interviews and one panel of three experts who reviewed financial statements of 40 foreign and domestic non financial institutions across industries. This study has found that although both foreign and domestic companies are required to use IFRS, foreign companies show greater IFRS compliance. In the end recommendations are made in relation with the challenges from IFRS application such as strengthening education and training and increasing business environment awareness on the importance of accounting and audit standards enforcement.

Keywords: international financial reporting standards, IFRS; Financial reporting; Accounting standards; Developing countries.

JEL Classifications codes: M400.