

**INTERNATIONAL FINANCIAL REPORTING STANDARD ON THE QUALITY OF  
ACCOUNTING INFORMATION OF BANKS IN NIGERIA: A STUDY OF ACCESS BANK  
NIGERIA**

**FESTUS UBOGU**  
**Department of Accountancy**  
**Madonna University**  
**Nigeria**

***Abstract***

*In carrying out this research work, an attempt was made to evaluate the effects of the adoption of the International Financial Reporting Standard on the quality of accounting information of banks in Nigeria: a study of Access Bank Nigeria. Specific objectives of the research include the examination of the level of public awareness by regulators and other stakeholders in the practical implementation of IFRS in Nigeria, to ascertain the impact of IFRS on various sectors of the economy and their respective economic questions, to ascertain ways of enhancing proper knowledge and commitment of the preparers of financial statement of IFRS in Nigeria. The study relied on both primary and secondary sources of data. The secondary sources of data were collected through an indent content analysis of published annual reports and accounts of 2004 and 2005 for the pre-adoption analysis in 2013 and 2014 post-adoption analysis. The earnings per share of these years were taken for the analysis and result showed that the post-adoption of IFRS yielded a higher analysis of 10 and 4, these were analyzed using regression analysis and the null hypothesis were rejected. The second hypothesis was analyzed using the regression analysis and alternative hypothesis was accepted. It was discovered that the Nigerian Companies have more of operational problems than structural, there is also shortage in the expertise in the field of IFRS, and the transitioning from the Local Standards to IFRS requires clarifications on certain IFRS terms. The research work concludes with a number of recommendations which includes: the regulatory authorities' monitor the strict compliance to the implementation of IFRS, companies should endeavour to use the opportunities presented to it. Enlightenment campaigns should be organized to train staff on the importance, benefits of the adoption of IFRS.*

**Introduction**

Accounting seeks to contribute to the reduction of information asymmetry, what consequently minimizes agency conflict and assists in the proper provision of the available resources. Accounting reports are the basis of the company's analysis and are used as an important means of communicating the firm's performance for the investors and as a mechanism of corporate governance (Palepu, Healy, Bernard, 2004). However, accounting reports only contribute, effectively for the reduction of the information asymmetry when they provide quality in accounting information about the companies' financial and economic situation.

Establishing a high quality financial information system is perhaps the most important factor in creating a healthy financial market, and promoting economic growth and development. Financial markets are predicated on confidence, and this confidence is based, in large part, on the presumption that financial information is appropriate and reflects the economic reality. The best assurance that financial statement pass muster is if they are prepared and presented in accordance with accounting standards and principles that are generally accepted internationally.

The move towards developing an acceptable global high quality financial reporting standards started in 1973 when the International Accounting Standards Committee (IASC) was formed by professional accounting bodies from Canada, United States of America.

The IASC was to formulate a uniform and global accounting standards aimed at reducing the discrepancies in International Accounting Principles and Reporting Practices. In this light, the IASC was established and has actively been championing the uniformity and standardization of accounting principles for over the decades (Madawaki, 2012)

In pursuit of this global, the IASB works in close cooperation with stakeholders around the world, including investors, national standard-setters, regulators, auditors, academia's and others who an interest in the department of high-quality global standards (<http://www.ifrs.org>). In April 2001, the IASC was recognized as International Accounting Standards Board (IASB). Hence-forth the IASB has updated the already existing International Accounting Standards and referred to them as the IFRS (The International Financial Reporting Standards)

The IFRS are a simple set of high quality, understandable standards for general purpose of financial reporting which are principles based in contrast to the rules based approach. IFRS comprises of AIS (41); IRRS (18), the standing interpretation committee statements SIC (ii), and the IFRS issues committee statement IFIC (18) (Akhidime; 2011),

Much of the world is moving in the direction of the IFRS while some countries have been using these standards for decades, they are however new for transition economies like Nigeria. In Nigeria, implementation of IFRS was launched in September 2, 2010 by the Honorable Minister, Federal Ministry of Commerce and Industry; Senator Jubril Martins - Kuye (OFR) at the stakeholder conference on the roadmap to the adoption of International Financial Reporting Standards (IFRS) in Nigeria held at Transcorp Hilton, Abuja The adoption was three (3) phases scheduled to start with public entities and significant public interest entities are expected to mandatorily adopt IFRS for statutory purpose by January 1, 2013. The small and medium size entities (SMEs) are expected to adopt the IFRS as at January 1, 2014. (Jubril and Michael; 2010).

In this light, the study shall be focusing on "Effect of the Adoption of the International Financial Reporting Standards (IFRS) On the Quality of Accounting Information of Banks in Nigeria" using Access Bank as the case study.

### **Statement of Problem**

September 2010 marked the date that the International Financial Reporting Standard was launched in the country (Nigeria). This is as a result of the challenges faced by the Nigerian banks and the need to meet up with the requirements of the global economy. The study, "The effect of the adoption of IFRS on the quality of accounting information in Nigeria" will investigate if the financial statements prepared using the IFRS will give a more quality information than the financial statements prepared using the Nigerian GAAP (SAS).

### **Hypotheses**

The hypotheses serves are the theoretical concept on how the researcher though the result would appear in the research work. Taking into consideration the nature and extent of the problems stated so far, the researcher sees it necessary to formulate the following hypotheses.

Ho: There is no relationship in the company's performance post and pre adoption of IFRS.

H<sub>1</sub>: There is a relationship in the company's performance post and pre adoption of IFRS.

Ho: There are no loopholes in our local standards that should enhance switching to IFRS.

H<sub>1</sub>: There are loopholes in our local standards that should enhance switching to IFRS.

### **The Term IFRS**

The term International Financial Reporting Standards (IFRS) has both a narrow and broad definition. Narrowly, it refers to the specific set of numbered publications approved by the IASB including standards and interpretations issued by its predecessor, the IASC. All standards and interpretation have equal levels of authoritativeness (Rebecca G. Fay, John A. Brozevsky, Jeniler E).

Wikipedia (2010) refers to IFRS as standards interpretations and the framework adopted by the International Accounting Standards Board (IASB). In its exact words, IFRS are considered principle base set of standards in that they establish broad rules as well as deducting specific treatments. In simple terms, IFRS is a set of principle based on accounting standards that guides in the preparation and presentation of financial statements across the globe.

IFRS is principle-based because it requires management to exercise more judgment on determining how to account for transactions; hence IFRS demand more significant time and input from management. This principle based outlook of IFRS is a wide contract from the typical rule based outlook of other existing Generally Accepted Accounting Principles (GAAP) which offers more defaulted application guidance.

### **Historical Background of the Internationalization of Accounting Standard**

The first move towards accounting standards convergence was the proposal to create the Accountant International Study Group (AISG) by the professional accountancy bodies in Canada, the United Kingdom and the United States in 1966. This was formed in order to develop comparative studies of accounting and auditing practices in the three (3) nations. The AISG was eventually created in 1967. It published 20 studies until it was disbanded in 1977; Sir Henry Benson put forward the proposal for the setting up of the International Accounting Standard Committee (IASC) at the 40<sup>th</sup> World Congress of Accountants in Sydney in 1972. After discussions and signature of approval by the three (3) AISG countries and representatives of the professional accountancy bodies in Australia, France, Germany, Japan, Mexico and Netherlands, the IASC was established in 1973. Sir Henry Benson was the first elected Chairman while Paul Rosenfield was the first secretary of the IASC. By the beginning of the 21<sup>st</sup> century in only one of the nine original IASC countries (Germany) did even a relatively small number of listed companies use ISA to report to domestic investors.

A Memorandum of Understanding (MOU) was agreed between the United States Financial Accounting Standards Board (FASB) and the International Accounting Standard Board (IASB), towards the convergence of US GAAP and the IFRS in 2002. In the Norwalk agreement, both the FASB and IASB played their joint commitment towards the development of high quality compatible accounting standards for both domestic and across border financial reporting. It is argued that changes made in the US GAAP can be expected to influence the international environment. (Tarca; 2004) (Gannon and Ashwell: 2004) argue that the convergence efforts of the FASB and the IASB already have charge US GAAP and more effects are expected as the efforts to narrow the difference between the IFRS and US continue.

The adoption of IFRS in over 120 countries which began as an attempt to harmonize accounting across the European Union is now an issue of global relevance among various countries of the world due to quest of uniformity: reliability and comparability of financial statements of companies. Nigeria has joined the League of Nations reporting IFRS. The global economy crisis which has led to the collapse of many viable institutions in some countries has lead to alarming increase the rate of unemployment. This financial crisis has shown how difficult it is to retain investor's confidence when investors are uncertain about the information available to them. The IFRS has become a very important and fundamental aspect in preparing statements as its aim is in providing reliable and internationally comparable statements.

### **Harmonization, Convergence and Adoption of IFRS: The Clarification**

The concerns for harmonization of accounting standards and later, convergence in the 1990s with IFRS are due to the globalization of the capital markets. In fact, it is believed that accounting harmonization is necessary for the globalization of capital markets (Qurgley, 2007). Investors now seek investment opportunities all over the world. Many business entities continue to expand their operations across national borders. Companies are seeking capital at the lowest cost anywhere. Securities markets are crossing national borders (and increasing cross-border capital flow). Merger talks among some of the world's largest stock exchanges continue and the glowing investment transactions via the internet. There is need for transparency in company reports so that investors, lenders and other users of financial information of companies could compare their performance from one country to another. Also, there is the need to provide information that are relevant reliable and understandable to meet the needs of investors, for easy comparability of companies

performance and the decision to buy, hold or sell made easy through reduction or elimination of differences in accounting policies and principles between countries.

The term harmonization means “the reconciliation of different accounting and financial reporting systems by fitting them into common broad classifications so that form becomes standards while content retains significant differences” (Mathews and Perera, 1996, P. 22). Convergence means the process of converging or bringing together international standards issued by the IASB and existing standards issued by national setters, with the aim of eliminating alternatives in accounting for economic transactions and events. The ultimate objective of convergence is to achieve a single set of internationally consistent, high quality global accounting standards, issued by the IASB and adopted by all the national standard setters IASB 2003.

The need for global convergence of accounting standard or for an international standard setter is to:

- i. Recognize the growing need for international accounting standards.
- ii. Ensure no individual standards setter has a monopoly on the best solution to accounting problems.
- iii. Ensure no national standard setter is in a position to set accounting standards that can gain acceptance around the world.
- iv. Clarify that there are many areas of financial reporting in which a national standards setters finds it difficult to act alone.

Convergence is the process by which standard setters across the globe discuss accounting issues, drawing on their combined experiences in order to arrive at the most appropriate solution, (Obizee; 2007) suggests that convergence could be either adoption (a complete replacement of national accounting standards with IASB’s standards) or by adaptation (modification of IASB’s standards to suit peculiarities of local market and economy without compromising the accounting standards and disclosure requirements of the IASB’s standards and basis of conclusion). Convergence was meant to bring standards like the US GAAP and IFRS closer or harmonize them to produce identical standards According to SEC (2010), there are two approaches to IFRS adoption around the world, convergence and endorsement approaches. SEC (2010) classifies jurisdictions which do not adopt IFRS as used by the IASB as following the convergence approach

They keep their local standards but make efforts to converge with IFRS over time e.g. China. Endorsement approach is where jurisdictions incorporate individual IFRS into their local standards e.g. countries in the European Union (E.U) but adoption of IFRS means full scale implementation or usage of IFRS without any variation. Convergence may facilitate adoption over a transition period but it is not suitable for adoption. Therefore countries must resist the of converging and go full IFRS, Adoption of IFRS is believed to have the most significant impact on accounting and financial reporting function, enhance greater transparency and disclosures in financial statements etc, (Ball, 1995. 2006, Epstein, 2009 Adam, 2009). However, clear empirical evidences of the economic consequences from mandatory adoption of IFRS have been limited (Daske et al, 2008).

The term “adoption” implies that national rules are aside and replaced by IFRS requirement. In simple terms, when a country or jurisdiction adopts IFRS, it means that the country/jurisdiction shall be implementing IFRS in the same manner as issued by the IASB. Within the European Union for instance IFRS adoption is obligatory for all listed companies for their consolidated statement if a member state allows or requires this and must have allowed it; and for unconsolidated statements, the regulatory also allows member state to require IFRS (Nobes and Parker, 2005). The term “adoption” is also used when a company chooses to use a set of accounting rules other than the national one, that is, the one regulated by its national accounting standards, for example by Financial Reporting Council (FRC) in Nigeria.

### **Institution Fostering IFRS Adoption**

On the international front, the World Bank, the International Monetary Fund (IMF), the G8, the G7 Finance Ministries and Central Bank Governors, International Organization of Securities Commissions (IOSCO), Basel Committee on Banking Supervision, the United Nations (UN), and the Organization for Economic Co-Operation and Development (OECD) have publicly recommended the adoption of a single set of global standards or the IAS. The US SEC concept released in 2000 on the International Accounting Standards also encouraged the convergence towards a high quality global financial reporting framework internationally that will enhance the vitality of capital markets. The European Commission saw in 2002 a common set of accounting standards as a critical pillar in building a united capital market in Europe Circle, (Reery; 2006).

On the national level, many government and tax authorities want a global accounting standards to regulate and tax businesses that operate within their countries. In Nigeria, besides the government's readiness, the Nigerian Accounting Standards Board (NASB) now the Financial Reporting Council (FRC), Nigeria Stock Exchange (NSE) and Central Bank of Nigeria (CBN) were among the major agents for IFRS adoption 2012.

### **Nigeria and Domestic Accounting Standards**

The body charged with the responsibility of issuing standards in Nigeria is the Nigerian Accounting Standard Board (NASB).

#### **Pre-NASB Act 2003**

(Iloboya; 2008) states "in Nigeria, the standards setting body is the Nigerian Accounting Standards Board (NASB) which came into operational existence on 9<sup>th</sup> September 1982. Before the NASB Act 2003, standards were not legally enforceable"

Directors were required to disclose in the notes whether accounts have been prepared in accordance with the provisions of the relevant "Statement of Accounting Standard Board".

#### **Developments of IFRS in Nigeria**

Federal Government formally announced its adoption and launched the road map for its implementation on 2<sup>nd</sup> September 2010. The approval is seen as a milestone for Nigeria as it becomes a member state among those countries that have adopted IFRS.

The roadmap for implementation, which is in 3 phases, mandates listed and significant public interest entities to prepare their financial statements using applicable IFRS by December 31, 2012 while other public interest entities are under obligation to adopt IFRS for statutory purposes by December 31, 2013. Third phase however, requires small and medium Enterprises (SMES) to compulsorily adopt IFRS as statutory by December 31, 2014.

However, micro-entities that do not meet the IFRS for SME's criteria has been required by FRC to report using the Small and Medium-Sized Entities Guidelines on Accounting (SMEGA) level 3 issued by the United Nations Conference on Trade and Development (UNCIAD).

As a seminar organized by the Nigeria Accounting Standards Board (Now transformed into FRC), the former Minister of Trade and Commerce, Martins Kuye noted that the decision by government to adopt the global standards was due to its immense benefits, adding that a part from assurance of useful and meaningful decision on investment portfolio in the country, there would also be attraction of Foreign Direct Investment (FDI).

He noted that convergence would also create easier access to external capital; reduction in the cost of doing business across borders by eliminating the need for supplementary information from Nigerian companies; easier regulation of financial information in the country, and also enhance knowledge of global financial reporting standards by tertiary institutions amongst others.

#### **Adoption Statement of IFRS**

It is in the best interest of the nation to adopt the IFRS. The transition should be phased so that the objectives are achieved within the time-frame. The phases are explained below:

##### **Phase 1: Publicly Listed Entities and Significant Public Interest Entities**

The means government business entities, all entities that have their equities of debt instruments listed and traded in the public markets (a domestic or foreign stock exchange or an over-the counter markets). Examples of entities meeting these criteria include: Nigerian National Petroleum Corporation (NNPC), Banks and Insurance Companies.

Transition dates for SPEs begins by raising awareness to educate both the users and preparers of IFRS financial statements, followed by planning, training and analyzing the impact of IFRS adoption on people, systems and processed and on business of firms. By the year 2011, SPEs will then indentify the key reporting data and prepare IFRS opening Statement of Financial Position (SFP). By the year 2012, SPEs are required to prepare quarterly reports using IFRS rule, follow audit procedures and investor relations to educate

analysts, investors and manage external stakeholders. By the year 2013, SPEs would identify the loopholes in the existing system and processes by ensuring compliance and monitoring.

**Phase 2: Other Public Interest Entities**

This refers to those entities, other than listed entities (unquoted, private companies) which are of significant public interest because of their nature of status which requires wide range of stakeholders. Examples of entities meeting these criteria are large for profit entities such as charters and pension funds. Transition date for PIES begins by the year 2011 with a reporting date of 2013. By which period opening SEP and comparative figures are expected to be prepared. By 2013, PIES are required to prepare quarterly reports using IFRS, audit procedures and investor communications.

**Phase 3: Small and Medium-Sized Entities (SMEs)**

Small and medium-size entities (SMEs) that may not have public accountability and their debt or equity instrument are not traded in public market.

1. They are not in the process of issuing such instruments for trading in a public market.
2. They do not hold assets in fiduciary capacity for a broad group of outsiders as one of their primary businesses.
3. The amount of their annual turnover is not more than N500 million or such amount as maybe fixed by the Corporate Affairs Commission.
4. No Board members are foreigners.
5. No members are a government or a government corporation or agency or its nominee.
6. The directors among them hold not less than 51 percent of its equity share capital

Entities that do not met the IFRS for SMEs criteria shall report using Small and Medium-Sized Entities Guidelines on Accounting (SMEGA) level 3 issued by the United Nations Conference on Trade and Development (UNCTAD).

Transition date for SME’s begins by 2012 with a reporting date of 2014 SME’s commence transition to IFRS by 2012, preparing opening SFP and comparative figures and investor communications by 2013, adopting IFRS reporting standards, ensuring compliance and monitoring by 2014.

**Major Difference in Nigeria GAAP and IFRS**

The major differences between IFRS and local Statement of Accounting Standards (SAS) are that the former is a more robust and principle based set of standards with detailed disclosure requirements. For Instance the IASB framework states that the objective of financial statements is to provide information about the financial position, performance and changes in financial position of an entity that is useful to a wide range of users in making economic decision. In order to meet the objective, the framework requires financial statement to possess certain qualities which are understandably, relevance reliability and comparability. Other key areas of differences include extensive use of fair values or for financial statements, prescriptive and comprehensive guide for revenue recognition, a more rigorous process for determining goodwill. In a business combination, change in formal, components nomenclature of certain items of financial statements.

Highlights of a few of the major differences are given below:

Major Differences between IFRS and Nigerian GAAP

Table 1

Subject	IFRS	Nigerian GAAP
---------	------	---------------

Components of the financial statement	Comprises of statements of financial position: - Statement of comprehensive income (e.g. revenue gains, foreign exchange etc). - Statement of cash flow. - Notes to accounts	Comprises of - Balance sheet - Profit and loss - Cash flow statement - Notes to account.
Format of income statement	IAS prescribes the format of income statement.	According to the format prescribed in the CAMA 1960, banking regulation Act for banks, etc.
Statement of cash flow.	Mandatory of all entities.	Not applicable for non-listed companies.
Presentation of extra-ordinary items.	IFRS prohibits the presentation items in statement of comprehensive income or in the notes.	Nigerian GAAP requires extraordinary items to be presented in the profit and loss statement of the entity income and expense for the period. They are considered in determining the profit and loss for the period.
Dividends proposed after the end of the reporting periods.	Dividends after the end of the reporting period but before the financial statements are authorized for issues are not recorded as liability in the financial statement.	Dividends proposed after the end of reporting period but before the financial statements are approved and recorded as liabilities in the financial statements.
Depreciation rates	Allocated on a systematic basis to each accounting period during the useful life of asset.	Depreciation is based on the higher estimate of useful life of the assets.
Change in the depreciation method.	Treated as a change in the accounting estimate and hence is accounted for prospectively.	Treated as a change in the accounting policy and is accounted for retrospectively (for all the relevant previous years). Any excess/deficit in the case of this kind of recalculation must be adjusted in the period in which the change is affected.
Entire class to be revalued	If an item of property, plant and equipment is revalued, the entire class of assets belongs should be revalued.	An entire class of assets can be revalued or selection of assets for revaluation can be made on a systematic basis.
Function and foreign currency	Functional currency is the currency of the primary economic environment in which the entity operates. Functional and presentation currencies maybe different. The standard contains detailed guidance on this.	No concept of functional currency.
Goodwill	Goodwill is not authorized under IAS 38 but is subject to annual impairment under IAS 36.	SAS 9 provides that goodwill arising on amalgamation in the nature of purchase is amortized over a period of 5 years.
Measurement of intangible assets.	Can be measured at cost or revalued.	Are measured at cost only.
Contingent assets disclosure	Contingent assets are disclosed in the financial statements only if the inflow of economic benefit is probable.	Contingent assets are disclosing as part of the director's report and not disclosed in the statement but as a note (off balance sheet items).
Entities operating in hyper-inflamatory economics	IAS 29 financial reporting in hyper-inflamatory economics prescribes reporting requirement for entities operating in hyper-inflamatory economics.	There is no equivalent standard.

**Source: IFRS and SAS**

For instance, there is no value added statement of five year financial summary under IFRS while statement of changes in equity is required.

(Oyedele; 2010) opined that:

Nigeria still needs to brace up for the significant change in the financial reporting landscape that will be brought about by full adoption of IFRS in Nigeria. In the conversion process, organization needs to understand the effect on their financial statement, especially income statement, equity and distributable profit. The conversion process will impact on management reporting, budgeting, accounting manuals chart of accounts and bases of valuations. In case of people, communication strategy, training, change in management and post implementation support will be necessary.

Conceptual difference that is the Nigerian standard on intangibles assets have a definite life, which cannot generally exceed 10 years are not unusual, require considerable time, effort and money to educate stakeholder company investors, lenders, employees, auditors, audit committee etc.

### **IFRS and Educational Training.**

Effective implementation of IFRS demands considerable and adequate technical capacity among preparers, users, auditors, regulatory bodies, investors and even the public. Technical capacity therefore is a basic requirement for effective implementation of IFRS face a variety of capacity - related issues depending on the approach they take. One major challenge encountered in the implementation process is the shortage of skilled accountants and auditors who are technically competent in implementing IFRS and IASs (United Nations 08). The level of preparedness of any programmer of knowledge at both macro and micro levels can be gauged through the degree of familiarity of the phenomenon at the professional levels. Thus, a given knowledge base is sustained through programmers of professional study, a presumption systematic efforts towards understanding the content and practice of the phenomenon can reasonably be made.

### **Components of the IFRS and its Role in the Preparation and Reporting of Financial Statements.**

According to (Essien; 2011), the components of IFRS financial statements includes fair representation, accounting policies, going concern, accrual basis of accounting, consistency, materiality, off-setting, comparatives.

**Fair Presentation** is the appropriate application of IFRS result in financial statements that achieve fair presentation resulting from the selection of appropriate accounting policies and their application.

**Accounting Policies** are the specific principles, bases, convention, rules and practices adopted by an entity in preparing and presenting financial statements. Policies selected must comply with the interpretation of the International Reporting Interpretation Committee (IFRIC) where there are no specific requirement; policies should ensure relevance and reliability of statements should disclose that they comply with IFRS. Compliance should be claim unless all applicable IFRSs and interpretations have been applied. A company's financial statement should disclose the accounting policies that have been selected and used.

**Going Concern** is described as an entity's ability to continue operations in the foreseeable future, usually one year and especially if certain conditions ceases to exist. An entity prepares financial statements on a concern basis, unless management either intends to liquidate the entity or to cease trading or has no realistic alteration but to do so. Where there is material uncertainties related to events conditions that may cast significant doubts on the entities ability to continue as a concern, the entity shall disclose those uncertainties. Management, while preparing financial statement, makes and assessment of an entity's ability to continue as a going concern.

**Accrual Basis of Accounting** recognizes transaction and events when they occur and not when cash is received or paid. They are recorded in accounting records and reported in the financial statements of the period's top which they relate. An enterprise should prepare its financial statements under the accrual basis of accounting except for cash flow statements. A cash flow statement looks at the cash transaction within the period

**Consistency:** arises when an item's presentation and classification is retained from one period to the next.

**Materiality:** - Information is material if its omission or misstatement could influence the economic decisions is taken on the basis of the financial statements. Each material class of similarities should be presented separately in financial statements. Materiality depends on the size and nature of the items. Items of dismember nature shall be presented separately unless they are immaterial.

**Offsetting:** Emphasizes that assets and liabilities and income and expenditure shall not be offset unless required or permitted by a standard or interpretation.

**Comparativeness:** Should be provided for all numerical information except when a standard offers an exception.

The IFRS aims at ensuring that adequate exposure of the above mentioned components are contained in the financial statements of an entity as this ensure that the users of the accounting information will have a clear view of what is contained in the financial statements.

- a. **H** period.

### **Presentation of Data**

The data collected for this study were presented and analyzed from the questionnaire based on the responses received from the computed and returned questionnaire sent the data derived from the bank's annual reports. A total of (60) sixty copies of the questionnaire were administered to the selected sample, but it was only forty eight (48) copies that were duly completed and returned. The table below shows the summary of the distribution of the questionnaire and the number returned.

**Table 2: Number of questionnaires, issued, returned, not returned and their percentages**

Respondents	Issued	Returned	Not returned	Percentages	
				Returned	Not returned
Accountants	20	16	4	26.6	6.7
Auditors	20	15	5	8.3	8.3
Analysis	20	17	3	5.0	5.0
Total	60	48	12	79.9	20

Source: Field Survey 2018

The above table shows that 20 questionnaires was distributed to the accountants, auditors, analyst each and of which 16, 15 and 17 duly completed and returned each respectively representing 26.6% and 28.3% which leaves us with remaining 4 from the accounting department, 5 from the auditing department and 3 from the analyst department which was not returned and they represent 6.7%, 8.3% and 5% respectively.

### **Analysis of Research Questions**

In this section, we analyze in a tabular form, the responses to the questionnaires sent out and the interview session with some of the staffs. Also the earnings per share from the previous years that is pre-adoption of the IFRS and the post Adoption of the IFRS from the bank (Access Bank which is the case study) was also used for the analysis of data.

During the course of this research, the questionnaires sent were received in 2 weeks. The responses were sent to me via email (as this is also the means they were sent) after having my contact person in the bank help in reminding them to fill out the questionnaires.

### **Section B:**

**Question 1:** The question required the respondents to state whether they have seen a financial statement of bank before. Their responses were presented in the table below:

**Table 3: Table showing responses and percentages**

Responses	No of Respondents	Percentages %
Yes	48	100
No	0	0
Total	48	100

Source: Field Survey, 2018.

It could be inferred that the entire respondents have seen the financial statements of the bank which respondents a total of 100%.

**Question 2:** How did you feel when the (IFRS) International Financial Reporting Standards was introduced?

**Table 4: Table showing responses and percentages**

Responses	No of Respondents	Percentages %
Happy	11	22.9
Indifferent	16	33.3
Stressed	21	43.8
Bad	0	0
Total	48	100

Source: Field Survey, 2018.

The table above shows that about 22.9% of the respondents are happy with the introduction of IFRS, 33.3% of the respondents is indifferent with the introduction of IFRS, 43.8% of the respondents feel stressed in the introduction of the IFRS.

**Question 3:** Is the level of awareness and information or knowledge adequate to introduce/implement the adoption of IFRS in Nigeria?

**Table 4: Table showing responses and percentages**

Responses	No of Respondents	Percentages %
Yes	20	41.7
No	28	58.3
Total	48	100

Source: Field Survey, 2018.

From the table above, 41.7% of the respondents are of the opinion that the level of the awareness is adequate to kick start or introduce the IFRS while 58.3% of the respondents are of the opinion that the level of awareness is not adequate to introduce the IFRS.

**Question 4:** What are the difficulties you encounter at the first time adoption of IFRS?

**Table .5: Table showing responses and percentages**

Responses	No of Respondents	Percentages %
Training difficulties	8	16.7
High cost	6	12.5
Increased workload	6	12.5
Training difficulty and high cost	11	35.4
Training difficulty, high cost and increased workload	17	35.4
Total	48	100

Source: Field Survey, 2018.

The table above shows that 16.7% of the respondents experience training difficulties, 12.5% of them experienced high cost of training, 12.5% experienced increased workload, 22.9% experienced both training difficulties and high cost while 35.4% of them experienced training difficulties, high cost and increased workload.

**Question 5:** Has your company (Bank) Adopted all the IRS 1-9?

**Table .6: Table showing responses and percentages**

Responses	No of Respondents	Percentages %
-----------	-------------------	---------------

Yes	48	100
No	Nil	Nil
Total	48	100

Source: Field Survey, 2018.

The respondents are of the opinion that their company had adopted all the IFRS standards from 1-9.

**Question 6:** The question required the respondents to state how well the adoption of the IFRS in their country has improved the reporting practice of the company.

**Table .7: Table showing responses and percentages**

Responses	No of Respondents	Percentages %
Very well	41	85.4
Has not improved	2	4.2
To a certain extent	5	10.4
Total	48	100

Source: Field Survey, 2018.

From the table above, it can be inferred that 85.4% of the respondents are of the opinion that IFRS has improved their financial reporting very well, 4.2% of the respondents seem indifferent and 10.4% of the respondents agree to a certain extent that the IFRS has improved the reporting practice of their company.

**Question 7:** Is the IFRS base financial statement free from fraud, errors and material misstatement?

**Table .8: Table showing responses and percentages**

Responses	No of Respondents	Percentages %
Yes	31	65
No	17	35
Total	48	100

Source: Field Survey, 2018.

65% of the respondents are of the opinion that the IFRS based on financial statements are free from fraud, error and material misstatement, while 35% of the respondents seem indifferent.

**Question 8:** IFRS improves the quality of financial statements and increases access to global capital market?

**Table .9: Table showing responses and percentages**

Responses	No of Respondents	Percentages %
Strongly agree	36	75.0
Agree	6	12.5
Undecided	6	12.5
Disagree	-	-
Strongly disagree	-	-
Total	48	100

Source: Field Survey, 2018.

A total of 12.5% of the respondents are undecided and agreed that the IFRS improves the quality of financial statements and increases access to global capital market while 75% of the remaining respondents

strongly agree that IFRS improves the quality of financial statements and increases access to global capital market.

**Question 9:** Would IFRS audited-financial statement be absolutely elide upon for decision-making by investors and other user groups?

**Table .10: Table showing responses and percentages**

Responses	No of Respondents	Percentages %
Yes	42	87.5
No	6	12.5
Total	48	100

Source: Field Survey, 2018.

The respondents about 87.55% of them are of the opinion that the IFRS audited-financial statement can be absolutely elide upon for decision-making by investors and other user groups while 12.5% of the other respondents are not in agreement.

**Question 10:** The Nigerian GAAP is sufficient to prepare a quality financial statement?

**Table .11: Table showing responses and percentages**

Responses	No of Respondents	Percentages %
Strongly agree	16	33.3
Agree	20	41.7
Undecided	-	-
Disagree	10	20.8
Strongly disagree	2	4.2
Total	48	100

Source: Field Survey, 2018.

**Question 11:** IFRS has provision on the issue of risk implementation such as loan loss?

**Table .12: Table showing responses and percentages**

Responses	No of Respondents	Percentages %
Strongly agree	49	100
Agree	-	-
Undecided	-	-
Disagree	-	-
Strongly disagree	-	-
Total	48	100

Source: Field Survey, 2018.

The respondents representing 100% agree that IFRS has provision on the issue of risk implementation such as loan loss.

### **Hypothesis Testing**

In this session, the hypothesis which has earlier been formulated in the chapter one of this work will now be tested accordingly so as to achieve the objectives of this study. Each of the hypothesis formulated were tested using an appropriate statistical tool, i.e. the regression analysis and the findings in each case were used to determine whether or not each of the alternative hypotheses we are to be accepted or rejected. The data for testing the hypothesis were based upon the 48 (forty eight) respondents whose questionnaires were returned and post adoption of IFRS in Nigeria. The formula has been stated in chapter three of this research work

### **Hypothesis One**

Ho = There is no relationship in the company’s performance post and pre adoption of the IFRS.

Hi = There is a relationship in the company’s performance post and pre adoption of the IFRS.

**Test Data:** the data used in testing the above hypothesis is the earning per share from the annual report of the Access Bank from year 2004 to 2005 (for the pre adoption) and from year 2013 to 2014 (for the post adoption of the IFRS)

**Level of Significance:** The Hypothesis level of significance was tested at 5% **Test Statistics:**

The Regression analysis

**Degree of Freedom:** N-1

**Decision Rule:**

Reject Ho: if the calculated value is greater than the critical value.

Accept Hi: if the calculated value is less than the critical value.

The earnings per share from the year 2004 and 2005 annual report was used as data for the pre-adoption period while the earnings per share from the year 2013 and 2014 annual report was used as data for the post acquisition period.

	X	Y	XY	X <sup>2</sup>
<b>Pre-Adoption</b>				
<b>2005</b>	1	12	12	1
<b>2004</b>	2	16	32	4
<b>Total</b>	3	28	44	5

	X	Y	XY	X <sup>2</sup>
<b>Post-Adoption</b>				
<b>2014</b>	4	51	204	9
<b>2013</b>	3	41	123	16
<b>Total</b>	7	92	327	25

$$\text{Formula} = \frac{n(\sum xy) - (\sum x)(\sum y)}{n(\sum x)^2 - (\sum x)^2}$$

<b>Pre-Adoption</b>	$\frac{2(44) - (3)(28)}{2(5) - (3)^2}$	$\frac{2(25) - (7)^2}{2(44) - (3)(28)}$	
	$\frac{88 - 84}{10 - 9} = \frac{4}{1}$	$\frac{654 - 644}{50 - 49} = \frac{10}{1}$	
	$= 4$	$= 10$	

Degree of Freedom = N – 1 = 1

Critical Value = 3.841

Level of Significance = 5%

**Decision:** Since the calculated value of both pre and post adoption of IFRS is greater than the critical value i.e. (4>3.841 pre-adoption, 10>3.841 post-adoption); we reject the null hypothesis.

**Hypothesis Two**

Ho = There are no loopholes in our local standards that should enhance switching to IFRS

Hi = There are loopholes in our local standards that should enhance switching to IFRS

**Question 10:** The Nigerian GAAP is sufficient to prepare a quality financial statement?

**Table 11: Table showing responses and percentages**

Responses	No of Respondents	Percentages %
-----------	-------------------	---------------

Strongly agree	16	33.3
Agree	20	41.7
Undecided	-	-
Disagree	10	20.8
Strongly disagree	2	4.2
Total	48	100

Source: Field Survey, 2018.

N	X	Y	XY	X <sup>2</sup>
1	5	16	80	25
2	4	20	80	16
3	3	0	0	9
4	2	2	4	4
5	1	10	10	1

$$r = \frac{n(\sum xy) - (\sum x)(\sum y)}{n(\sum x)^2 - (\sum x)^2} = \frac{5(174) - (48)(15)}{5(55) - (15)^2}$$

$$= \frac{870 - 720}{275 - 225} = \frac{150}{50} = 3$$

Critical Value = 9.488

Degree of Freedom = N - 1 = 5 - 1 = 4

Level of Significance = 5%

**Decision:** Since the calculated value is less than the critical value, we accept the null hypothesis that there are loopholes in our local standards that should enhance switching to IFRS.

### Conclusion

From the study, there is no doubt IFRS will confer greater benefits than the current SAS particularly in areas of international comparability of financial statement, cross border listings, mergers and acquisitions and ability raise finance. Increase in target settings can only be possible if companies will adopt new performance management requirements. The adoption of IFRS will affect how earnings, compensations, tax liability and other key aspects of the business are accounted and reported for.

### Recommendations

The research work recommends that there should be a comprehensive implementation of the standard to the full (totally) by firms in the country and the regulatory authorities should monitor its strict compliance. Companies should endeavor to use the opportunity presented by the adoption of IFRS to improve their business process in all ramifications.

They should enlighten campaigns on the potential effects of IFRS implementations by the regulatory authorities (NASB). The government should encourage the development of website on IFRS that will provide information as it relates to financial reporting or solutions to issues relating to SAS.

Further research in the areas of other sectors (public and private) of the economy and to expand the sample size will assist in documenting the impact of the adoption on the performance of the firms.

### References

Access Bank PLC: Final Conference Communiqué

- Abdukadir, M (February 2012): "Adoption of International Financial Reporting Standards in developing countries: The case study of Nigeria" *International Journal of Business and Management, Vol. 7 No. 3.*
- Adeyemi, A. Adekunle & Asaolu & Taiwo (2009): "An empirical investigation of the financial reporting practices and bank stability in Nigeria.
- Akinyemi, O. (2012): The impacts of International Financial Reporting Standards adoption on financial statements: the case of Nigeria business economics and tourism.
- Bello U. (2011): Assessing Nigeria's journey towards IFRS adoption. *Information Management Business Review, Vol. 5 pp. 505-513, October 2013.*
- Chinweuba O. & Killian O. (2013): Potential Effects of the adoption and implementation of International Financial Reporting Standards (IFRS) in Nigeria. *Journal 9 (2) December, 2011.*
- Ezeani, Nneka S. & Oladele & Rotimi (October 2012): Adoption of International Financial Reporting Standards (IFRS) to enhance financial reporting in Nigerian Universities. *Arabian Journal of Business and Management Review (Oma Chapter) Vol. 2 No.3.*
- G.O. Demaki (2013): Prospects and Challenges of International Financial Reporting Standards to Economic Development in Nigeria. *Global Journal of Management and Business Research, Vol. 13 issue version 10.*
- G.N. Ogbonna & Appah E (2012). "Effects of ethical accounting standards on the quality of financial report of banks in Nigeria", *Current Research Journal of Social Science 4 69-78.*
- Ikpefan A. & Akande A.O (2007). International Financial Reporting Standards (IFRS): Benefits, Obstacles and Intrigues for Implementation in Nigeria. *Research Journal of Finance and Accounting vol. 35, No. 10, 2012*
- Martijin W.V. (2010, July 2007), "Practical Challenges in IFRS Implementation: what bank regulators need to know. *IFRS International Conference (Nigeria).*
- Michaela C. (2012). The Impact of IAS/IFRS on accounting practices: evidences from Italian listed companies.
- Muhammad. T. (2013): The effect of International Financial Reporting Standards (IFRS) adoption on the performance of firms in Nigeria. *Journal of Administrative and Economic Science.*
- Nyor, T. (June, 2012), "Challenges of converging to IFRS in Nigeria" Department of Economics and Management Sciences. *Nigerian Defense Academy, Kaduna, Vol. 2, No. 2.*
- Odia, J. O & Ogledu, K.O (September, 2013): Issues, lessons for Nigerian and other adopters. *Mediterranean Journal of Social Sciences; MCSER Publishing, Rome-Italy, Vol. 8 No. 3*
- Onoja, E and Egberem M & Audu, F (October, 2013)" Post Implementation of International Financial Reporting Standards (IFRS) adoption in Nigeria". *Mediterranean Journal of Social Sciences; MCSER Publishing, Rome-Italy, Vol. 4 No. 3.*
- Oluwaseyi B (2013): Analyst says adoption Nigerian sustainable banking principles will foster transparency, accountability.
- Olumide B. (2010): International Financial Reporting Standards: implication for the Nigerian Accountants. *The Institute of Chartered Accountants of Nigeria, 2012 May 8.*
- Paul A., Managing the challenges of IFRS transition: an operator's perspective, Access Bank Plc.
- Stanley C., IFRS Discharge and Foreign Direct Investment, 2009, August 6.