THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

International Financial Reporting Standards and Reporting Quality of Quoted Firms in Nigeria

Yahaya Yusuf

Senior Lecturer, Department of Accounting, Usmanu Danfodiyo University, Sokoto, Nigeria

Suleiman Hadiza Ahmed

Lecturer, Department of Accounting, Usmanu Danfodiyo University Sokoto, Nigeria

Abstract:

This study examines the relationship between International Financial Reporting Standards (IFRS) adoption in Nigeria and the quality of annual financial reports of companies quoted on the NSE for a period of eight years 2008 to 2015. The data was derived from secondary sources from annual financial reports of the sampled firms which were in two panels; four pre-adoption and four post-adoption periods. The data on selected accounting quality metrics of earnings management, earnings smoothing, timely loss recognition, value relevance of accounting information was analysed using pool OLS. The results indicate a significant increase in all the accounting quality variables except variability in cashflow, and an insignificant relationship between financial performances on accounting quality. It is concluded that the adoption of IFRS has resulted in improvement in the quality of annual financial reports of quoted companies in Nigeria. The study therefore recommends that relevant regulatory institutions like Financial Reporting Council of Nigeria (FRCN), Central Bank of Nigeria (CBN), Securities and Exchange Commission (SEC), Nigeria Insurance Commission (NIC), Corporate Affairs Commission (CAC) should ensure consistent and appropriate compliance and adoption of every requirement of IFRS so far issued by IASB by way of a pre-presentation audit, and advance the adoption of same by all other business entities operating in Nigeria.

Keywords: IFRS, Earnings Management, Earnings Smoothing, Timely loss Recognition & Accounting Quality

1. Introduction

Accounting standards are statements issued by an established professional accounting bodies, usually of professional accountants, which prescribes the basic principles and practices expected to be followed by accounting practitioners in financial reporting. Therefore, they are the chosen and preferred methods of treating financial items in preparing final accounts of business entities. They are meant to ensure the uncompromising requirement that, financial statements should contain correct and required information capable of depicting the true and fair financial position of the reporting entities (IASB, 2012).

Therefore, they are the chosen and preferred methods of treating financial items in preparing final accounts, it is a clear definite directive as to how financial statements should be presented; what should be contained in them; and the multifarious items which go to make up the financial statement. Prescription of basic principles and practices arose because there are varieties of alternative accounting methods, like First-In-First-Out (FIFO) Last In-First-Out (LIFO), or Weighted Average Price (WAP), which a firm may adopt in preparation of financial statements. Application of different methods produces different results and statements there by making comparison difficult. The need to address these problems as a result of differences in accounting methods called for introduction of accounting standards like International Financial Reporting Standards (IFRS).

International Financial Reporting Standards (IFRS) are standards and interpretations adopted by the International Accounting Standard Board (IASB, 2012). They consist of International Accounting Standards (IAS) and International Financial Reporting Standards Interpretations (IFRSI). IFRS are considered as a principled based set of standards, in that they establish broad accounting rules as well as dictate specific accounting treatments of items in the financial reports of business entities. In July 2011, Nigeria took the decision to adopt IFRS as its reporting standards, backed by the passage of Financial Reporting Council of Nigeria (FRCN) Act 2012 and the repealing of Nigerian Accounting Standard Board (NASB) Act 2003.

In addition, this study addresses three existing inadequacies in the literature. One, it examines a single country data, instead of intra-country data, thereby tackling the effect of economic diversity, economic imbalance and regulatory provisions on financial reporting practice. Unlike previous studies by Barth (2008); Barth et. al (2008) Cheng et. al (2010); Palea (2013) which utilizes data from 21 countries that have different financial reporting system. Two, this study utilizes a larger data for eight years period, consisting of four-year pre- and four-year post adoption analysis, as against for instance the work of Umobong and Akani (2015) which studied only manufacturing sector for four-year period. Three, this study utilises a refined quantitative accounting quality metrics as per Jones (2002) and Barth (2008)

accounting earnings and accruals quality measures on timely loss recognition, and value relevance of accounting numbers as per Barth et al. (2008) as against previous studies like Yahaya, Onyabe and Usman (2015) whose study were limited to only one accounting quality metric. Above all, this study incorporates the two basic divergent issues of accounting quality and firm financial performance examined by previous studies. To the best of our knowledge, there is no a single study that is as robust as this, and that employs a similar methodology that was undertaken within the same environment in Nigeria. The entire quoted firms at the time of the study were included in the sample in order to allow for comparison of the results with similar single country studies and to mitigate the other problems of economic and political variables

This paper examines whether the adoption of IFRS by Nigeria has resulted in any significant change in the overall quality of annual financial reports of public entities listed on the Nigerian Stock Exchange (NSE) as at December 2015. The study deploys quantitative accounting quality metrics of earnings management (as measured by earnings smoothing, earnings variability, managing small positive income, and variability of earnings over Cashflow, relationship between accruals and cashflow). These quantitative measures of accounting quality were adopted by several studies such as Dechow and Dichev (2002); Barth (2008); Barth, Landsman and Lang (2008); Cheng, Tang, Jiang, & Lian (2010); Outa (2011); among others to examine the empirical changes in earnings quality which many theories argue that are the basis for changes in current financial reporting regulatory framework, auditing, and corporate governance.

Based on the above objective, the following hypotheses were formulated to guide the study:

- There is no significant difference in the level of earnings variability of quoted firms in Nigeria following the adoption of IFRS.
- There is no significant difference in the relationship between earnings variability and cashflow variability before and after the adoption of IFRS by quoted firms in Nigeria.
- Quoted firms in Nigeria do not significantly exhibit higher relationship between accruals and cashflow following the adoption of IFRS.
- Quoted firms in Nigeria do not significantly differ in the level of the frequency of small positive net income following the adoption of IFRS.

The paper is divided into five sections, aside this background, section two reviews literature relevant to the study, while section three outline the methodology adopted for the study, section four is an analysis of the results and section five is the conclusion of the study.

2. Literature Review

There are a number of studies that examined the relationship between the adoption of IFRS and the quality of accounting reports of corporate entities (list some of these studies). Barth, Landsman & Lang (2008), examined whether the adoption of IAS, its interpretation and enforcement was associated with higher accounting quality. The study draws evidence from 21 different countries from Europe, Asia and Africa. Their sample covers 327 firms that adopted IAS from 1990 and 2003, making a total of 1896 firm-year observations. The study examined variability in net income, variability of net income over cash flow, and a correlation between accruals and cash flow. Frequency of small positive income was deployed as proxy for earnings management while large negative net income was used as the proxy for timely loss recognition. Price variability over net income, their findings suggest that IAS adoption resulted in less earnings management, more timely loss recognition, and more relevance of accounting amounts than firms applying non-US local standards. The results further suggested a significant difference in accounting quality between pre-adoption and post adoption periods. It provides evidence on improvement and significant difference in accounting quality between the pre- and post-adoption periods.

Jacob and Madu (2009) study the level of quality of IFRS following the widespread acceptance by major countries in the world and the increased prominence given to financial reporting practices in addressing global economic crisis. They equally examined the role of high quality financial information in promoting globalization and integration of economic activity, the argument that adoption of IFRS reflects a movement into a more qualitative high quality set of global accounting standards that enhances comparability of financial reporting across the globe which will consequently lead to increased comparability of financial innovation and the quality of IFRS as a universal accounting language that would be adopted by all companies regardless of their place of domicile.

Kohlbeck and Warfield (2010) conducted an overall assessment of the collective accounting quality effects of 19 general purpose accounting standards that were implemented over a long period of time using both qualitative and empirical analysis of accounting attributes before and after implementation of the standards. They equally examined the empirical evidence on the benefits of the US standard setting process based on the accounting numbers reported and measured the extent that the accounting numbers are subjected to management discretion, covering a period of thirty years (30) from 1976 to 2005. Adjusting for non-December year end firms, and observations with missing data, the study analysed ninety-one thousand nine hundred and thirty-one (91,931) firm year observations. The study's meta-analysis for changes in Net income, accruals and cash flow shows improved accounting quality after implementation of each of the accounting standards. The coefficient for cash flow is significant and negative as expected; the incremental effect was significant and positive indicating that the negative correlation between accruals and cash flows was significantly dampened after implementation of accounting standards. The evidence suggests that accounting standards are associated with less smoothing. However, their findings are full of inconsistencies attributed to re-measurement of balance sheet amounts, and reliance on modified earnings measures by Leuz (2002), Barth (2008) and Barth et al. (2008).

In the same vein, Latridis (2010) examined a single year pre- and post-mandatory adoption periods 2004 and 2005 of IFRS in UK to assess whether a particular accounting method has a real impact. The study adopted earnings management, timely loss recognition as accounting measures of value relevance. The study measured earnings management by a combination of the volatility of the change in net profit scaled by total assets, speed by which losses are recognized and volatility of changes in net profit to changes in cash flows. The study uses an Ordinary Least Square OLS regression to determine the association between discretionary accruals and cash flows as well as profitability, leverage and size. Beside the utilization of a single year analysis, the study could not report any significant result from the correlation analysis.

Similarly, Liu et al (2011) examines the impact of IFRS on accounting quality in China. They studied changes in two accounting quality metrics of earnings management and value relevance adopted from Barth et al (2008). They reported a marginal improvement in one of the accounting quality metrics of value relevance, while earnings smoothing decreased particularly for firms audited by the Big four audit firms. The paper concluded that China is benefitting from convergence with IFRS. However, the study is suffering from methodological and conceptual defects.

In a related study Dimitropoulos, et al. (2013) examined the impact of IFRS adoption on the quality of accounting reports in Greece, the study adopted a sample of one hundred and one firms (101) listed on the Athens Stock Exchange (ASE) for a period of Eight years (2001-2004) and (2005- 2008). Their analysis intended to establish the impact of IFRS on the quality of reported earnings. The relationship between earning per share, Book Value of Equity per share, and stock market prices was examined; the study reported a significant variation of these values under IFRS as against the local accounting principles. They concluded that financial statements are prepared under IFRS are of higher quality than those prepared under local Greece standards.

Studies by Outa (2011) seek to establish the relationship between higher quality accounting information and adoption of IFRS in Kenyan listed companies between 1995 and 2004. Using quantitative methods to collect and analyse data, the study specifically examined three accounting quality measures namely; earnings management, timely recognition and value relevance. The results of the study show that only three out of the eight metrics measured indicated a marginal improvement, while the remaining five shows a marginal decline. The results could be said to be mixed and inconclusive.

In a similar study, Tesfu (2012) examines the benefits, challenges and motivation of Ethiopia to adopt IFRS. The study utilized a survey design, analysed data from primary and secondary sources. He examined the impact of government policy, size of capital market, level of investor education, professional accounting bodies, and company size on the adoption of IFRS in Ethiopia. The study documented that only government policy has a positive correlation with IFRS adoption in Ethiopia. They further reported that the adoption has improved transparency, information flow to investors and consequently informed decisions. While cost of adoption, increase in complexity of financial reports, inadequate training of regulators and too much emphasis on fair value accounting as some of the perceived challenges. He recommends an intensive training on IFRS for all stakeholders and regulatory authorities. Though the variables of the study were poorly operationalised, the findings are consistent with institutional theory.

Ahmed Neel and Wang (2013) studied the effect of mandatory IFRS adoption on three groups of accounting quality metrics; income smoothing, reporting aggressiveness, and earnings management to meet a target. They found significant evidence that an increase in income smoothing for IFRS firms relative to bench mark firms after mandatory IFRS adoption. They reported a significant decrease in the volatility of net income relative to the volatility of cash flows and the correlation between cash flows and accruals for IFRS firms relative to bench mark firms. In addition, they reported significant reduction in timeliness of loss recognition for IFRS firms relative to bench mark firms which is consistent with the increase in reporting aggressiveness suggested by accrual tests. Summarily, the results suggest accounting quality decrease after mandatory IFRS adoption. However, the evidence is not consistent on all proxies, the study could not find sufficient evidence that suggests adoption to meet or beat earnings target.

2.1. Theoretical Framework

The theoretical foundation of this study was built around the positive accounting theory for determination of accounting standard. The theory assumes that management's utility is a positive function of the expected compensation in future periods (or wealth) and a negative function of the dispersion of future compensation (or wealth). The question is how do accounting standards affect management's wealth? Management's total compensation from the firm consists of wages, incentives compensation (cash bonuses and stock or stock options) and non-pecuniary income, including perquisites. Hence management can increase either the level of incentive compensation or the firm's share price via its choice of accounting standards. The choice of accounting standards can affect both of these forms of compensation indirectly through taxes, regulatory procedures, political costs, information production costs, and management compensation plans.

3. Methodology

The study is longitudinal in nature; as it involves a perspective of accounting reports quality over a range of eight financial years. It involves time series and cross-sectional elements. The timing is represented by the 'annual' in the financial reports for eight years, and the 'cross section' is in the number of quoted firms studied. The choice of this design is informed by its basic strength to 'study change and development' over time.

Consequently, a combination of descriptive and inferential statistical tools was adopted to examine the existence of a relationship between the adoption of IFRS and the quality of accounting measures represented in earnings management, accruals quality, cash flow behaviour, leverage structure, equity formation, size of the firm, growth, debt

ratio, financial performance ratio and share prices of firms quoted on NSE, between the financial year 2008 to 2015 (8years). The selection of this period allows for comparison and cross-sectional examination of the impact of an accounting standard on the quality of accounting information under two different financial reporting system; NSAS and IFRS.

The quality of the reports was measured by changes in earnings management, earnings variability, earnings smoothing, managing earnings towards small positive income, timely loss recognition as measured by frequency of reporting large losses, value relevance of accounting numbers to the capital market, simplicity of reports in terms of structure, contents and usage, financial performance and overall accounting quality of quoted companies in Nigeria. Net earnings, Cashflow from operating activity, accruals, share price and IFRS are the dependent variables in the study, while size, debt, growth, turnover, and cashflow are the independent variables in the study.

The population of this study comprises of all the one hundred and ninety-four (194) listed firms on the Nigerian Stock Exchange (NSE) between 31st December, 2008 and 31st December 2015. With the exception of those firms whose two years' financial statements were unavailable, or not detailed either within the pre- or post-adoption period covered by the study. After applying this formidable filter, the final sample size of the study stood at eighty-four (84) quoted companies drawn from twelve different sectors. The year 2008 was chosen because it allows for four (4) years pre (2008-2011) and post mandatory adoption of IFRS in Nigeria. The choice of year (2015) as the end year of the study was predicated on two accounts. One, it was based on the need to allow for equal representation of each of the accounting reporting standard under study. Secondly, to allow for four years (2012-2015) post adoption period.

However, due to the complex nature of the relationship between the variables to be studied in the financial statements and in some cases inaccessibility of data, we decided to apply a special filter that; for a firm to qualify as part of the sample it must have at least two consecutive financial reports. This allows us to utilise two years moving average to obtain the values for the years with missing data.

Sector	No. of firms Quoted	No. of Firms Included	Percentage %
Alternative Securities (ASeM)	9	2	20
Agriculture	6	0	0
Conglomerates	6	6	100
Construction/Estate	9	4	44
Consumer Goods	26	19	73
Financial Services	56	20	35
HealthCare	10	6	60
ICT	11	5	45
Industrial Goods	24	2	4
Natural Resources	5	0	0
Oil & Gas	10	8	80
Services	20	12	60
Total	194	84	100

Table 1: Summary of Firms in the Sample

Source: Author's computation

3.1. Model Specification and Techniques of Data Analysis

Due to the nature of the data which comprises time-series across firms, the study adopted panel techniques of data analysis. Both fixed effects and random effect models were estimated and Hausman test was used to choose the appropriate model for the analysis of results. The study adapts Barth *et al.* (2008) earnings Model, as adopted by other studies like Outa (2011). In line with Barth *et al.* (2008) residuals from the regression models are:

$$\Delta NI_{it} = \alpha_0 + \alpha_1 SIZE_{it} + \alpha_2 GROWTH_{it} + \alpha_3 EISSUE_{it} + \alpha_4 LEV_{it} + \alpha_5 DISSUE_{it} + \alpha_6 TURN_{it} + \alpha_7 CF_{it} + \alpha_8 AUD_{it} + \alpha_9 NUMEX_{it} + \alpha_{10} XLIST_{it} + \alpha_{11} CLOSE_{it} + \varepsilon_{it} \quad (3.1)$$

Where:

ΔNI_{it} = Change in annual earnings (based on end of year total assets) for firm i year t

$SIZE_{it}$ = The natural logarithm of market value of equity as at yearend.

$GROWTH_{it}$ = Percentage change in sales.

$EISSUE_{it}$ = Percentage change in common stock

LEV_{it} = End of year total liabilities divided by end year book value of equity.

$DISSUE_{it}$ = Annual % change in total liabilities.

$TURN$ = Sales divided by end of year total assets.

CF = Annual net cash flow from operating activities scaled by end of year total assets

AUD = An indicator that equals one (1) if the auditor is one large international auditing firms which include Price Waterhouse Coopers (PWC), KPMG, Ernest Young, Deloitte and Touch, and Arthur Andersen and Zero (0) if otherwise.

$NUMEX$ = Number of exchange listings (in our case is equals to 1)

$CLOSE$ = % of closely held shares (Not Applicable in this study)

The second measure of the relationship between the level of variability of cashflow and variability of earnings is estimated in the following equation:

$$\Delta CF_{it} = \alpha_1 + \alpha_2 SIZE_{it} + \alpha_3 GROWTH_{it} + \alpha_4 IND_{it} + \alpha_5 EISSUE_{it} + \alpha_6 LEV_{it} + \alpha_7 DISSEE_{it} + \alpha_8 TURN_{it} + \alpha_9 CF_{it} + \alpha_{10} AUD_{it} + \alpha_{11} NUMEX_{it} + \alpha_{12} CLOSE_{it} + \alpha_{13} K + 11 + \varepsilon_{it} \dots \dots (3.2).$$

The second measure of the relationship between the level of variability of cashflow and variability of accruals is estimated in the following equations:

$$CF_{it} = \alpha_1 + \alpha_2 SIZE_{it} + \alpha_3 GROWTH_{it} + \alpha_4 EISSUE_{it} + \alpha_5 LEV_{it} + \alpha_6 DISSEE_{it} + \alpha_7 TURN_{it} + \alpha_8 AUD_{it} + \alpha_9 NUMEX_{it} + \alpha_{10} CLOSE_{it} + \varepsilon_{it} \dots \dots (3.3)$$

$$ACC_{it} = \alpha_0 + \beta_1 SIZE_{it} + \beta_2 GROWTH_{it} + \beta_3 EISSUE_{it} + \beta_4 LEV_{it} + \beta_5 DISSEE_{it} + \beta_6 TURN_{it} + \beta_7 CF_{it} + \beta_8 AUD_{it} + \varepsilon_{it} \dots \dots (3.4)$$

4. Results and Discussion

In order to calculate the variability in accounting earnings (NI) for both pre- and post-adoption period, as specified in equation 3.1 under methodology, both panel fixed and random effects were estimated in line with Barth et al (2008). Using Hausman test based on chi-square probability value of (0.000), the most appropriate model was then selected. The results of the variability in NI from pre- and post-adoption period were shown in Table 2. Comparing the results in both periods, it was shown that variability as a result of change in earnings in post IFRS period is higher than that of Pre IFRS period. Therefore, we reject the null hypothesis, and conclude that there is significant difference in the level of variability of change in earnings of companies quoted on the NSE following the adoption of IFRS in Nigeria.

Similarly, the study adopted the fixed effect model based on the significance of the chi-square value from the Hausman test for equation 3.2 (variability of change in earnings over variability of cashflow) we predict that variation in earnings should be lower than the variation in cashflow in the post IFRS adoption period, and equation 3.3 (correlation between accruals and cashflow); we adopted the fixed effects model as the basis for our estimation. The results are summarised in Table 2

Measure	Prediction	Post (N=336)	Pre (N=336)
Variability of change in earnings/Net Income (ΔNI)	Post>Pre	2.49772	-1.96163
Variability of change in earnings (ΔNI) over change in cashflow (ΔCF)	Post>Pre	-8.8938	-7.64802
Correlation of Accruals (ACC) and Cashflow (CF)	Post>Pre	-6.664	-6.118
Small Positive Net Income NI	Post>Pre	2.73812	1.04774

Table 2: Summary of Earnings Management Metrics

Source: Computation by the Author

4.1. Variability of Earnings over Cashflow

Following the same procedures adopted in the estimation of variability in earnings over the variability of cashflow ($\Delta NI/\Delta CF$) both fixed effect and random effects model were also estimated to select the appropriate model for the calculation of variability in cashflow. Going by the chi-square probability value of 77.93 with probability value of 0.000, fixed effect model was adopted as the most preferred results. The residuals from the estimated regressions were then used to obtain the variability in cashflow, the results of which is as shown in Table 3.

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	77.938449	13	0.0000

Table 3: Hausman Test Result

Source: Author's Computation

The results shows that variability of change in earnings (ΔNI) over the variability of cashflow (ΔCF) during post IFRS period is -8.8938, while the value for pre IFRS adoption stood at -7.6480, this finding is consistent with Dechow and Dichev (2002); the higher the relationship between a firm's accruals and cashflow, the higher the accounting quality *ceteris paribus*.

5. Conclusions

This study provides evidence on the role of an accounting standard in accounting quality as measured by prior studies in the literature and adopts a positive accounting theory in determination of accounting quality, it specifically premised its arguments on the need for an accounting standard is primarily to deter management of business entities from smoothing accounting earnings. Accounting quality is measured by earnings management which consist of earnings variability, earnings smoothing, correlations between cashflow and accruals and frequency of small positive income. The results indicate a significant improvement of all the four tested metrics and it is therefore concluded that, the decision of government in Nigeria to mandate of all public entities to mandatorily adopt IFRS has resulted in significant improvement in the quality of annual financial reports of quoted companies in Nigeria for the period covered by the study. It is therefore recommended that other non- public entities should be mandated to adopt IFRS. Similarly, relevant regulatory agencies should persist on their monitoring and enforcement mechanisms, which will ensure that the full

impact and benefits of an accounting standard in ensuring accurate, reliable, relevant, and appropriate classification, measurement and reporting of accounting metrics is achieved in Nigeria.

6. References

- i. Abd-El salam, O.H., & Weetman, P. (2003) Introducing International Accounting Standards to an Emerging Capital Market: Relative Familiarity and Language Effect in Egypt, *Journal of International Accounting Auditing & Taxation* 12:63-84
- ii. Adekoya, O. (2011) Similarities and Differences, IFRS and Nigerian GAAP Lagos: Pricewater House Coopers Intrnational (PWC)
- iii. Afolabi, F. & Krivogorsky, V. (2009) Financial Reporting in Nigerian Emerging Market available on Social Science Research Network <http://www.ssrn.com> accessed on 1st October 2009.
- iv. Ahmed, A. S., Neel, M. & Wang, D. (2013) Does Mandatory adoption of IFRS Improve Accounting Quality? Preliminary Evidence, *Contemporary Accounting Research* 30 (4) 1344- 1372.
- v. Barth, M.E. (2008) Global Financial Reporting: Implications for U.S. Academics, *The Accounting Review* 8:1159-1179
- vi. Barth, M.E., Landsman, W.L. & Lang, M.H. (2008) International Financial Reporting Standards and Accounting Quality, *Journal of Accounting Research* 46(3): 467-498
- vii. Barth, M., W.L. Landsman, M. H. Lang, & C. Williams (2009) Are International Accounting Standards Based and US GAAP based Accounting Amounts Comparable? Working Paper Stanford University and University of North Carolina
- viii. Bhattacharjee, S. and Islam, M.Z. (2009) Problems of Adoption and Application of International Financial Reporting Standards in Bangladesh, *International Journal of Business and Management* Volume 4(2), Available at www.ccsenet.org/journal.html
- ix. Bruggemann, U., H. Daske, C. Homburg & P. Pope (2009) How do Individual Investors react to global IFRS adoption? Working paper, Lancaster University, University of Mannheim, and University of Cologne
- x. Bruggeman, U., Hitz, J., Sellhorn, T. (2013) Intended and Unintended Consequence of Mandatry IFRS Adoption, A Review of extant evidence and suggestions for future Research Evidence and Suggestions for Future Research, *Economic Risk*
- xi. Carmona, S. & Trombetta, M. (2008) On the Global acceptance of IAS/IFRS Accounting Standards: The logic and Implications of the Principles-Based System, *Journal of Accounting and Public Policy* Volume 10 (2): 13-23
- xii. Cash Craft Asset Management Company official website (2017) www.cashcraft.com
- xiii. Cheng, H., Tang, Q., Jiang, Y., & Lian, Z., (2010) The Role of International Financial Reporting Standards in Accounting Quality: Evidence from the European Union, *Journal of International Financial Management & Accounting*, 21(3):13-30
- xiv. Chua, W. F., and Taylor, S.L. (2008) The Rise and Rise of IFRS: An examination of IFRS diffusion, *Journal of Account and public Policy* Volume 2(1): 462:473
- xv. Daske, H., L. Hail, C. Leuz, & R. Verdi (2008) Mandatory IFRS reporting around the world: Early Evidence on the Economic Consequences. *Journal of Accounting Research* 46:1085-1142.
- xvi. Dimitropoulos, P.E., Panagiotis, E.D., Dimitrios, A., Dimitrios, K., Stergios, L., (2013) The Impact of IFRS on Accounting Quality: Evidence from Greece, *Advances in Accounting incorporating Advances in International Accounting* 29:108-123 www.elsevier.com
- xvii. Djatej, A., Zhou, D., Gorton, D., and McGonigle, W. (2010) Critical Factors of IFRS Adoption in the US: An Empirical Study, *Journal of Finance and Accountancy*.
- xviii. Elliot, B. & Elliot, J. (2011) *Financial Accounting and Reporting*, Fourteenth Edition Prentice Hall Financial Times Harlow, England
- xix. Epstein, B.J., (2009) The Economic Effects of IFRS Adoption: Investigating the Expected Benefits: *The CPA Journal*
- xx. Ewert, R. (2013) Accounting Standards, Earnings management, and Quality available online on www.ssrn.com/abstract=2068134 accessed July 2013
- xxi. Ezejelue, A.C. (2004) Accounting Problems of Less Developed Countries: An inaugural lecture delivered at Abia State University Uturu.
- xxii. FGN (2012) Report of the Committee on Road Map to the Adoption of IFRS
- xxiii. Florou, A. & P. Pope (2009) Mandatory IFRS Adoption and Investor Asset Allocation Decisions, Working Paper, University of Macedonia and Lancaster University
- xxiv. Garuba A.O., and Donwa, P. (2011) The Challenges of Adopting International Financial Reporting System in Nigeria, *JORIND* 9:1 available at www.ajol.info/journals/jorind
- xxv. Glautier, M.W.E., & Underdown, B. (2005) Accounting Theory and Practice, Sixth Edition Pitman Publishing London
- xxvi. Godwin, J., Ahmed, K., Heaney, R., (2008) The Effects of International Financial Reporting Standards on the Accounts and Accounting Quality of Australian Firms: A Retrospective Study, *Journal of Contemporary Accounting & Economics* Volume 4(2):89-119

- xxvii. Guerreiro, M.S., & Rodrigues, L.L., Craig, R. (2008) The Preparedness of Companies to adapt International Financial Reporting Standards: Portuguese Evidence, *Accounting Forum* 32: 75-88 available at www.sciencedirect.com
- xxviii. Gyasi, A. K. (2010) Adoption of International Financial Reporting Standards in Developing Countries: The case of Ghana. *Business Economics and Tourism*
- xxix. Hassan, S. U. (2013) Financial Reporting Quality, Does Monitoring Characteristics matter? An Empirical Analysis of Nigerian Manufacturing Sector, *The Business and Management Review* 3(2): 1147-161
- xxx. Hassan, S. U. & Bello, A. (2013) firm Characteristics and Financial Reporting Quality of Listed Manufacturing Firms in Nigeria, *International Journal of Accounting Banking and Management* 1 (6): 47-63
- xxxi. Hassan, S.U. & Ahmad, A. (2012) Corporate Governance Earnings Management and Financial Performance: A case Study of Manufacturing Firms in Nigeria.
- xxxii. Holthausen, R.W., & Watts, R.L., (2001) The Relevance of the Value Relevance Literature for Financial Accounting Standard Setting, *Journal of Accounting and Economics* 31(2), 30-75
- xxxiii. Hung, M. & K.R. Subramanyam (2007) Financial Statement Effects of Adopting International Accounting Standards: The case of Germany, *Review of Accounting Studies* 12:623-657
- xxxiv. Umoren, A.O. & Enang, E. R. (2015) IFRS adoption and Value Relevance of Financial Statement of Nigeria, *International Journal of Finance and Accounting* 4(1), 1-7
- xxxv. Watts, L.R. & Zimmerman, L. J. (1978) Towards a Positive Theory of the Determination of Accounting Standards, *The Accounting Review* 53(1), 112:132
- xxxvi. Watts, R.L. & Zimmerman, J.L. (1990) Positive Accounting Theory, *The Accounting Review* 65 (1): 135-156
- xxxvii. Winney, K., Marshall, D., Bender, B., & Swiger, J. (2010) Accounting Globalization: Roadblocks to IFRS Adoption in the United States, *Global Review of Accounting and Finance Volume 1:1*, 167-178.
- xxxviii. Wood, F. & Sangster, A. (2008) Business Accounting 2 Eleventh IFRS Edition, Pearson Education Limited, London England
- xxxix. Wolk, I.H. & Tearney, C.M. (1997) Accounting Theory: A conceptual and Institutional Approach College Publishing Fourth Edition
- xl. Yahaya, O.A., Onyabe, J.M. & Usman, S.O. (2015) International Financial Reporting Standards Adoption and Value Relevance of Accounting Information of Listed Deposit Money Banks in Nigeria, *Journal of Economics and Sustainable Development* 2(3):32