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# Effect of reporting with IFRSS on the quality of information disclosure in the financial statements: A study of selected deposit money banks in Nigeria with international recognition

Gabriel Femi Goodwill, Ajuh Ali Iteh and Sunday Egbe Idaka *

*Department of Accounting, University of Calabar, Calabar, Cross River state, Nigeria.*

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## Abstract

This paper examines the effect of reporting with International Financial Reporting Standards (IFRSs) on the quality of information disclosure in financial statements. To achieve the objective of the paper, two hypotheses were tested in line with the objectives of the study. The survey research design was adopted, and the population of 55 respondents gotten from eight (8) banks. But for the purpose of the analysis 48 sample size was used which constitutes the numbers of respondents from the eight (8) banks' top management staff that are involved in the preparation of financial statements. The instrument used for data collection was titled "IFRSs Adoption and Quality of Information Disclosure (IFRSAQID)". Based on the findings of the study, there is a strong and significant relationship between the quality of information due to the adoption of IFRS 16, and reporting in a common language due to the fact that the adoption improved the disclosure of more information. Based on this, it was recommended that banks should be encouraged to adhere to the requirements IFRSs in the recognition, measurement, and disclosure of financial information to reduce information asymmetry. Also, regulatory bodies should ensure strict compliance and defaulters should be penalized to reduce incessant financial scandals that have caused investors to lose a substantial amount of their wealth to reckless reporting in the past. The paper is very apt considering the information asymmetry that has existed for decades due to the adoption of IAS 17 replaced by IFRS 16, and using banks with international recognition because their operation is beyond the domestic banking system.

**Keywords:** IFRS 16; Quality of information 2; Disclosure of assets and liabilities 3; Reporting with a common language 4

## 1. Introduction

The move toward globalization is a concern for many countries, particularly developing countries as it has the potential of having a deep impact on the reporting system of corporate entities as some entities considered the new standards issued by the International Accounting Standard Board (IASB) to be disruptive in terms of reporting. The adoption of the International Financial Reporting Standards (IFRSs) as a global and uniform standard is gaining ground as more companies are adopting IFRSs or intend to adopt the standard due to the inherent benefits which were considered to overweigh the costs of adoption. As a result of its significant impact on any economy since every economy is driven by the activities of private sectors, the European Union commenced its adoption in 2005 by ensuring that all listed companies in the European Union implement IFRSs in their financial reports Odia and Ogiedu [1]. There are also some difficulties with the adoption of IFRSs, particularly in developing countries like Nigeria. Nigeria and many developing countries have weak institutions and unpredictable economic and political environments that may undermine the successful implementation of IFRSs Tanko [2].

* Corresponding author: Sunday Egbe; Email: idakasunday@yahoo.com
Lecturer, Department of Accounting, University of Calabar, Calabar, Nigeria..

The adoption of IFRSs in Nigeria was launched in July 2010 by the then Minister of Commerce and Industry. The adoption was done such that the entire stakeholders that prepare and present financial statements for the public interest, that is, all the first-tier companies listed on the Nigeria Exchange Limited adopted IFRSs at the beginning of 2012. Due to the Nigerian economic environment, other firms that are not in the first tier adopted IFRSs in 2013 and all small and medium-scale entities were encouraged to adopt IFRSs by January 2014. But the implementation has not completely been achieved because some entities that were classified as medium and small are still lagging behind because of poor manpower to adopt IFRSs.

The need for sets of financial reports that will meet users' demand led to the globalization of the capital market and internationalization to ameliorate the financial reporting system irrespective of the country companies operate. The need for harmonization of financial statements and a single set of consistent high-quality financial reporting standards gained widespread acceptance amongst policymakers, standard setters, and preparers due to the relevance of accounting information to decision makers Godfrey et al [3]. The need for quality and uniformity in the preparation and presentation of financial statements that will enhance comparison between companies from one country to another led to the introduction of International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB). Before the adoption of IFRSs in Nigeria, there was a legal and regulatory framework of accounting that guided companies with respect to the preparation of financial reports in Nigeria Abdulkadir [4]. The Company and Allied Matter Act [CAMA1990] guides entities on how to operate their activities in Nigeria and as such, it prescribes for companies the ways financial statements will be prepared by following the format and contents of financial statements disclosure requirements based on the CAMA 1990 guidelines., as addended 2004 and 2020. It requires that the financial statements of all corporate organizations comply and adhere to the Statement of Accounting Standards (SASs) issued from time to time by the Nigerian Accounting Standard Board (NASB) now the Financial Reporting Council of Nigeria (FRCN).

The poser this paper unravels were the benefits of IFRSs in terms of disclosure of assets and liabilities, the benefits of comparative of information through the adoption of IFRSs the quality of information disclosure on the financial statements.

### 1.1. Statement of the problem

The introduction of IFRSs by IASB was aimed at enhancing the quality of financial reporting to promote accountability and transparency among stakeholders that prepare financial information for the public interest. In Nigeria, financial institutions were encouraged through their regulatory agencies such as; the Central Bank of Nigeria (CBN), and Security and Exchange Commission (SEC) to fully implement IFRSs in 2012. One of the IASs that has been frequently discussed by financial preparers is IAS17 due to the treatment of operating lease in the book of the lessee, but the introduction of IFRS16 altered the treatment, and how it affects financial information is an issue that needs to be examined empirically.

However, deposit money banks in Nigeria have also experienced issues of poor reporting within the periods of 2012-2022 that led to the take-over/merger and the revocation of the license of some banks due to poor corporate governance, window dressing, lack of meeting prudential and adequacy ratios among other issues causes of the failure of some banks in Nigeria. It was obvious that many of the banks leased most of their facilities which were mainly treated as off statements of financial position transactions resulting in poor disclosures among other issues. The infraction which resulted in the non-disclosure of some information occurs over years before the CBN and Asset Management Company of Nigeria (AMCON) got wind of their problems. Board disharmony has also resulted in poor decisions that brought some banks to their knees which made some banks not fully adhere to the relevant IFRSs in disclosure of full information to shareholders.

### *The objective of the research*

The study sought to evaluate the effect of reporting with IFRSs on the quality of information disclosure in the financial statements with the following sub-objectives:

- To determine the effect of IFRS 16 adoption on the quality of information disclosure in the financial statements of Deposit Money Banks in Nigeria with international recognition; and
- To evaluate the effect of reporting using common language on the quality of information disclosure in financial statements of Deposit Money Banks Nigeria with international recognition.

### 1.2. Research hypotheses

- Full disclosure of assets and liabilities with IFRS 16 does not affect the quality of information disclosure of Deposit Money Banks in Nigeria with international recognition.
- Reporting using common language in the preparation of financial statements has no effect on the quality of information disclosure of Deposit Money Banks Nigeria with international recognition.

## 2. Literature Review

### 2.1. Brief History of Internationalization of Accounting Standards

Accounting and the rules that guides stewards/accountants emanated from humans' human activities. This implies that accounting is as old as man. The need to have a well-structured accounting principle that will guide the preparers of financial statements led to the creation of the Accountants International Study Group (AISG) which was created by the professional accountancy bodies in the United Kingdom, Canada, and the United States in 1966 with the aim of developing sets of accounting principles that helped to enhanced comparability of financial statements. The AISG was formed in 1967 and from inception to when it was scraped, the body published a total of twenty (20) principles. Due to the abrogation of AISG, Accounting Standard Committee (IASC) proposal was put forward and spearheaded by Sir Henry Benson in 1972 at the 40th World Congress of Accountants in Sydney. After critical review and signed by the three AISG countries (United Kingdom, Canada, and the United States) and representatives of the professional accountancy bodies in Australia, France, Germany, Japan, Mexico, and the Netherlands, the IASC was established in 1973 and Sir Henry Benson was the first elected Chairman while Paul Rosenfield was the first secretary of the IASC. From April 2001, the rules-making capacity or authority vested in the formal was taken over by International Accounting Standard Committee (IASC) as the new body for issuing accounting rules Madawaki, [5].

The crux of the IASC formation was to develop a single set of high-quality International Accounting Standards (IASs) to replace national standards. Between 1973 and 2001, the IASC issued 41 IASs before the International Accounting Standards Board (IASB) a body responsible for issuing IFRSs was created or changed to issue new standards. The IASB has issued 17 IFRSs. The European Commission mandated listed companies in France, Germany, the Netherlands, the UK, and other 21 countries to adopt IFRSs in 2005 since there are certain changes in the new IFRSs that are beneficial to all stakeholders. A Memorandum of Understanding (MOU) was agreed upon between the United States Financial Accounting Standard Board (FASB) and the International Accounting Standard Board (IASB), towards the convergence of US GAAP to the new IFRSs in 2002. In the Norwalk Agreement that was endorsed by FASB and IASB, the two bodies agreed to work together in ensuring the development of high-quality and comparable accounting standards for both domestic and cross-border financial reporting for easy compatibility for interested parties.

### 2.2. Institutions Promoting Adoption of IFRSs

The organizations promoting the adoption of IFRSs comprise; the World Bank, the International Monetary Fund (IMF), the G8, the G7 Finance Ministers and Central Bank Governors, the 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) recommended the adoption of a single set of accounting standards that will enhance financial reporting due to the increasing demand for public accountability and transparency to properly address the lapses of lack of a single set of standards which they saw that it will be addressed through the adoption of because greater transparency is required from the corporate entities Hellestron [6]. The US SEC Concept released in 2000 on the International Accounting Standards also encouraged the convergence toward high-quality global financial reporting standards that will enhance capital markets. The European Commission considered the move in 2002, a common set of accounting standards as a critical pillar in building a united capital market in Europe Mc Creevy [7].

In Nigeria, besides the government's readiness, the Nigerian Accounting Standards Board (NASB) now the Financial Reporting Council (FRC), the Security and Exchange Commission (SEC), and the Central Bank of Nigeria (CBN) are among the major bodies promoting the adoption IFRSS in 2012 after the Federal Government launched the laudable development in July 2010 by the then Minister of Commerce and Industry. Considering that the accounting system is complementary to other elements in the institutional frameworks, a coherent accounting principle will likely result in different accounting systems that will capture many aspects of the elements of financial statements for proper disclosure, thereby improving comparability and accountability across counties Obazee [8].

### 2.3. Adoption of IFRSs in Nigeria

The adoption of IFRSs in Nigeria was facilitated by Federal Government through Senator Jubrie Martins-Kuye in September 2010 and was endorsed during the Federal Executive Council (FEC) meeting for Nigerian companies to be at par with firms in other countries and prepare for their financial statements in line with IFRSs Maawaki [5]. The adoption commenced with listed firms in January 2012, and by January 2014 other firms were mandated to start the adoption of IFRSs. The FEC mandated the Financial Reporting Council of Nigeria (FCRN) under the supervision of the Ministry of Commerce and Industry to make additional requirements for a successful transition for all companies in Nigeria Okpala [9].

The move was necessary because globalization is an inevitable process and the need for high-quality standards are very pertinent for the purpose of securing and restoring investors' confidence in the use of financial and non-financial statements for users to make critical investment decision due to the impact of accounting information which plays crucial roles in ameliorating financial reporting system. The move toward the adoption of IFRSs is very pertinent to all corporate entities for the purpose of transparency and accountability for the public interest Aguila & Cuorvo-Cazurra [10].

The road map to the adoption of IFRSs in Nigeria was endorsed on 28th July 2010 by the Federal Government of Nigeria, which resulted in the approval of January 2012 as the effective date of convergence of the accounting standards (SAS or NGAAP) in Nigeria to International Financial Reporting Standards (IFRSs). The choice of January 2012 by the government was because of the need to ensure the transition to IFRSs over a period of three years as prescribed by IASB for those companies adopting IFRSs for the first time in the preparation of their financial statements which required retrospective application for the period of three years. According to the former Minister of Commerce and Industry Senator Jubril Martin-Kuye, mandatory adoption of IFRSs on January 1, 2012, is for all other public interest entities while Small and Medium Enterprise (SMEs) were required mandatorily adopt the new IFRSs on 1 January 2014. To address the needs of SMEs for the fact that IFRSs are less suitable for addressing some of the demands of the users because of the numerous requirements for transition. The exposure drafts of the IFRSs for SMEs were issued by the International Accounting Standard Board (IASB) in February 2007, and in addressing the needs of smaller companies by the Inter-Governmental Working Group of Experts on International Accounting Standards Reporting (IASR) to ensure inclusiveness of those enterprises that do not produce general-purpose financial statements.

### 2.4. Application of IFRSs

The body saddled with the responsibility of issuing IFRSs is the IASB which spearheads the approval and interpretations of those standards. The prime focus of IASB for the adoption and application of IFRSs on financial transactions focused more on profit-orientated entities. This is because these entities' financial statements give holistic information about their activities ranging from: statements of financial position, profit or loss, and other comprehensive incomes, statements of cash flow, statements of changes in equity, and notes to the accounts that are useful to a range of users in making financial decisions such as; shareholders, creditors, employees, government, etc. Without any exception, corporate entities are required to present full financial reports annually that comprise a statement of financial position, income statement, and other comprehensive income, cash flows statement, statement of changes in equity and description of accounting policies; or notes to the financial statements. The concepts underpinning accounting practices under IFRSs are set out in the IASB's Conceptual Framework for Financial Reporting issued in September 2010. It supersedes the 'Framework for the preparation and presentation of financial statements Framework 1989.

The Conceptual Framework covers objectives of general-purpose financial reporting, including information about a reporting entity's economic resources and claims, the reporting entity (in the process of being updated), and qualitative characteristics of useful financial information of relevance and faithful representation and the enhancing qualitative characteristics of comparability, verifiability, timeliness, and understandability. Two key concepts that are very critical in the application of IFRSs for companies that want to adopt them for the first time are reporting and transition dates. The reporting date is the statement of financial position date of the first financial statements that explicitly state that they comply with IFRS (for example, December 31$^{st}$, 2013) while the transition date is the beginning of the earliest period for an entity present full comparative information under IFRSs financial statements. For an entity to meet the requirement of IFRS1 three statements of financial reports must be presented (for example, January 1$^{st}$ to 31$^{st}$ December 2012 January 1$^{st}$ to December 2013, and January 1$^{st}$ to December 31$^{st,}$ 2014).

### 2.5. Challenges of Adopting IFRSs

The principal impeding factors in the adoption process of IFRSs in Nigeria, Europe, America, and the rest of the world are not necessarily technical but cultural issues, mental models, legal impediments, educational needs, and political influences Obazee [8]. According to Rong-Ruey [11], the implementation challenges include timely interpretation of standards, a continuous amendment to IFRSs, accounting knowledge and expertise possessed by financial statement users, preparers, auditors, and regulators, and managerial incentives.

The adoption of IFRSs will help to facilitate growth in bilateral economic activities, the benefits across all bilateral relations may not be even due to certain challenges. The pre-adoption conformity of national GAAP to IFRSs determines the significance, and therefore the benefits of IFRS adoption. However, institutional differences among partner countries can affect convergence to a set of uniform financial reporting standards, as they can affect the degree that the new accounting standards are actually enforced and influence the interpretation of accounting information prepared under IFRSs.

Sucher and Jindrichovska [12] confirmed the problems of implementing IASs/IFRSs in the Czech Republic by analyzing the key issues that arise by moving to the IASs/IFRSs reporting system and concluded that the Czech accounting system is moving closer to IASs/IFRSs in some areas such as the valuation at fair value, the need of a national system to keep separate the tax and financial reporting to ensure that the different objectives of the two reporting systems are met explains why the Czech system differs in certain aspects from IAS/IFRS. Given the strong influence of tax rules on financial reporting. Vellam [13] discusses whether the convergence between national GAAP and IAS/IFRS could be achieved in practice by describing the differences between Polish financial reporting and the IASB conceptual framework. The preference of the Polish accounting system for a tax orientation and the lack of effective enforcement of international accounting standards are considered the main reasons for full compliance with IAS/IFRS requirements.

In Nigeria, Ocansey and Enahoro [14] carried out a comparative study of IFRS Implementation between Nigerian and Ghana and noted that the national standards of Ghana and Nigeria are closely related and both suffered a lack of certain standards and disclosure requirements, thereby, not being able to add sufficient value to financial reporting. Additionally, their study showed that the IFRSs' adoption and implementation demand a new set of skills and expertise, transitional challenges, dealing with inconsistencies in applicable laws, emerging technical areas, and terminologies; also, frequent reviews of standards, and higher demand for auditors among others despite the benefits that came with it.

### 2.6. Empirical review

Researchers have done a number of studies on the adoption of IFRSs on the economic and other aspects that drive the economy with the view of establishing the effect or impact on key drivers of businesses.

The study conducted by Okoye and Ezejiofor [15] on the effect of the adoption of IFRSs on stock market development in Nigeria corporate organizations found that the adoption of IFRSs improved the reporting of corporate firms in terms of financial statements presentation, and help to improve the perception of investors concerning the Nigeria economy. Also, the study by Okoye [2018] on the effect of Foreign Direct Investment on economic growth: post-IFRS adoption in selected Sub-Saharan African countries from 1990-201 discovered that FDI had a positive effect on the GDP of Nigeria and Ghana, but showed a negative effect on the GDP of South Africa. The study also revealed that the Adoption of IFRSs had a positive effect on the external reserves of Ghana, but a negative effect on the external reserves of Nigeria and South Africa. They concluded that in the pre-and post-adoption of IFRSs there was no significant contrast in the effect of FDI on the external reserves of Ghana, Nigeria, and South Africa.

Pena and Franco [16] Conducted a study on the impact of IFRS on the quality of financial information in the United Kingdom and France: evidence from a new perspective. The researchers considered the size of the firms selected whereby large and small firms were selected for the regression analysis. The conclusion drawn from the study is that size influences the impact of IFRS in the UK, and the information of larger firms seems to have enhanced significantly due to the adoption of IFRS. However, the result showed that the adoption had no improvement on the information of firms selected in France.

Yahaya et al [17] research on the impact of IFRS on the financial statements figures of key financial ratios of banks in Nigeria shows a positive correlation between the independent and dependent variables used for the study. A sample size of nine banks quoted on the Nigerian Stock Market selected based on their market capitalization showed that the adoption of IFRS had a positive impact on the key ratios of the selected banks, done by critical examination of pre- and post-comparison of key ratios.

*2.6.1. GAP*

The study specifically considered banks with international recognition because their operations extend beyond Nigeria. The benefits of reporting with a common language and recognition of assets and liability in line with the requirements of IFRS 16 as prescribed by the International Accounting Standard Board (IASB) are the key parameters used to measure the effect on the quality of information disclosure. Also, for the purpose of adoption and strict adherence to the requirements of IFRSs, the banks are more compliant to meet up the needs of their numerous clients because of their scope of operation. The key element here is IFRS 16 which deals with leases, and the changes made due to the introduction have a great effect on reporting because of the recognition, classification, and disclosure criteria. Many studies have been conducted to measure the quality of information disclosure, but the variable introduced in these studies which is IFRS 16 has not been measured since the introduction and adoption of IFRSs in Nigeria to examine the effect on financial reporting.

## 3. Material and methods

The survey design is more appropriate for the study since it involves the use of primary data with a questionnaire. To ensure that the relevant data were collected based on the variables that were used in the study were collected, the researchers focused on Executive Management/Board of Directors that are involved in the preparation of financial statements. The research covered eight (8) covered Deposit Money Banks in Nigeria with international recognition and the total population of the Executive Management/Board of Directors was Fifty-eight (58). However, questionnaires were administered to all, but the actual returns were forty-five (45) which represents the sample size of the entire population.

### 3.1. Instrument

The instrument used in this study to elicit information from the respondents was titled "IFRSs Adoption and Quality of Information Disclosure" (IFRSAQID). IFRSAQID contains fifteen (15) items questions that were constructed by the researchers and all items were based on the requirements of IFRSs that relate to the two independent variables and the dependent variable.

The questionnaire comprises three sections (A, B, and C). Section A contained items relating to the demographic characteristics of the respondents, like gender, company name, age, educational qualification, years of experience, and professional qualification. Section B contained items seeking information that concerns the two independent variables that were stated earlier in the study and section C contained items that mainly elicit information about the dependent variable.

The item in sections B and C were designed based on a 5-point Likert Scale type with; Strongly Agree "SA", Agree "A", Undecided "U". Strongly Disagree "SD", Strongly Agree "SA" All the items were positively and negatively worded. However, out of the total of 58 questionnaires distributed, only 45 were correctly filled, returned, and considered usable for the study, giving a 78% response rate.

### 3.2. Validity of the instrument

To ensure that both the content and face validity of the instrument, IFRSQID is established, the researcher presented the instruments that were used to experts in the faculty of education who major in test and measurement and also to senior colleagues with good knowledge of quantitative analysis in Faculty of Management Sciences, the University of Calabar in order to obtain the validity of the items based on the hypotheses that were formulated in the study.

### 3.3. Reliability of the instrument

For the instrument to measure what it was designed to measure, a pilot test was carried out using four (4) Banks with a total staff of 20 staff from accounts, audit, and budget departments, and twenty-one (21) questionnaires were administrated, and collected. The staffs were not part of the sample that was used to draw the conclusion reached in this study. The questionnaire that was administrated was retrieved and scored accordingly, and the reliability estimate that was gotten based on the pilot test is 0.942 which was considered very good because generally, reliability estimated of 0.50 and above is considered good to ascertain the reliability of the instrument.

### 3.4. Model specification

The ordinary least square multiple regression model was used to test the effect of common reporting language and recognition of assets and liabilities. The functional relationship predicted by this model is expressed thus:

$$QID=f\ (IFRS16, CRL) \ldots\ldots\ldots\ldots\ldots\ldots\ldots \ (1)$$

The ordinary least square multiple regression model is:

$$QID=\beta o+\beta_1 IFRS16+\beta_2 RCL+e_t\ldots\ldots\ldots \qquad (2)$$

Where:

- $\beta o$ = Regression constant
- $\beta_1 \& \beta_2 =$ Regression Parameters
- QID = Quality of Information Disclosure
- IFRS16 =International Financial Reporting Standard 16
- CRL = Common Reporting Language
- $e_t$ = Stochastic error term

## 4. Data Analysis

All results and the values as appeared in the analysis of results were presented as an appendix in table 1 which was used to explain the relationship between the dependent and independent variables which account for 81 percent variation of the dependent variable. This indicates a good correlation between the variables used for the analysis and the Adjusted of 80 percent further attests to the reliability of the $R^2$as it shows a good relationship between the dependent and the independent variables. The 9 percent and 10 percent from the $R^2$and Adjusted $R^2$was accounted for by other variables not captured in the model The T-statistic of 10.206 (0.00) shows that there is a significant effect because the probability value of 0.00 is far less than 0.005 set as the error term.

The result in table 2 which was used to examine the relationship between the dependent and the independent variables is 96 percent. This indicates a good correlation between the variables used for the analysis and the Adjusted $R^2$ of 95 percent further attests to the reliability of the $R^2$ as it shows a good relationship between the independent variable and the dependent variable. The 4 percent and 5 percent respectively from the Adjusted $R^2$ accounted for other variables not captured in the model The T-statistic of 22.638 (0.00) shows that there is a significant effect because 0.00 is far less than 0.005 set as the error term.

### 4.1. Test of Hypothesis 1

- **H0** IFRS 16 does not have a significant effect on the information disclosure of Deposit Money Banks in Nigeria with international recognition.
- **H1** IFRS 16 does have a significant effect on the information disclosure of Deposit Money Banks in Nigeria with international recognition.

#### *4.1.1. Decision rule*

Accept H0 if calculated t-statistic value is < tabulated t-value and reject H0 if calculated t-statistic is > tabulated value.

From the regression, the result of the t-statistic is 10.206 with a probability value of 0.00 which is less than the critical tabulated value of 0.005. This implies that H1 is accepted and the H0 rejected, indicating IFRS 16 significantly enhances information disclosure of Deposit Money Banks in Nigeria with international recognition.

### 4.2. Test of Hypothesis 2

- **H0** Reporting using a common language does not aid the disclosure of more information in the financial statements of Deposit Money Banks in Nigeria with international recognition.
- **H1** Reporting using a common language with IFRSs significantly aids the disclosure of more information in the financial statements of Deposit Money Banks Nigeria with international recognition.

*4.2.1. Decision rule*

Accept H0 if calculated t-statistic value is < tabulated t-value and reject H0 if calculated t-statistic is > tabulated value.

From the regression, the result of the t-statistic is 12.638 with a probability value of 0.00 which is less than the critical tabulated value of 0.005. This implies that H1 is accepted and the H0 rejected, indicating IFRSs significantly enhance common reporting practices of Deposit Money Banks in Nigeria with international recognition.

## 5. Results

The results that emanate from this study show that the indicators used by the researchers to test the dependent variable are very important because the results aporia expectations were achieved at the end of the study. The level of correlation between the independent and the dependent variables shows positive relationships. The percentages range from 80 to 95 which shows a strong correlation between the variables used. The parameters used to test the t-value and the F-value clearly showed that a significant relationship exists which is an indication that reporting IFRSs improves common reporting language and also the IFRS 16 improved quality of information disclosure based on the requirements of IFRSs. The findings of this study are in conformity with the study of Yahaya et al [17] in Nigeria and Pena & Franco [16] all evaluated the effect of IFRS on financial statements information disclosure.

## 6. Conclusion and Recommendations

The adoption of IFRS in Nigeria brings good and bad news. The overall good news is that the comparability of Nigerian financial statements locally and internationally may improve because many other countries have already adopted IFRSs. There is a high degree of compliance and adoption by financial institutions and other corporate entities in Nigeria.

Deposit Money Banks in Nigeria fully complied with the adoption IFRSs due to their nature of activities to their numerous customers, especially those with international affiliations. Although, the challenges of adoption in Nigeria are the high cost, the training of personnel/ hiring accountants with a good grasp of IFRSs, and even the effect on taxation and profit level as a result of the adoption in Nigeria. However, the changes made by IASB through the introduction of IFRSs are very pertinent because this paper has further attested that harmonization in reporting system is an indispensable tool for accounting information to be relevant to all stakeholders, and the treatment of lease based on the requirements of IFRS 16 also improve disclosure of information

Based on the relevant results and kinds of literature reviewed, it is recommended that regulatory bodies should encourage existing and upcoming firms on the potential impact of adopting IFRS on the quality of information available to the users of financial statements of Deposit Money Banks in Nigeria with international recognition Nigeria, the following recommendations were made:

- It is axiomatic based on the results that IFRSs improve the quality of information available to the users of financial statements, therefore, professional bodies should encourage their members in practice to adhere to accounting standards for general interest;
- the Financial Reporting Council of Nigeria (FRCN) should ensure strict compliance with adherence to the requirements of IFRSs by Banks in Nigeria, as this will project the image of the banking sector in a better way; and
- the area of reporting differences with respect to the adoption of IFRSs and local standards which is one aspect IFRSs adoption is promoting should be put in check by relevant authorities.

## Compliance with ethical standards

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*Disclosure of conflict of interest*

There was no identified issue in the process of writing and gathering data for this paper that will result in a conflict of interest now and in the future either with the authors, organizations, or materials utilized. We hereby authorized your team to use all the attached materials for review and publication.

*Submission declaration*

This article has not been submitted to any other journal for publication, nor has any part of the paper previously been published in any journal.

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