**IMPEDIMENTS IN ADOPTING INTERNATIONAL FINANCIAL REPORTING STANDARD IN NIGERIA**

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Certification

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**ABSTRACT**

*This study was carried out to examine impediments in adopting international financial reporting standard in Nigeria with special reference to Federal Pay Office, Benin and Office of the Auditor-General for the Federation, Benin City. Specifically, the study aimed to find out the impediments in adopting (IFRS) International Financial Reporting Standards in Nigeria. The study employed the survey descriptive research design. A total of 77 responses were validated from the survey. From the responses obtained and analyzed, the findings revealed that There are problems/impediments in the adoption of International Financial Reporting Standards (IFRS) in Nigeria. The study thereby recommend that even though Nigeria has adopted IFRS, empirical studies have thrown up reservations and roadblocks to its implementation. An important policy implication is the urgency of accounting curriculum review in the tertiary education system to incorporate IFRS and IPSAS and their implementation dimensions. Also, governments at all levels, regulatory agencies, accountancy bodies, private and public companies and institutions, and accountancy firms all need to fast-track IFRS education in order to boost the acquisition of IFRS knowledge and competences.*

**CHAPTER ONE**

**INTRODUCTION**

**1.1          BACKGROUND TO THE STUDY**

Couple of years back, what is now known as International Financial Reporting Standard (IFRS) witnessed worldwide spread debate. However, today scholars and researchers are devoting significant time and interest on the subject matter, this can be traced to the demands of globalization.

According to Erahan and Beken (2008), opined that the globalization of capital market requires a single global accounting reporting and disclosure of set of standards.

Today, the need for a unified standards is increasing in high demand by most economics in the world, arising from wide spread clamour by most entities for oversea capital, business combination including mergers and acquisition resulting to growing number of foreign direct investment among others. Although some commentators have said that adoption of IFRS will allow for International Comparison of Financial Statement, that may lead to reduction in the cost of capital, increased trade, increase access to foreign finance, as well as increased level of cross border merger and acquisition resulting to growing number of foreign direct investment among others.

Although some commentators have said that adoption of IFRS will allow for international comparison of financial statement, that may lead to reduction in the cost of capital, increased trade, increase access to foreign finance, as well as increased level of cross border merger and acquisition activities among others (Houston and Reinstein, 2001). However, some impediment are perceived to accompany adoption of IFRS as Melancon, and Eliot (2001) noted that notwithstanding the high quality of International Financial Reporting Standard (IFRS), there are so many impediments that may hind the adoption of IFRS in Nigeria, such as complicated nature of particular standards IFRS (including financial instruments) and susceptible to varied interpretations. This has tendencies of different countries applying International Financial Reporting Standard (IFRS) differently for similar transactions. Currently, over one hundred countries have adopted International Financial Reporting Standard (IFRS) and it is noted that by 2011 most countries of the world will either require or at least permit (IFRS) (ICAN Seminar, 2009).

In light of the foregoing, this study is designed to assess the impediments or difficulties associated with International Financial Reporting with International Financial Reporting Standard (IFRS) adoption in Nigeria.

**1.2          STATEMENT OF RESEARCH PROBLEM**

There are impediments or problems involved in adopting International Financial Reporting Standards (IFRS).

**1.3          OBJECTIVE OF THE STUDY**

To find out the impediments in adopting (IFRS) International Financial Reporting Standards in Nigeria.

**1.4          RESEARCH QUESTION**

What are the impediments in adopting IFRS in Nigeria?

**1.5          HYPOTHESIS**

There are problems/impediments in the adoption of International Financial Reporting Standards (IFRS) in Nigeria.

**1.6          SIGNIFICANCE OF THE STUDY**

The research work predominantly concerned with analyzing the impediments or problems involved in adopting IFRS in Nigeria and to proffer a lasting solution to these impediments.

**1.7          SCOPE OF STUDY**

The scope of the study was limited to the two (2) federal ministries i.e. Federal Pay Office, Benin and Office of the Auditor-General for the Federation, Benin City because of the time limit and convenience.

**1.8          LIMITATION OF STUDY**

Some of the limitations to the study were; Most respondents are not knowledgeable in IFRS Improper filling of the questionnaire Recovery of some of the questionnaire

Smallness of the sample size Low response rate

**1.9          OPERATIONAL DEFINITION OF TERMS**

IFRS: Means International Financial Reporting Standards.

Globalization of capital market: It means Market where organizations or corporate(s) obtained loan facilities at reduced cost and with ease.

**CHAPTER TWO**

**REVIEW OF LITERATURE**

**INTRODUCTION**

Our focus in this chapter is to critically examine relevant literature that would assist in explaining the research problem and furthermore recognize the efforts of scholars who had previously contributed immensely to similar research. The chapter intends to deepen the understanding of the study and close the perceived gaps.

Precisely, the chapter will be considered in three sub-headings:

* Conceptual Framework
* Theoretical Framework
* Empirical framework

**2.1 CONCEPTUAL FRAMEWORK**

**Historical Background of the internationalization of accounting standards**

The first move towards accounting standards convergence was the proposal to create the Accountants 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 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 40th World Congress of Accountants in Sydney in 1972. After discussions and signature of approval by the three AISG countries and representatives of the professional accountancy bodies in Australia, France, Germany, Japan, Mexico and the 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 21st century in only one of the nine original IASC countries (Germany) did even a relatively small number of listed companies used IASs to report to domestic Investors. The primary goal of 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 standards or IASs before it was replaced by the International Accounting Standards Board (IASB). All listed companies in France, Germany, the Netherlands and the UK and other 21 countries were mandated by the European commission to adopt IASs or the International Financial Reporting Standards (IFRS) from 2005.The Australian government and standard setter had put up an adoption policy of IAS by 2005.The US roadmap for adoption is 2014-2016. Canada and Japan are also considering convergence with IFRS. A Memorandum of Understanding (MOU) was agreed between the United States Financial Accounting Standard 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 pledged their joint commitment towards the development of high quality, compatible accounting standards for both domestic and cross border financial reporting. It is argued that changes made in the US GAAP can be expected to influence the international environment (Tarca, 2004). Gannon & Ashwal (2004) argue that the convergence efforts of the FASB and the IASB already have changed U.S. GAAP and more effects are expected as the efforts to narrow the differences between the IFRS and US GAAP continue.

**Institutions fostering IFRS Adoption**

On the international front, the World Bank, the International Monetary Fund (IMF), the G8, the G7 Finance Ministers 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 accounting 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 (Mc Creevy,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), Nigerian Stock Exchange, (NSE) and Central Bank of Nigeria (CBN) were among the major agents for IFRS adoption in 2012 . Basically, a country’s accounting and disclosure system is part of its financial system and more generally its institutional infrastructure. This is geared towards the informational and contracting needs of the key parties in the economy and its role in corporate governance and the capital market. Since the accounting system is complementary to other elements in the institutional framework, a fit between them is likely what result in different accounting system and infrastructural regimes across countries (Obazee, 2007). The institutional framework impacts on the form and content of financial reporting (Zeff,1972) and the use of international standard (Nobes &Parker,1998, Zarzeski,1996).Stock exchange requirements form part of the institutional framework which impacts on the use of international standards; others are company’s choice of foreign exchange and level of disclosure. Cross-border listing makes reporting with IFRS very necessary for companies listed in stock exchanges under IFRS jurisdictions.

**IFRS Education and Training**

The IFRS represent a unified global commitment to developing a single set of high quality, global accounting standards whose aim is to provide transparent and comparable information that is in the public interest through general purpose financial statements (Herbert 2010). This commitment has led to a growing acceptance of IFRS as a basis for financial reporting across the world. The momentum represents a fundamental change for both national and global accounting systems and professions. Aspects of national systems that are critical to a successful transition to IFRS include the tertiary educational system and the accounting profession. Important components of the former (that is, the tertiary education system) for IFRS implementation are accounting lecturers and students who, in various contexts, complement the accounting profession in the development of accounting practice. Thus, the IFRS have been accepted by over 126 countries around the world, including Nigeria, as a common accounting and financial language (ibid). Indeed, Nigeria had in 2010 signaled its willingness to adopt the IFRS in 2012. This dateline is anchored on the understanding of a progression along the milestones and timelines enunciated in the Country Roadmap. However, as the Financial Reporting Council (FRC), formerly Nigerian Accounting Standards Board (NASB), duly acknowledged, the transition framework for effective and meaningful adoption may be derailed if any of the milestones and timelines is ignored. The adoption of IFRS reflects a fundamental shift in national accounting systems and professions. Critical constituents of a national system for a successful transition to IFRS include the tertiary educational system and the accounting profession. On this premise, the joining of anecdotal evidence with the paucity of published research about the dimensions of IFRS adoption in Nigeria tends to suggest that not much is known about this new financial language in the Nigerian academic environment and even in the world of work. Two key questions are critical in this conclusion. (a) How prepared are the companies, accounting educators and professionals for IFRS adoption? (b) To what extent is the gap in knowledge bridged by academics through IFRS curriculum development and professional development? To be sure, the transition to IFRS and its implications for preparers and users of financial statements, regulators, professionals, academics, and other stakeholders are yet to be empirically assessed in Nigeria. As the FRC acknowledged in its roadmap, “the implementation of IFRS requires considerable preparation both at the country and entity levels to ensure coherence and provide clarity on the authority that IFRS will have in relation to other existing national laws” (NASB 2010). 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. “Countries that implement 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 ISAs (United Nations 2008). The level of preparedness of any programme of knowledge at both macro and micro levels can be gauged through the degree of familiarity of the phenomenon at both the academic and professional levels. Thus, if a given knowledge base is sustained through programmes of academic and professional study, a presumption of systematic effort towards understanding the content and practice of the phenomenon can reasonably be made. Put differently, a comparative analysis of a country’s academics and practitioners provides an insight into the state of its readiness for IFRS adoption. Thus, this study examines whether the Nigerian academics (accounting lecturers and students) as well as practitioners (auditors, accountants, and financial analysts) are ready to embrace adoption of IFRS as a common accounting and financial reporting language. The joint views of academics and practitioners are helpful in reviewing the accounting curriculum to incorporate important emergent changes of the kinds occasioned by the IFRS. Global synthesis of international accounting and financial reporting standards cannot do justice to the peculiar characteristics and circumstances of the various countries covered. As argued by Wallace (1990), only a survey of the specific country studies can provide an in-depth understanding of the accounting situation. This is pursued through a survey and collection of data on the perception of academics and practitioners regarding familiarity, readiness, benefits and challenges, and proper plans to be used in the process of adoption of IFRS. Such a survey is needed because (a) the concerns of these critical stakeholders (financial academics and practitioners) on the relevance of extant IFRS research, and (b) their views on IFRS research agenda might help to suggest new emphasis and new directions for seamless country adoption. This study is similar to the U.S. studies conducted by Rezaee, Smith & Szendi (2010) and Moqbel & Bakay (2010), except that in the categorization of academics their definition of academics was limited. The main reason for replicating the U.S. study in Nigeria is that IFRS research is important to the future of world economy – far too important to be limited arbitrarily to the findings of one national study. Specifically, we aver that different national contexts (developed and developing countries, for example) of IFRS may help to define the status of education and practice in accounting and financial reporting: they help to identify global IFRS topics of interest and support globalization of IFRS curricula and practice. They also help to build a literature on comparative national issues on IFRS, which are presently scanty although there is a growing literature on international financial reporting. The principal purpose of this study is, therefore, to evaluate the state of readiness of Nigeria for IFRS transition as a prelude to effective IFRS adoption. This is explored through a comparative assessment of the perspectives of Nigerian academics and practitioners. This objective can be decomposed into specific objectives for micro analysis, as stated in the research questions. Specifically, the study examines four key issues related to this investigation: (a) the extent of IFRS familiarity by Nigerian academics and practitioners; (b) whether Nigerian academics and practitioners have different perspectives about IFRS readiness; and (c) whether Nigerian academics and practitioners have different perspectives regarding a proper national transition plan to IFRS. The remainder of this paper is organized as follows: section 2 provides a review of the related literature and the research questions and hypotheses; section 3 discusses the research methodology; and section 4 presents the results and discussion. Section 5 wraps up the paper with summary and conclusion.

**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 (Quigley, 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 boundaries (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 standard while content retains significant differences” (Mathews & Perera, 1996, p. 322). Convergence means the process of converging or bringing together international standards issued by the IASB and existing standards issued by national standard 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 internally 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 solutions 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 setter funds 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. Obazee(2007) suggests that convergence could be either by 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 conclusions). Convergence was meant to bring standards like the US GAP 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 issued by the IASB as following the convergence approach. They keep their local standards but make effort to converge with IFRS over time e.g China. Endorsement approach is where jurisdictions incorporate individual IFRSs into their local standards e.g. countries in the EU. 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 substitute for adoption. Therefore countries must resist the temptation of converging and go for full IFRS adoption. IFRS adoption is believed to have the most significant impact on accounting and financial reporting functions, 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).

**Benefits of IFRS Adoption**

It is advocated that adoption of IFRS will lead to: greater transparency and understandability, lower cost of capital to companies and higher share prices (due to greater confidence of investors and transparent information), reduced national standard-setting costs, ease of regulation of securities markets, easier comparability of financial data across borders and assessory investment opportunities, increased credibility of domestic markets to foreign capital providers and potentials foreign merger partners, and to potential lenders of financial statements from companies in less-developed countries. It will also facilitate easier international mobility of professional staffs across national boundaries. For the multinational companies, it will help them to fulfill the disclosure requirement for stock exchanges around the world (Armstrong, Barth,Jagolizer & Riedl , 2007., Covrig, Defond & Hung 2007, Daske et al 2008). Other benefits include: the lower susceptibility to political pressures than national standards, continuation of local implementation guidance for local circumstances and the tendency for accounting standards to be raised to the highest possible quality level throughout the world. (Choi, et al, 1999; Alfredson et al,2004). The net market effect of convergence is a function of two effects. The first is the direct informational effect - whether convergence increases or decreases accounting quality. The second is the expertise acquisition effect or whether investors become experts in foreign accounting, which depends on how costly it is to develop the expertise. Therefore, ex ante net market effect of convergence is uncertain. Armstrong et al (2007) found that investors expected net benefits to IFRS adoption in Europe associated with increases in information quality, decreases in information asymmetry, more rigorous enforcement of the standards, and convergence. They find (1) an incrementally positive reaction for firms with lower quality pre-adoption information, which is more pronounced in banks, and with higher pre-adoption information asymmetry, consistent with investors expecting net information quality benefits from IFRS adoption (2) an incrementally negative reaction for firms domiciled in code law countries, consistent with investors’ concerns over enforcement of IFRS in those countries and (3) a positive reaction to IFRS adoption events for firms with high quality pre-adoption information, consistent with investors expecting net convergence benefits from IFRS adoption. Gordon (2008) listed the benefits from adaptation of IFRS over the world to include: better financial information for shareholders and regulators, enhanced comparability, improved transparency of results, increased ability to secure cross-border listing, better management of global operations and decreased cost of capital.

**IFRS and Accounting Quality**

The adoption of IFRS around the world is occurring rapidly to bring about accounting quality improvement through a uniform set of standards for financial reporting. However, accounting quality is a function of the firm’s overall institutional setting, including the legal and political system of the country in which the firm resides (Bhattacharjee & Islam, 2009). Land & Lang (2002) document that accounting quality has improved worldwide since the beginning of the 1990s, and suggest that this could be due to factors such as globalization and anticipation of international accounting harmonization. IFRS is contingent on at least two factors. First, improvement is based upon the premise that change to IFRS constitutes change to a GAAP that induces higher quality financial reporting. For example, Barth, Landsman, & Lang (2006) find that firms adopting IFRS have less earnings management, more timely loss recognition, and more value relevance of earnings, all of which they interpret as evidence of higher accounting quality. Second, the accounting system is a complementary component of the country’s overall institutional system (Ball, 2001) and is also determined by firm’s incentives for financial reporting. Existing literatures document improvements in accounting quality following voluntary IFRS adoption (e.g., Barth et al 2008; Gassen & Sellhorn, 2006., Hung &Subramanyam,2007) to reduce information asymmetry between managers and shareholders and it can be evidenced by proper assets and earnings management, lower cost of capital, and high forecasting capability by the investors about firm’s future earnings.Barth et al. (2006) suggest that accounting quality could be improved when alternative accounting methods used by managers to manage earnings are eliminated. They compare earnings management for firms that voluntarily switch to IFRS with firms that use domestic accounting standards. They find that after IFRS adoption, firms have higher variance of changes in net income, a higher ratio of variance of changes in net income to variance of changes in cash flows, higher correlation between accruals and cash flows, lower frequency of small positive net income, and higher frequency of large losses. Barth,Landsman & Lang (2008) also find from international sample of firms that voluntarily adopted IFRS up to 2003 exhibits lower levels of earnings management and more timely loss recognition than a matched sample of firms using local GAAP. As an extension of these findings, Daske et al. (2008) focus on the heterogeneity in the consequences of voluntary IFRS adoption and find that on average capital markets respond modestly to voluntary IFRS reporting. Overall the evidence on the association between voluntary IFRS adoption and accounting quality is mixed, although papers applying more recent data generally find relatively better accounting quality among the firms that adopt IFRS (Christensen et al, 2008). A common feature of these studies is that, much of the previous studies on IFRS compliance relates to voluntary adopters, which by definition suffer from selection bias (Ashbaugh, 2001). This raises the question as to whether we can attribute the improved quality to the application of IFRS per se. That is, does the application of IFRS have an incremental effect on accounting quality, or is the observed quality improvement a result of other changes implemented simultaneously by the adopting firms? In a concurrent study, Daske et al. (2008) examine the capital market effects of mandatory IFRS adoption.They find evidence that is consistent with reduced information asymmetry in association with mandatory IFRS adoption. They argue that the effect could be driven by network effects rather than accounting quality improvements. In a similar spirit, Lee et al. (2008) argue that if IFRS matters, then firms in countries that had lower disclosure quality and dependence on equity financing prior to mandatory IFRS should experience a greater impact after mandatory adoption. However, using implied cost of equity capital as indicator, they find no effect among such countries even after two years under the new accounting standards. Other factors associated with financial reporting quality include the tax system, ownership structure, the political system, capital structure) and capital market development (Ali & Hwang, 2000).

**IFRS and Value Relevance of Accounting Information**

Negash (2008) examine the IAS adoption effect on the Johannesburg Securities Exchange (JSE) listed firms using a version of the Ohlson model (book value plus earnings and dividends).He applied a four- year window period to examine the value relevance of accrual accounting information in pre liberalization (pre IAS adoption period of 1989-1993) and post IAS adoption period (1998-2004). The study had a liberalization (integration) perspective and concluded that when scale effects were controlled the difference in panel regression r-squares vanished; suggesting that the value relevance of accounting information did not improve in the post IAS adoption period. Furthermore, the results indicated that the relationship between year-end equity prices and accrual accounting variables could no longer be explained by linear models. Barth, Landsman and Lang (2008) develop a comprehensive index for financial reporting quality. It is composed of: (1) earnings management (including earnings smoothing) indicators, (2) timely recognition of losses, and (3) value relevance of accrual accounting information. Barth, Landsman, Lang & Williams (2008) examine these indicators using cross country data, pooled regression, control variables and matched samples, in pre IAS adoption and post IAS adoption periods. They concluded that IAS adoption has been associated with lower earnings management, more timely recognition of large losses and more association between equity prices and book value and earnings/returns.Earnings management was defined following Durtschi and Easton (2004), Brown and Higgins (2001) and Healy and Wahlen (1999). A number of papers emerging from economies and Euro zone countries have documented that firms manipulate their financial statements to show small increases in profits or avoid reporting losses (Kinnunen & Koskela, 2003; Rabin & Negash,2007).

**Conceptual Difference between IFRS Adoption, Convergence and Adaptation**

Despite the fact that IFRS are increasingly becoming the need of the hour across the world and given aggressive attempts by companies in globalizing their operations, some confusion still prevails over the difference between Adoption, Adaptation (or Adaption) of, and Convergence with, IFRS. Although in common parlance and even in extant literature, the terms are used interchangeably, conceptually there exists a significant difference between the two which all users of IFRS – researchers, regulators, professionals, etc. - should understand and implement. It is important in any IFRS discourse to clarify this distinction. The term ‘adoption’ implies that national rules are set 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 and shall be 100% compliant with the guidelines issued by IASB. Within the European Union, for example, IFRS adoption is obligatory for all listed companies for their consolidated statements. For unlisted EU companies, the EU Regulation of 2002 allows them to adopt IFRS for their consolidated statements if a member state allows or requires this and most have allowed it; and for unconsolidated statements, the Regulation also allows member states to require IFRS (Nobes & Parker 2008: 105). 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, as for example by Financial Reporting Council (FRC) in Nigeria. On the other hand, convergence with IFRS means that the country’s Accounting Standard Board (e.g. FRC of Nigeria) in applying IFRS would work together with IASB to develop high quality compatible accounting standards over time. Convergence is then the gradual process of changing a country’s accounting rules towards IFRS. Thus, it is, to all intents and purposes, a particular form of harmonization or standardization. Most countries follow the convergence path towards IFRS. However, with IFRS convergence, a country may deviate to a certain extent from the IFRS as issued by the IASB, in which case some differences may still remain since compliance is partial, rather than total as with adoption. The argument favouring convergence is forcefully maintained by the U.S. Essentially, the US GAAPs are regarded as the gold standard; thus, abandoning them would be deemed as giving up a competitive advantage. Protagonists of continued convergence over adoption aver that adoption is just not right for the U.S. now. Their position is premised on the notion that the U.S. is the largest capital market in the world and hence unique in critical ways. Therefore, they maintain that giving up significant control of the standard setting process and throwing the U.S. regulatory and litigation system out-of-balance is too risky for the US economy. Other issuers without significant customers or operations outside the United States tend to resist IFRS adoption because they do not see an immediate market incentive to prepare IFRS financial statements. They also believe that the significant costs associated with IFRS adoption outweigh the benefits (AICPA IFRS: FAQs on http://www.ifrs.com/ifrs\_faqs.html). Another term that raises confusion in the IFRS lexicon is ‘adaption’. In simple terms, any transition to IFRS that entails the modification of IASB’s standards to suit national/jurisdictional peculiarities or interests even without compromising the accounting standards and disclosure requirements is referred to as adaptation.

**Present Status of IFRS Adoption in Nigeria**

In line with developments in other countries and jurisdictions, the FRC (formerly Nigerian Accounting Standards Board) first published in 2010 a roadmap which outlined specific milestones that would lead to the adoption of IFRS. Projected in three distinct milestones and timelines, the roadmap would commence with (i) public (listed) companies and significant public interest entities in Nigeria by 2012, (ii) other public interest entities in 2013 and, (iii) small- and medium-sized entities in 2014. Second, the report sought the amendment of relevant laws and regulations that had one provision or the other impacting on financial reporting in Nigeria to ensure uniformity and removal of conflicts and ambiguity. The following are specific: the Companies and Allied Matters Act (CAMA) 1990, Banks and Other Financial Institutions Act (BOFIA) 1991, Investments and Securities Act (ISA) 2007, etc. Third, the report recommends the passage and signing into law of the Financial Reporting Council Bill as soon as possible since it has the capacity to bring all financial reporting regulations under one umbrella and thus ensure ease of compliance. Fourth, the report canvasses for an early countrywide intensive capacity building programme to facilitate and sustain the process of adoption. Fifth, the report recommends the establishment of IFRS Centre of Excellence as an institutional platform for capacity building. Finally, the Report recommends the establishment of the proposed Financial Reporting Council for Nigeria to ensure proper enforcement of IFRS (Herbert 2010). This bill has since been signed into a law, and in 2011 the NASB transited into FRC.

**Challenges of IFRS Adoption**

The principal impeding factors in the adoption process of IFRS in 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, 2007). According to Rong- Ruey Duh (2006), the implementation challenges include: timely interpretation of standards, continuous amendment to IFRS, accounting knowledge and expertise possessed by financial statement users, preparers, auditors and regulators, and managerial incentive (Ball, Robin & Wu 2000). The historical differences in accounting thought, context, ethos and practice in the broad divides: Anglo-Saxon, Continental Europe and Southern American (Nobes,1983., Ball,1995) make harmonization and moving from one tradition to another difficulty. Although IFRS has the potentials to facilitate cross-border comparability, increase reporting transparency, decrease information costs, reduce information asymmetry and thereby increase the liquidity, competition and efficiency of markets (Ball 2006, Choi & Meek 2005), Armstrong et al.,(2007) and Soderstrom & Sun (2007) have found that cultural, political and business differences may also continue to impose significant obstacles in the progress towards a single global financial communication system because a single set of accounting standards cannot reflect the differences in national business practices arising from differences in institutions and cultures. The perception of IFRS quality by users is critical to IFRS adoption. For instance, in a recent survey by McEnroe & Sullivan (2011), individual investors felt satisfied with the current US accounting model and do not desire movement towards IFRS adoption. Similarly, Winney et al (2010) found that small businesses in the US were not prepared for IFRS because they do not see benefits in switching from GAAP to IFRS. Others serious challenges to IFRS adoption include:

1. IASB funding, staffing and governance structure, consistent adoption Adopters need assurance of IASB true independence with stable funding, expert staffing, appropriate governance to ensure standards setting process is free from undue influence and politicization maneuvers. This will ensure IASB legitimacy and assure the confidence of market participants and adopting nations around the world (Saudagaran,2006). Dominance of the developed countries and Political lobbying The developed countries want to dominant the IASB structure and standards setting process to the detriments of the developing countries. There is also strong lobbying and opposition by these groups to IASB’s standards (Ball,1995,Nobes & Zeff,2008).
2. Consistent adoption, application and regulatory review Presently most IFRS adoptions are in labels ( Daske et al ,2007) and with various versions which are inconsistent with IASB’s prescription (Ball,2006).Besides there are lots of uneven applications, breeding different IFRS versions (Tsakumis et al, 2009).Nobes (2006) has indicated the motivations and opportunities for different IFRS to continue. There must a coordinated regulatory review and enforcement mechanism to facilitate consistent application. The complexity of certain IFRSs and tax orientation of most nations have been identified as the two most significant impediments to convergence (Larson & Street,2004).
3. Compliance issues and enforcement mechanisms There have been varying levels of compliance with IFRS despite claims by companies that their financial statements complying with IFRS. Equally disturbing is auditors failed to express opinion on IFRS compliance or non-compliance (Cairns, 2001). A major challenge is enforcement mechanisms of IFRS especially in jurisdictions with weak institutions and enforcement agencies.
4. Cultural and structural changes in the various institutions in a country The challenges face in adopting IFRS in terms of changing culture and developing systems of regulation and accountability are quite enormous.

There are cultural, language, regulatory and accounting profession challenges as well as demands for greater accountability and wider political participation and embracing of necessary political reforms faced by countries in adopting IFRS. In fact embracing globalization and adopting IFRS has challenges as it makes necessary reforms to a country’s regulatory, legal and economic structures and adaption of its culture to the West. There is increased need for training and education for investors, accountants, auditors, preparers and users of financial reports etc, development of IFRS curricula at the university and other levels , adjustment of the accounting training and education to incorporate IFRS. The legal system must be conversant with the new IFRS standards as it applies to tax issues and other applications of laws. The adoption of IFRS must involve the strengthening of the various institutions which will enhance its effective implementation such as: preparers (managers) and enforcers (auditors (status, independence, training, compensation, tough judgment), legal systems and courts, regulators, accounting boards, ownership structure/block shareholders, politicians, law-makers, analysts, rating agencies, accounting professional bodies, tax authorities and capital market regulators),corporate governance structure, the press, public, educational institutions and business schools, financial market (structure,depth and intermediation) etc (Ball,2006).

**Developing a strong institution framework for IFRS Adoption**

A large pool of researches , mainly dwelling on compliance, implementation issues , market-based, the consequences of the implementation, have been conducted on IFRS adoption using data from countries where IFRS has been adopted or started implementation. Areas investigated include relevance of accounting data , accounting reporting quality in pre and post IFRS adoption, impact on cost of capital and market liquidity, market reactions to IFRS adoption, impact on group accounting and the net profit and equity of companies, comparison between local and IASB/IFRS (at least Deloitte and Deloitte has conducted extensive, comparative studies of many countries), economic consequences and capital market outcomes of voluntary or mandatory disclosures and adoption etc ( Barth et al.2008 ; Daske, Hail, Leuz & Verdi 2007; Negash,2008; Epstein,2009,Negash,). Leuz & Wysocki (2008:71-72) suggest that reporting quality is shaped by numerous factors in countries’ institutional environments and interactions between these elements. Also, Irvine & Lucas (2006:13) has called for research to examine challenges involved in actually implementing IFRS in emerging economies. Along this line, Hail ,Leuz & Wysoki (2009) highlight unique institutional features of U.S. markets to assess the potential impact of IFRS adoption on the quality and comparability of U.S. reporting practices, ensuing capital market effects, and potential costs of switching from U.S. GAAP to IFRS. They show that decision to adopt IFRS mainly involves a costbenefit tradeoff between (1) recurring, albeit modest, comparability benefits for investors, (2) recurring future cost savings that will largely accrue to multinational companies, and (3) one-time transition costs borne by all firms and the U.S. economy as a whole, including those from adjustments to U.S. institutions. Daske, Hail, Leuz & Verdi (2007) also examine the impact of IFRS adoption in 26 countries on market liquidity, cost of equity capital and Tobin’s q. They find that, on average, market liquidity and equity valuations increase around the introduction of mandatory IFRS in a country.However, these market benefits exist only in countries with strict enforcement regimes and institutional environments that provide strong reporting incentives. Daske et al. (2008) and Platikanova & Nobes (2007) have argued that capital market benefits from IFRS depend on countries’ institutional environments. Malriat (2009) argues that the best results in IFRS adoption have been seen in countries with strict enforcement regimes and institutional structures that provide strong reporting incentives. These countries are more likely to have discernable capital-market effects when using IFRS reporting. A "serious" commitment to IFRS has shown larger cost of capital and market liquidity benefits compared to adopting IFRS as a "label. Weak institution structures result in polarised non-compliance with IFRS especially in developing and transitional economies (Street et al., 2000; Street & Gray, 2001; Abd-Elsalam & Weetman, 2003 ) The inappropriateness of IFRS in developing and transitional countries has reflected in the high level of non-compliance with these standards (Abayo et al., 1993, Solas, 1994; Street et al., 1999,Street et al., 2000; Street & Gray, 2001; Abd-Elsalam & Weetman, 2003).The reasons adduced include shortage of accountants and skill gap. Irvine & Lucas (2006) argue that emerging economy such as United Arab Emirate in embracing globalization and adopting IFRS, will need to develop appropriate regulatory systems to overcome cultural issues relating to secrecy and fraud. It is argued that developing countries and emerging economies, in pursuing the global economic benefits offered by the adoption of IFRS, face challenges in adapting their regulatory infrastructure and culture to western-oriented accounting standards. Solas (1994) examined the extent of financial information disclosure by Jordanian companies according to the requirements of IFRS. He concluded that disclosure was at unacceptable level. Using a world sample of companies, Street & Gray (2001) found a significant extent of non-compliance with IFRS in France and Africa. The objective of their research was to examine the financial statements and footnotes of a worldwide sample of companies referring to the use of International Accounting Standards (IAS), to explore further the extent of noncompliance, and most importantly to provide information about the factors associated with noncompliance. They find a significant extent of noncompliance with IAS and that key factors associated with levels of compliance include listing status, being audited by a Big 5+2 firm, the manner of reference to IAS, and country of domicile. The decision of the Egyptian government to mandate an immediate implementation of IFRS in1997 allowed neither the listed companies nor the accounting profession adequate time to adapt to the ‘new’ standards. The result was low non-compliance with their requirements by the listed companies (Kholeif, 2008, Abd-Elsalam & Weetman 2003) due to relative unfamiliarity with IFRS requirements and non-availability of an authoritative translation or language effect.This made listed companies in Egypt ‘selective in their choice of what to comply with . Sucher & Jindrichovska (2004) consider the issues that arise when implementing new accounting regulations like IFRS reporting in Czech Republic such as the method of implementation, the scope of IFRS, particular issues with local accounting practice and IFRS, the issue of enforcement of compliance with IFRS and its relationship with audit, the link between IFRS reporting and taxation and the provision of education and training as well as a review of the state of preparedness of local groups. Armstrong et al (2007) found that investors expected net benefits to IFRS adoption in Europe associated with increases in information quality, decreases in information asymmetry, more rigorous enforcement of the standards and convergence. Despite the lofty benefits being envisaged from IFRS adoption by countries all over the world including Nigeria, a critical issue that needs consideration is the weak institutional framework. Ball (2006) argues that implementation is the Achilles heel of IFRS and the possibility of uniform application of IFRSs across different jurisdictions has been questioned because of differences in compliance and enforcement mechanisms and different cultural and institutional contexts (Ball, 2006., Nobes,2006., Larson & Street, 2004., Soderstrom & Sun, 2007., Zeff, 2007).

**International Financial Reporting Standards (IFRS) and Corporate Governance**

Corporate governance has been shown to be a global frontier issue in corporate management, more so in developing economies with weak regulatory systems, weak/opportunistic legal institutions, and corrupt/inept leadership (Herbert & Tsegba 2011). Effective corporate governance requires accurate and reliable financial information (Judge, Li & Pinsker 2010). The provision of accurate and reliable information has historically followed national standards, where each nation has developed and pursued its own financial standards. However, since the 1980s, in particular, the imperatives of globalization and advances in information communications technology (ICT) have increasingly integrated national economies as well as consolidated financial markets into a global market. As a consequence, the need for a common set of financial standards became not only desirable but imminent. The upshot of the concern for a uniform financial reporting framework gave rise to the movement towards harmonization of IFRS throughout the global economy. An important aspect of IFRS is the obligation of increased comparable disclosure by international companies. Research has found a strong association between the level of disclosure about the transition to IFRS and superior corporate governance (CG). The disclosure of such good CG indices as the frequency of board and audit committee meetings, choice of auditor and board size has been shown to increase with IFRS transition (See for example, Kent & Stewart 2008, and Doyle 2010).

**2.2 THEORETICAL FRAMEWORK**

International convergence of accounting standards is not a new idea: the concept of convergence first arose in the late 1950s in response to post World War II economic integration and related increases in cross-border capital flows (Nobes 2006). Initial efforts focused on harmonization which entailed reducing differences among the accounting principles used in major capital markets around the world. By the 1990s, the notion of harmonization was replaced by the concept of convergence - the development of a single set of high-quality international accounting standards that would be used in at least all major capital markets (ibid.) The need to develop a unified set of accounting standards arose from international differences that curtailed investment opportunities (IFAC 2008). Since accounting is affected by its environment, the culture of that environment contains the most basic value that an individual may hold; it also determines the value system of accountants. In using cultural differences to explain international differences in behaviour of accountants and in the nature of accounting practices, Gray (1988) suggests that a country with high uncertainty avoidance and individualism will be more likely to exhibit conservative measure of income and a preference to limit disclosure of those closely involved in a business. Gray’s postulation is hinged on the following proposition by Hofstede (1980): The divergence perspective recognizes country and cultural differences. The main hypothesis is that national culture continues to be a dominating influence on individuals’ attitudes and behaviors. Other factors that precipitated the development of a unified set of accounting standards include inflation, tax method, legal system of a country. Jaggie & Low (2000) find, for example that companies in common law countries have higher level of disclosure. To bridge international differences, the International Accounting Standards Committee (IASC), was formed in 1973 by ten national professional accountancy bodies namely, Australia, Canada, France, Germany, Japan, Mexico, Netherlands, United Kingdom and Ireland, and the United States of America. Its mission was to formulate and publish, in the public interest, basic standards to be observed in the presentation of audited accounts and financial statements and to promote their worldwide acceptance. The meeting of IASC and FASB on April 1, 2001 gave the convergence a new impetus.. Since then, the move towards international standards has progressed rapidly and by 2009, the European Union and over 130 other countries either require or permit the use of IFRS issued by the IASB or a local variant of them. The unification of the different accounting standards and the evolutionary changes that led to the development of IFRS have been a topical issue in the accounting world. Since the early 1970s, various attempts have been made and are still being made to eliminate or reduce many of the major differences in accounting standards through a process known as harmonization (Herbert 2010). Indeed, because of the inherent difficulties at the time, internationalization of accounting standards was deemed as “an endeavour of conflicts” (Choi & Mueller 1984: 470). This conflict is rooted in the process of standard setting which is politically motivated in some countries and, in others, through the private professional accountancy bodies. These national variations (or non-uniformity) in the process of standard setting inevitably gave rise to the prevalence of different standards in different countries.

**2.3 EMPIRICAL REVIEW**

Adele(2017) observed that the fast pace of globalization with integration of national financial markets has stimulated the need for a common financial language (IFRS) because good financial reporting makes investment and financial decisions more efficient. Nigeria adopted the IFRS in January 2012. This exploratory study examines the state of readiness of Nigerian academics (accounting lecturers and students) and practitioners (professional accountants and auditors) to embrace IFRS adoption. The study examined three research questions about: (i) the extent of IFRS familiarity by academics and practitioners; (ii) the state of readiness to embrace IFRS by academics and practitioners; and (iii) their perspectives regarding a proper national transition plan to IFRS adoption. The results showed significant differences between accounting students, lecturers and practitioners with respect to their degree of familiarity with IFRS. Respondents believed that Nigeria was not ready for IFRS adoption and were of the view that ‘IFRS Course in Accounting Curriculum’ is the best plan to transition Nigerian companies to IFRS, followed by ‘IFRS training for management and staff’. An important policy implication of this study is the urgency of accounting curriculum review in our tertiary education institutions to incorporate IFRS and its implementation dimensions.

Herbert et al. (2013) posit, the joint views of academics and practitioners are helpful in reviewing the accounting curriculum to incorporate important emergent changes of the kinds occasioned by the IFRS. Global synthesis of international accounting and financial reporting standards cannot do justice to the peculiar characteristics and circumstances of the various countries covered. Earlier, Herbert and Wallace (1996) had noted that only a survey of specific country studies could provide an in-depth understanding of the accounting situation. Such may be pursued through a survey and collection of data on the perception of academics and practitioners regarding familiarity, readiness, challenges or roadblocks, and proper implementation plans of IFRS adoption. Such a survey is needed because (a) the concerns of critical stakeholders (academics and practitioners) on the relevance of extant IFRS research, and (b) their views on IFRS research agenda might help to suggest new emphasis and new directions for seamless country adoption.

**CHAPTER THREE**

**RESEARCH METHODOLOGY**

**3.1 INTRODUCTION**

 In this chapter, we described the research procedure for this study. A research methodology is a research process adopted or employed to systematically and scientifically present the results of a study to the research audience viz. a vis, the study beneficiaries.

**3.2 RESEARCH DESIGN**

Research designs are perceived to be an overall strategy adopted by the researcher whereby different components of the study are integrated in a logical manner to effectively address a research problem. In this study, the researcher employed the survey research design. This is due to the nature of the study whereby the opinion and views of people are sampled. According to Singleton & Straits, (2009), Survey research can use quantitative research strategies (e.g., using questionnaires with numerically rated items), qualitative research strategies (e.g., using open-ended questions), or both strategies (i.e., mixed methods). As it is often used to describe and explore human behaviour, surveys are therefore frequently used in social and psychological research.

**3.3 POPULATION OF THE STUDY**

 According to Udoyen (2019), a study population is a group of elements or individuals as the case may be, who share similar characteristics. These similar features can include location, gender, age, sex or specific interest. The emphasis on study population is that it constitute of individuals or elements that are homogeneous in description.

This study was carried out on the impediments in adopting international financial reporting standard in Nigeria using Federal Pay Office, Benin and Office of the Auditor-General for the Federation, Benin City as a case study. Staff of federal pay office and office of the auditor general form the population of the study.

**3.4 SAMPLE SIZE DETERMINATION**

A study sample is simply a systematic selected part of a population that infers its result on the population. In essence, it is that part of a whole that represents the whole and its members share characteristics in like similitude (Udoyen, 2019). In this study, the researcher adopted the convenient sampling method to determine the sample size.

**3.5 SAMPLE SIZE SELECTION TECHNIQUE AND PROCEDURE**

According to Nwana (2005), sampling techniques are procedures adopted to systematically select the chosen sample in a specified away under controls. This research work adopted the convenience sampling technique in selecting the respondents from the total population.

In this study, the researcher adopted the convenient sampling method to determine the sample size. Out of the population of Staff of federal pay office and office of the auditor general, the researcher conveniently selected 40 staff from federal pay office and 40 staff from the office of the auditor general making a sum of 80 participants as the sample size for this study. According to Torty (2021), a sample of convenience is the terminology used to describe a sample in which elements have been selected from the target population on the basis of their accessibility or convenience to the researcher.

**3.6 RESEARCH INSTRUMENT AND ADMINISTRATION**

The research instrument used in this study is the questionnaire. A survey containing series of questions were administered to the enrolled participants. The questionnaire was divided into two sections, the first section enquired about the responses demographic or personal data while the second sections were in line with the study objectives, aimed at providing answers to the research questions. Participants were required to respond by placing a tick at the appropriate column. The questionnaire was personally administered by the researcher.

**3.7 METHOD OF DATA COLLECTION**

Two methods of data collection which are primary source and secondary source were used to collect data. The primary sources was the use of questionnaires, while the secondary sources include textbooks, internet, journals, published and unpublished articles and government publications. The reason for using both primary and secondary source of data is, so that the researcher will have concrete and more valid answers to the research questions

**3.8 METHOD OF DATA ANALYSIS**

The responses were analyzed using the frequency percentage tables, which provided answers to the research questions. The hypothesis was carried out using the chi- square statistical tool.

**3.9 VALIDITY OF THE STUDY**

Validity referred here is the degree or extent to which an instrument actually measures what is intended to measure. An instrument is valid to the extent that is tailored to achieve the research objectives. The researcher constructed the questionnaire for the study and submitted to the project supervisor who used his intellectual knowledge to critically, analytically and logically examine the instruments relevance of the contents and statements and then made the instrument valid for the study.

**3.10 RELIABILITY OF THE STUDY**

The reliability of the research instrument was determined. The Pearson Correlation Coefficient was used to determine the reliability of the instrument. A co-efficient value of 0.68 indicated that the research instrument was relatively reliable. According to (Taber, 2017) the range of a reasonable reliability is between 0.67 and 0.87.

**3.11 ETHICAL CONSIDERATION**

The study was approved by the Project Committee of the Department. Informed consent was obtained from all study participants before they were enrolled in the study. Permission was sought from the relevant authorities to carry out the study. Date to visit the place of study for questionnaire distribution was put in place in advance.

**CHAPTER FOUR**

**DATA PRESENTATION AND ANALYSIS**

**INTRODUCTION**

This chapter presents the analysis of data derived through the questionnaire and key informant interview administered on the respondents in the study area. The analysis and interpretation were derived from the findings of the study. The data analysis depicts the simple frequency and percentage of the respondents as well as interpretation of the information gathered. A total of eighty (80) questionnaires were administered to respondents of which only seventy-seven (77) were returned and validated. This was due to irregular, incomplete and inappropriate responses to some questionnaire. For this study a total of 77 was validated for the analysis.

**4.1 DATA PRESENTATION**

**Table 4.1: Demographic profile of the respondents**

|  |  |  |
| --- | --- | --- |
| **Demographic information** | **Frequency** | **percent** |
| **Gender**Male |  |  |
| 42 | 54.5% |
| Female | 35 | 45.5% |
| **Age** |  |  |
| 25-30 | 15 | 19.5% |
| 31-35 | 19 | 24.7% |
| 36-40 | 23 | 29.9% |
| 41+ | 20 | 25.9% |
| **Marital Status** |  |  |
| Single  | 10 | 12.9% |
| Married | 64 | 83.1% |
| Separated | 0 | 0% |
| Widowed | 3 | 3.9% |
| **Education Level** |  | g |
| BS.c | 45 | 45.45% |
| MS.c | 32 | 32.46% |
| MBA | 00 | 0% |

**Source: Field Survey, 2023**

**4.2 DESCRIPTIVE ANALYSIS**

**Research Question 1: What are the impediments in adopting IFRS in Nigeria?**

Table 4.2: Responses on question 1

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **S/N** | **ITEM STATEMENT** | **SA****4** | **A****3** | **D****2** | **SD****1** | **X** | **S.D** | **DECISION** |
| 1 | Compliance issues and enforcement mechanisms | 22 | 30 | 15 | 10 | 3 | 2.84 | Accepted |
| 2 | Cultural and structural changes in the various institutions in a country | 18 | 28 | 22 | 9 | 2.9 | 2.76 | Accepted |
| 3 | funding, staffing and governance structure | 15 | 30 | 20 | 12 | 2.93 | 2.62 | Accepted |
| 4 | Consistent adoption, application and regulatory review | 20 | 25 | 15 | 17 | 2.8 | 2.61 | Accepted |

**Source: Field Survey, 2023**

In table 4.2 above, on the impediments in adopting IFRS in Nigeria, the table shows that all the items (item1-item5) are accepted. This is proven as the respective items (item1-item5) have mean scores above 2.50.

**4.3 TEST OF HYPOTHESIS**

**H01**: There are problems/impediments in the adoption of International Financial Reporting Standards (IFRS) in Nigeria.

**Table 4.3: There are problems/impediments in the adoption of International Financial Reporting Standards (IFRS) in Nigeria.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Options** | **Fo** | **Fe** | **Fo - Fe** | **(Fo - Fe)2** | **(Fo˗-Fe)2/Fe** |
| Yes | 38 | 25.6 | 12.4 | 153.8 | 6.0 |
| No | 10 | 25.6 | -15.6 | 243.4 | 9.5 |
| Undecided | 29 | 25.6 | 3.4 | 11.7 | 0.5 |
| **Total** | **77** | **77** |  |  | **16.0** |

**Source: Extract from Contingency Table**

 Degree of freedom = (r-1) (c-1)

 (3-1) (2-1)

 (2) (1)

 = 2

At 0.05 significant level and at a calculated degree of freedom, the critical table value is 5.991.

**Findings**

The calculated X2 = 16.0 and is greater than the table value of X2 at 0.05 significant level which is 5.991.

**Decision**

Since the X2 calculated value is greater than the critical table value that is 16.0 is greater than 5.991, the Null hypothesis is rejected and the alternative hypothesis which states that there are problems/impediments in the adoption of International Financial Reporting Standards (IFRS) in Nigeria is accepted.

**CHAPTER FIVE**

**SUMMARY, CONCLUSIONS AND RECOMMENDATIONS:**

**5.1 Introduction**

This chapter summarizes the findings into the impediments in adopting international financial reporting standard in Nigeria using Federal Pay Office, Benin and Office of the Auditor-General for the Federation, Benin City as case study. The chapter consists of summary of the study, conclusions, and recommendations.

**5.2 Summary of the Study**

In this study, our focus was to examine the impediments in adopting international financial reporting standard in Nigeria using Federal Pay Office, Benin and Office of the Auditor-General for the Federation, Benin City as case study. The study specifically was aimed to find out the impediments in adopting (IFRS) International Financial Reporting Standards in Nigeria. The study adopted the survey research design and randomly enrolled participants in the study. A total of 77 responses were validated from the enrolled participants where all respondent are staff of Federal Pay Office and Auditor-General for the Federation.

**5.3 Conclusions**

Based on the findings of this study, the researcher made the following conclusion.

1. The impediments in adopting IFRS in Nigeria is compliance issues and enforcement mechanisms, cultural and structural changes in the various institutions in a country, funding, staffing and governance structure and consistent adoption, application and regulatory review.

**5.4 RECOMMENDATIONS**

Based on the findings of this study, the following recommendations were made:

Even though Nigeria has adopted IFRS, empirical studies have thrown up reservations and roadblocks to its implementation. An important policy implication is the urgency of accounting curriculum review in the tertiary education system to incorporate IFRS and IPSAS and their implementation dimensions. Also, governments at all levels, regulatory agencies, accountancy bodies, private and public companies and institutions, and accountancy firms all need to fast-track IFRS education in order to boost the acquisition of IFRS knowledge and competences.

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**APPENDIXE**

**QUESTIONNAIRE**

**PLEASE TICK [√] YOUR MOST PREFERRED CHOICE(S) ON A QUESTION.**

**SECTION A**

**PERSONAL INFORMATION**

**Gender**

Male ( )

Female ( )

**Age**

20-25 ( )

25-30 ( )

31-35 ( )

36+ ( )

**Marital Status**

Single ( )

Married ( )

Separated ( )

Widowed ( )

**Education Level**

BS.c ( )

MS.c ( )

MBA ( )

**SECTION B**

**What are the impediments in adopting IFRS in Nigeria?**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **S/N** | **ITEM STATEMENT** | **SA** | **A** | **D** | **SD** |
| 1 | Compliance issues and enforcement mechanisms |  |  |  |  |
| 2 | Cultural and structural changes in the various institutions in a country |  |  |  |  |
| 3 | funding, staffing and governance structure |  |  |  |  |
| 4 | Consistent adoption, application and regulatory review |  |  |  |  |