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The Effect of Global Financial Regulatory Changes on the Existing Accounting Techniques in Nigeria

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Abstract: This study determines the effects of global in the financial regulatory changes on the existing accounting techniques in Nigeria. Survey research design was applied and sample size was determined using Taro-Yamane formula, Two hundred and eighty - six questionnaires were distributed among accounting practitioners and accounting academics drawn from six states of Nigeria. Analysis was done using Univariate Analysis of variance (UAV) to test the hypotheses. Result indicates that the hypotheses were all significant and the adoption of stakeholder based sustainability reports in line with the theoretical frame work of this study significantly improved the reporting pattern of Nigerian corporate firms. Furthermore, the international standards setters must provide the necessary support towards effective and speedy convergence. In view of this, the researcher recommends that as the compliance with IFRS procedure is compulsory, outfit with legal capacity to enforce the provisions of financial regulatory council on any failure should be put in place. While nurturing the IFRS implementation time table, the monitoring agency of government FRS, the central Bank of Nigeria and other regulatory bodies should ensure that ethical and corporate transparency are observed and sustainability of the environment are preserved.

Keywords: IFRS, Global Financial Regulation, Existing Accounting Techniques.

INTRODUCTION

Global changes that rocked the financial systems around the world from 2000 to 2008 brought series of professional misadventures to the accounting profession [1]. It all started with the Enron scandal of 2001/2002 which effectively marked the end of a period, in the history of the development of regulatory framework for the accountancy profession. The International community had not fully recovered from the effect of the failure experience, before other factors sent the shocking waves down the spine of financial analysts and investors. Osisioma [1], the litany of woes include WorldCom, Global Crossing, Xerox, Deutsche, Telekom, Qwest, Waste Management, Vivendi, Centrica, Royal Dutch/Shell, and Tyco- all through the US, Europe, Asia and the Caribbean. Closer home, the examples include African Petroleum and Cadbury among others, and a host of banks which went bursting over corporate governance abuses and sharp accounting practices. The succession of corporate scandals and financial and economic crises- the Asian Financial Crisis, the Enron scandal, and more recently, the global Financial Crisis – worked to transform the regulatory and public policy environment for accounting and auditing world-wide. The consequences have been so much that the landscape has been dramatically altered, the regulatory framework and public policy environment has been varied, the expectations of accountants and auditors have been modified, both firms and the profession have been impacted upon in an unexpected manner, and the freedom of self-regulation which had in the past governed the development of the profession, has been lost. All these factors contributed in no small measure to the current hype over IFRSs and the challenge for nations and countries to implement the same. The Securities and Exchange Commission (SEC) unveiled a model "able to address accountants' ethical lapses or competence deficiencies". The cornerstone of the new policy, involves a Public Accountability Board that would be empowered to perform quality control reviews, at least once a year for the largest practicing accounting firms and individual accountants with a range of sanctions, including suspension from audit; and have the duty to ensure that the profession's ethical, auditing and quality control standards are of the highest calibre Osisioma, [1].

The incidence that terribly rocked the accounting profession by a series of professional misadventures over the period 2000 to 2008 tore at the heart of the discipline. The succession of corporate scandals and financial and economic crises - the Asian Financial Crisis, the *Enron scandal*, and more recently, the global Financial Crisis - worked to transform the regulatory and public policy environment for accounting and auditing world-wide. The consequences have been far-reaching: the landscape for accounting profession has been dramatically altered, the regulatory and public policy environment has been varied, the expectations of accountants and auditors have been modified, both firms and the profession have been impacted upon in unexpected manner, and the freedom of self-regulation which had in the past governed the development of the profession, has been lost. These and other such similar cases laid the foundation for the emergence of a new Standard regime for the profession.

Now that Nigeria have joined the new 'Regime', by adopting International Financial Regulatory Standards (IFRS), it becomes necessary to assess how this new 'Regime' has impacted on the accounting profession in Nigeria. This study however, is to assess the emerging global financial regulatory framework so as to determine its impact on the accounting profession in Nigeria, with a view to provide a model that would guarantee high quality and reliable financial reports. Specifically:

1. To find out if the adoption of International Financial Reporting Standards (IFRS) in Nigeria has improved the quality of financial reporting by corporate firms.
2. To establish whether the adoption of stakeholder-based sustainability reporting have resulted in changes in the disclosure and reporting practices of corporate firms in Nigeria.

Hypotheses

Hypothesis One (Null)

H_O: The adoption of the International Financial Reporting Standard (IFRS) in Nigeria has not improved the quality of financial reporting by corporate firms in Nigeria.

Hypothesis Two (Null)

H_O: The adoption of stakeholder-based sustainability reporting has not significantly improved the disclosure and reporting pattern of Nigeria corporate firms.

REVIEW OF RELATED LITERATURE

International Financial Reporting Standard (IFRS)

The move towards global high-quality financial reporting standards started in 1973 when the International Accounting Standards Committee (IASC) which was formed by 16 professional accounting bodies from Canada, United States of America, United Kingdom, Germany, France, Netherlands, Australia, Mexico and Japan. The IASC was reorganized into the International Accounting Standards Boards (IASB) in 2001. To date, the IASB has developed accounting standards and related Interpretations that are collectively known as the International Financial Reporting Standards (IFRS) [2]. [3], stated that the standards set by the IASB began to gain dominance when the International Organization of Securities Commissions (IOSCO) in 2000 endorsed the then IASC standards. This was further boosted when in 2002; the European Commission approved a regulation requiring that listed companies in EU countries prepare consolidated financial statements in accordance with IFRS. The dominance of IFRS further improved in September 2002, when the United States Financial Accounting Standards Board (FASB) and IASB signed the Norwalk Agreement. By this agreement, the bodies undertook to work closely to develop high quality compatible accounting standards that could be used for both domestic and cross border financial reporting. These bodies have so far met their commitment and are far advanced in the IFRS-US Generally Accepted Accounting Principles (GAAP) convergence.

Other countries especially the developing ones who do not want to be left behind took a cue from the world's major economies to either adapt or converge the IFRS. Notable among these countries are Sierra Leone, Malawi, Zambia, Kenya, and Ghana. Countries use different approaches in adopting IFRS based on their need and ability to adopt. For example, in countries like United States, Canada, Japan and India, IFRS financial statements are not permitted for listing without reconciliation to local GAAP Garuba and Pat, [2].

However, significant gains have been made in these countries to bring domestic standards in line with IFRS. While in the European Union (EU), listed companies are required to use IFRS in preparing consolidated financial statements. It therefore, means that a listed company that has no subsidiary is not required to use IFRS. Non-listed companies in the EU are required by law or allowed in some cases to file financial statements prepared in accordance with the local GAAP applicable in their respective jurisdictions. EU member states may however, permit non-listed companies in their jurisdiction to use IFRS.

This has been the practice in EU countries like the United Kingdom, Australia, Ireland, Slovenia and France. While in countries such as Malta, Slovakia and Cyprus which are EU member states, non-listed entities are required to prepare IFRS based financial statements. Other EU member states like Poland, Lithuania and Latvia require non-listed companies to use local GAAP and prohibit them from using IFRS. This goes to show the extent to which countries are careful about adopting IFRS in its totality.

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Countries that have adopted IFRS in its totality have done so in a gradual and coordinated manner, allowing for transition periods. For example in Brazil financial institutions had between 2007 and 2010 to comply with IFRS.

As for Korea, the Financial Supervisory Commission and the Accounting Standards Board of the Republic of Korea, after years of consultations and ground work, announced in 2009 to permit all companies other than financial institutions to apply IFRS as adopted by Korea, but set 2011 for IFRS to become mandatory in the country. In the case of India, it commenced IFRS transition in early 2007 when the Institute of Chartered Accountants of India formed an IFRS convergence task force to look into the various convergence issues and prepare a road map for full adoption for 2011. In neighboring Ghana, the Institute of Chartered Accountants of Ghana has commenced the IFRS transition project in earnest; but it was only in 2007, that the Minister of Finance and Economic Planning of Ghana formally launched the adoption of IFRS in that country.

In Nigeria the government has taken its time to involve all stakeholders before it finally decided to adopt the IFRS on a gradual basis as from 1st January 2012. [4], stated that "as part of plans to meet international standards, the Federal Government has disclosed that new accounting system, the International Financial Reporting Standard (IFRS) will take off in Nigeria on 1st January 2012.

According to the government, the choice of the date is anchored on the need to effectively transit to IFRS over a three year period. Unveiling the IFRS road map, Minister of Commerce and Industry, Senator Jubril Martin-Kuye noted that the search for global accounting standard as captured by the IFRS became imperative following the collapse of US energy giant, Enron when accounting global questioning of accounts experience, integrity and existence of standards in corporate governance. According to the Minister, all other public interest entities are expected to mandatorily adopt IFRS for statutory purposes by January 1st 2013, while Small and Medium sized Entities (SMEs) shall mandatorily adopt the system on January 1st 2014; adding that with this, all SMEs in Nigeria will statutorily be required to issue IFRS based financial statements for the year ended 31st December 2014. He warned that entities which fail to meet the IFRS for SMEs criteria shall report using Small and Medium sized Entities Guidelines on Accounting (SMEGA) level three issued by the United Nations Conference on Trade and Development (UNCTAD)."

The concept of accounting quality is based on IASB's accounting framework where relevance, reliability, understandability and comparability [5] are the key components and therefore assumed that financial statements with the four qualitative characteristics have better quality. [6], has simply described accounting quality as the extent to which the financial statement information reflects the underlying economic situation. A number of African countries including Nigeria, Ghana, Sierra Leone, South Africa, Kenya, Zimbabwe and Tunisia among others have adopted or declared intentions to adopt the standards. In particular, Nigeria adoption of IFRS was launched in September, 2010 by the Honorable Minister, Federal Ministry of Commerce and Industry – Senator Jubriel Martins-Kuye (OFR) [7]. The adoption was planned to commence with Public Listed Companies in 2012 and by end 2014 all stakeholders would have complied. As at 2012 the banking sector has fully complied. This is considered a welcomed progress for developing countries especially some of those that had no resources to establish own standards.

There are proponents as well as opponents who have arguments for and against the global adoption of IFRS. [8], the adoption of a common body of international standards is expected to have the following benefits: lower the cost of financial information processing and auditing to capital market participants as users, familiarity with one common set of international accounting standards instead of various local accounting standards by Accountants and Auditors of financial reports, comparability and uniformity of financial statements among companies and countries making the work of investment analysts easy, attraction of foreign investors in addition to general capital market liberalization.

Since their inception, International Accounting Standards have been produced by two bodies. The first, the International Accounting Standard Committee (IASC) came up with 41 accounting standard between 1973 and 2000. The IASC was replaced by the International Accounting Standard Board (IASB) in the year 2000. The new Board embarked on a review processes aimed at refining the standards. The result was a reduction in the number of standard from 41 in the year 2000 to 28 by the year 2008. By 2011, 13 standards had been issued by the board as International Financial Reporting standards (IFRS). IFRS or IAS have also been described as a set of standards stating how particular types of transactions and other events should be reflected in financial statements, issued by IASC and IASB [9] The primary objective of the accounting standards is to enable corporations to provide investors and creditors with relevant reliable and timely information which is in line with IASB's

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accounting framework for the preparation and presentation, of Financial Statements. Such information, it is argued, contributes towards the achievement of orderly capital markets around the world,[10]. Controversies always existed over the suitability of applying IFRS in developing countries with researchers such as **[**11] as well as Chen et al [6] arguing that there exist two school of thought in this area. The first supports single set global standards as being suitable for application. The second opposes the use of IFRS in developing countries by arguing that the characteristics of local business environment and institutional frameworks determine the form and contents of accounting standard. Nigeria and many other developing countries are characterized by weak institutions and volatile economic and political environments which are not very conducive to assimilation of IFRS. In spite of the arguments, many countries and companies have adopted IFRS and the need to evaluate their impact has been overwhelming. [12] indicate that accounting amounts results from interaction of features of the financial reporting system which include accounting standards, their interpretations, enforcement, and litigation and this obviously leads to obtaining different results from application of the same standards. [13] by extension argued that high quality standards like IFRS may also lead to low quality accounting information depending on the incentives of the preparers. It is these contradictions that led [14] and others, to conclude that poor preparer incentives, underlying economic and political factors influence manager and auditors incentives as opposed to accounting standards.

IFRS and Quality of Financial Reporting

With regulation EC No 1606/2002, the European Union (EU) decided that all publicly traded companies "shall prepare their consolidated accounts in conformity with the international accounting standards [IAS]" [15] for each financial year beginning on or after 1 January 2005. More specifically, this requirement means that these companies must apply IAS, International Financial Reporting Standards (IFRS) and Standing Interpretations Committee/International Financial Reporting Standards Interpretation Committee (SIC/IFRSIC) interpretations issued by the International Accounting Standards Board (IASB).

This requirement most likely constitutes the single most significant change in accounting standards to have ever occurred in Europe and is popularly referred to as the introduction of IFRS (for a comprehensive description of the implementation of IFRS, see, for example, [16]. This paper, empirically examined the impact of the introduction of IFRS on the accuracy and dispersion of financial analysts' forecasts in five EU countries.

The past decade has seen a large amount of empirical research regarding what constitutes high-quality accounting **[**17]. For many European countries, the introduction of IFRS has entailed substantial changes in accounting methods, and this change has prompted a major 'natural' opportunity to examine factors thought to affect accounting quality. Consistently, academics around the world are now extensively studying the effects of IFRS on accounting quality (Armstrong et al., [15]; [18]; [19]; [20]; [21]; [22]. Results from these studies are mixed. On the one hand, IFRS appear to have a positive effect on accounting quality, but the results are contingent on country- or firm-specific characteristics. In general, IFRS required more extensive and sophisticated disclosures than were afforded by prior local standard and this requirement may have a positive influence on the quality of financial reports. On the other hand, certain aspects of IFRS, such as the greater flexibility in choice of accounting methods that it offers in comparison with some EU countries' previous local standards, may negatively affect accounting quality [23].

Previous research has commonly used earnings management, timely loss recognition and value relevance as indicators of accounting quality Barth, [18], although metrics such as quality indices and appropriateness also appear. All of these metrics fail to directly capture the usefulness of the accounting information to users. In this paper, we approach the effect of IFRS on accounting quality from a different angle by determining whether the introduction of IFRS has allowed users of accounting information to make better predictions regarding firm performance. More specifically, we examine whether the introduction of IFRS has allowed financial analysts to formulate better forecasts of firm performance. This decision of usefulness dimension of accounting quality is in line with a purpose of accounting that is stressed in the conceptual framework of the IASB, which states that the objective of general purpose financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity. Those decisions involve buying, selling or holding equity and debt instruments, and providing or settling loans and other forms of credit [24].

Prior research has focused primarily on the role of voluntary disclosure in reducing this information asymmetry [25], but the introduction of IFRS also allows for the exploration of impacts that mandatory financial accounting may have on analysts' ability to reduce information asymmetry. Higher quality financial accounting could be expected to allow extensive users of accounting data to formulate higher quality assessments of firms, leading to less overall information asymmetry.

Because the impact of IFRS, accounting quality appears to vary among countries, it is unlikely to have the same effects on analysts' performance in all countries where it is introduced. Barth, Landsman and Lang [19] and [26] for example, suggest that the enforcement of accounting standards, which can vary among countries [27], is pivotal for the realization of quality increases through the introduction of IFRS. Therefore, the study, they examined the impact of IFRS on accounting quality in five EU countries: Sweden, the UK, Germany, France and the Netherlands. These countries have regulatory systems with different origins and with varying enforcement strength La Porta R; et al [27].

REGULATORY FRAMEWORK

Regulation of accounting information is aimed at ensuring that users of financial statements receive a minimum amount of information that will enable them take meaningful decisions regarding their interest in a reporting entity.

The bodies responsible for these regulations are often statutory agencies such as the Accounting Standards Board, Securities and Exchange Commission and the Stock Exchange. The bulk of this framework is usually contained in Accounting Standards. The Nigerian Accounting Standards Board is the body responsible for the issuance of Accounting Standards in Nigeria. This board was initially an advisory body responsible for the production of standards that will serve as a guide to Accountants in the preparation of financial statements.

Until 2003, when the Nigerian Accounting Standards Board Act was enacted, which now makes it mandatory for accountants preparing corporate reports to adhere strictly to the provisions of the Accounting Standards issued by the board, the standards were treated as just generally accepted accounting principles. This mandatory approach arises from the fact that there is the need to:

(a) Ensure uniformity in the preparation and presentation of corporate reports throughout the country;
(b) Ensure that accountants comply with the Generally Accepted Accounting
Principles in the discharge of their functions;
(c) Ensure that the standards comply with existing regulatory frameworks;
(d) Ensure that the standards comply with the domestic accounting need of our country. With the passing into law of the NASB Act 2003, the NASB is now the only body recognized by law for the development, issuance and review of accounting standards for preparers and users of financial statements.

Other Regulatory Framework

Other institutions responsible for the regulation of accounting information in Nigeria includes:

(a) The Central Bank of Nigeria (CBN);
(b) The Nigerian Insurance Commission (NAICOM);
(c) The Securities and Exchange Commission.

Each of these regulatory authorities has an enabling law that guides the activities of the various institutions operating in the sector. The CBN has the Banks and Other Financial Institutions Act (BOFIA) 1991; NAICOM has the Nigerian Insurance Act 2003, while the Securities and Exchange Commission has the Investment and Securities Act, 1999. These Acts provide some specific requirements relating to the Accounts of every corporate entity within its fold. BOFIA, for instance provides specific requirements relating to the minimum paid up capital, statutory reserves, lending limit, classification of assets, returns and publication of annual accounts by banks. The Insurance Act also provides for the minimum paid up capital, types and classification of insurance businesses, statutory deposit, books and accounting records to be kept, maintenance of technical reserve and solvency margin required by all insurance businesses in Nigeria. The Investment and Securities Act on the other hand makes provision for the registration of capital market operators, public offer and sale of securities and mergers, take-over and acquisitions. All these requirements are made to supplement the elaborate provisions of the Nigerian Accounting Standards.

The Nigerian Accounting Standard Board (NASB) formulates Accounting Standards (ASs) based on the IFRSs keeping in view the local conditions including legal and economic environment, which have recently been notified by the Companies and Allied and Matters Act 1990. In some cases, departures are made on account of conceptual differences with the treatments prescribed in the IFRSs. The term IFRS consists of IFRS issued by IASB; International Accounting Standard (IAS) issued by International Accounting Standard Committee (IASC); and interpretations issued by the standard interpretations Committee (SIC) and the International Financial Reporting Interpretation Committee. IFRS is issued by the International Accounting Standard Board. The International Accounting Standard states how particular types of transactions and other events should be reported in financial statements. The standards issued by IASC were known as IAS. In 2000, IASC Members bodies approved the restructuring of IASC's foundation and in March 2001, the new IASB took over the responsibility of setting the international Accounting Standards from IASC. IASB adopted the standards set by IASC and continued to develop new standards and called the new standards – IFRS. Both IFRS and IAS are equally enforceable because there is no difference between the two [28].

Accounting Standards as Designed and as Practiced

There are many areas of accounting issues covered by IAS/IFRS that are yet to be address by NASB. Also, some current IAS- based national standards were effective at the time of their issuance; but some IAS have since either been revised or withdrawn. The Nigerian Statements of Accounting Standards (SAS) seem incomplete as an authoritative guide to the preparation of financial statements. The NASB does not have a work plan to harmonize its SAS with IAS. For instance, IAS where no equivalent SAS exists are framework for preparation of financial statements; IAS 14, Segment Reporting; IAS 18, Revenue; IAS 20, Accounting for Government Grants and Disclosure of Government Assistance; IAS 22, Business Combinations; IAS 23, Borrowing Costs; IAS 24, Related Party Disclosures; IAS 27, Consolidated Financial Statements and Accounting for Investment in Subsidiaries; IAS 32, IFRS 7, Financial Instruments: Disclosure And Presentation; IAS 39, financial instruments: Recognition and Measurement, IAS 36 Impairment of Assets etc. There is no local standard based on agriculture (i.e., an equivalent of IAS 41), despite the prominence of agriculture sector in Nigeria. The omission of a Framework for Preparation and Presentation of Financial Statements is especially detrimental as there are several areas where no local standards exist, and the framework should guide the setting of relevant and reliable accounting policies in such circumstances. Local standards where no international equivalents exist include SAS 14, accounting in the Petroleum industry Upstream Activities; SAS 17, Accounting in the Petroleum Industry – Downstream Activities; SAS 16, Accounting for insurance Business; and SAS 20, Abridge Financial Statements.

Listed companies have a lot of benefits to derive from conversion to IFRS. Companies do not operate in isolation. Therefore, in the present global environment, compliance with foreign reporting requirements will help streamline their financial reporting. This will help minimize reporting costs as a result of common reporting systems and consistency in statutory reporting. Secondly, it will enable comparison/benchmarking with foreign competitors possible. Besides, adoption of IFRS may offer companies an edge over competitors in the eyes of users. Thirdly, since the adoption of IFRS will transcend national boundaries/cross border, acquisitions and joint venture will be made possible and there will also be easy access to foreign capital. Fourthly, companies can trade their shares and securities on stock exchanges worldwide Ikpefan and Akande,[28].

For instance, present and emerging stock exchanges would require financial statements prepared under IFRS. Globally, investors would be able to make rationale and informed decisions. Fifthly, convergence of financial statements would provide a platform for management to view all companies in a group on a common platform.

Thus time and efforts will reduce to adjust the accounts in order to comply with the requirements of the national General Accounting Principles (GAP). Business acquisition would be reflected at fair value than at the carrying values. There will be more objectivity and transparency in financial statements. For companies to key into these benefits mentioned above, a single set of accounting standards worldwide would ensure that auditing firms standardize their training and quality of work that they maintain globally. In summary, implementation of IFRS would give rise to the following benefits:

i. Uniform application of principles – same language, same meaning of words.
ii. Cross border investments leading to economic growth and development. It will also lead to increase globalization of commerce and trade.
iii. Easy comparability of financial statements of two or more companies' worldwide.
iv. Tax authorities will find it easy to assess tax payers for payment and collection.
v. Administrative cost of accessing the capital markets would be reduced for companies globally. In addition time and money will be saved by international accounting firms in planning of accounting and audits
vi. Multinational companies will find it easy to carry out mergers and acquisition, easy access to multinational capital, the cumbersome task of consolidation of group financial statements would be simplified and accounting and audit functions will also be made easy.

REVIEW OF RELATED EMPIRICAL STUDIES

Quite number of studies has been carried out on Global Changes in Financial Regulatory frame work in different countries. The first such study was carried out by [29] on Swiss data, 129 corporations that are included in the Spanish Continuous Market, at 1

January 2005. In compliance with the Regulation (EC) No 1606/2002 on the application of IFRS, firms governed by the law of a Member State shall prepare their consolidated financial statements in conformity with endorsed IFRS at the European level for financial years starting on or after 1 January 2005 which showed a positive influence on size, internationality, listing status, auditor type, and ownership diffusion on voluntary compliance with IAS. They therefore revealed that firms which comply with IAS are larger; more internationally diversified, less capital intensive, and have a more diffuse ownership.

In a study by [30] on the Potential Effects of the Adoption and Implementation of International Financial Accounting Standards (IFRS) in Nigeria, the paper aimed at examining the potential effects of the adoption and implementation of IFRS in Nigeria from the perspective of stakeholders. It presents the results from a questionnaire survey of a sample of accounting lecturers, auditors and accountants. The data were analyzed using the Chi Square. The study found that International Financial Reporting Standards have the potentials of yielding greater benefits than current GAAP, improve business performance management and impact on other business functions apart from financial reporting. The study also found that IFRS adoption will add to financial reporting complexities and increase compliance with accounting standards. The study recommends that management should start making comprehensive plans ahead of IFRS adoption. [31] on Adoption of IFRS and Financial Statements Effects: The Perceived Implications on FDI and Nigeria Economy. He stated that the IFRS adoption is already an issue of global relevance among various countries of the world due to the quest for uniformity, reliability and comparability of financial statements of companies. The paper however investigated the effect of IFRS adoption on Foreign Direct Investment and Nigeria economy. The population used consists of quoted companies in Nigeria Stock Exchange (Preparers) and Investment Analysts (Users). Stratified Random sampling method was adopted and primary data used to elicit responses with 123 structured questionnaires administered. Findings showed that IFRS has been adopted in Nigeria but only fraction of companies has implemented with deadline for the others to comply. It is perceived that IFRS implementation will promote FDI inflows and economic growth. It was recommended that all stakeholders should endeavour to have full implementation to reap benefits of the global GAAP and principle - based standards.

In a study of [32] on a Perception Based Analysis of the Mandatory Adoption of International Financial Reporting Standards (IFRS) in Nigeria, the preeminent objective of the paper is to elicit the opinion of stakeholders in financial reporting in Nigeria, regarding the necessity for the ongoing mandatory adoption of IFRS in Nigeria. The study adopts the questionnaire survey method to seek respondents' views on the subject matter. Understanding firms' adoption of IFRS can allow for insights into the benefits and costs colligated with such adoption. Specifically, this study is expected to be of significant importance to Equity Investors' Group, Governments and Regulators, National standard setter, International Standards Setters and Donor Agencies, and various organizations engaged in accounting processes. They therefore employed the One Way Repeated Measure Analysis of Variance, and the Likelihood Ratio Test, otherwise referred to as G-test or maximum likelihood statistical significance test, in resolving the three hypotheses in the paper. The results from their study show that there is a statistically significant difference in the perception of the stakeholders about the desirability of the mandatory adoption of IFRS. The stakeholders of interest were Preparers of Financial Reports, Auditors, Capital Market Operators, and Trainers of accounting students. Capital Market Operators was found to be the most optimistic about the success of the adoption of IFRS, while Auditors seem to be the least optimistic. Additionally they found that mandatory adoption of IFRS will have significant prospects as well as challenges on the activities of stakeholders. They recommended inter alia, that the capacity of regulators (Corporate Affairs Commission, Securities and Exchange Commission, National Insurance Commission, Central Bank of Nigeria to mention but a few) must be strengthened so as to enable them to effectively deal with accounting and financial reporting practices of the regulated concerns, so that the mandatory adoption of IFRS in Nigeria, does not become a mere labeled or nominal one.

In a related study of [33] examined the legal and regulatory framework that impinges on effective implementation of International Financial Reporting Standards (IFRS) in Nigeria. It discussed the IFRS adoption procedure in Nigeria. The study also highlights the various areas of the Companies and Allied Matters Act 2004 as amended, which is the omnibus Act regulation financial reporting in Nigerian Companies that require immediate amendments and updating for successful and effective implementation of IFRS in Nigeria.

To carry out the study, the researcher adopted a review approach. The Statement of Accounting Standards (SAS), the local Standards), the International Financial Reporting Standards, the Government regulations especially the Companies and Allied Matters Act 2004 as amended, Investment and Securities Act 2004, and National Universities

Minimum Bench-Mark formed the major documentary materials examined. There are variations between the provisions of these regulations and the provisions of IFRS. Since Nigeria has adopted IFRS without any change, the existing regulations should be revisited so that the entities are properly guided. IFRS implementation in Nigeria will be easier if preparers of financial statements are properly guided by amending the existing regulations which the companies have followed in preparation of financial statements for a long time.

In another dimension of the study, by [34] on the international financial reporting and accounting issues: imperatives of attainment of economic development of Nigeria. The study found that Nigerian still faces a daunting challenge of economic development, with a lot of its poverty and social indicators worse than the average for sub-Sahara Africa and low- income countries. However, that there is needs to step up its game to achieve economic development, and stay within a globalized economic system.

Furthermore, to achieve sustainable economic growth, there must be a stable financial system, amongst other things weakness could undermine financial stability and financial intermediation, and adversely impact on the investment climate, which could imperil economic crises in individual countries and can impede international financial stability. According to him, the study also concluded that the benchmark for high quality accounting standard is IFRS. Despite its implementation challenges, IFRS offers benefits resulting in a compelling case for its adoption by various countries. However, that Nigeria is an active player in the globalized market and there is need to increase her participation. This amongst other things requires the adoption of global financial reporting standards that is, IFRS. Nevertheless, there are some challenges to the adoption of IFRS in Nigerian, including those faced by other countries and some specific ones, e.g. incomplete information, training and education, national pride, and loss of statutory/regulatory power in accounting matters.

This work provides a performance evaluation yardstick for the Nigerian professional accountants in evaluating corporate performance in a dynamic business environment requiring increasing stakeholder engagement, corporate transparency that will always produce reports that would be complaint with international standards and acceptable anywhere in the world. Considering the fact that Nigeria is amongst the developing nations, the only way we can depend on other Nations' relationship is by embracing global standards. To achieve this great task, the government, corporations, Individuals and organizations must endeavour to abide by the decision that is favourable to the environment for all to attain a sustainable development. It is the express opinion of the researcher that the accounting professional practice in Nigeria should follow the regime that would make them global players at all times by being alert to ever dynamic regulatory changes.

Below is 'High quality stakeholder based financial reporting model' for the attainment of the status of a global player, it is hinged on three key building blocks of;

1. International financial reporting standards.
2. International Auditing standards.
3. International Accountability Guidelines.

The accounting profession in Nigeria has to be futuristic in its strategies in responding to changes while maintaining its status as a global player whose financial reports must stand the test of time at all times, must ensure strict compliance with the accounting and auditing standards as consistent with International Financial Reporting Standards (IFRS) issued by the IASB, International Standards of Auditing (ISA) issued by the International Auditing Assurance Standards Board (IAASB) and International Accountability Guidelines issued by Global Reporting Initiative (GRI). Adopting and applying those standards and guidelines under thorough regulatory oversight, would ultimately provide; a high quality Stakeholders-based Financial Reports.

On the adoption of financial reporting framework in Nigeria and that of the international financial reporting standard, the study of [35] reviews the benefits and issues in the transition from General Accepted Accounting Principles (GAAP) to IFRS. The study concluded that it is in the best interest of Nigerian reporting entities to adopt IFRS and to ensure its sustainability, a country with wide intensive capacity building program is a "Sine qua non" and therefore recommends that before a company can get to the implementation stage, the CEO, along with leaders from key areas of the organization, will need to proactively confer to: increase awareness of IFRS, assess the company's current capabilities to address IFRS monthly.

In the study of [36], on the Impact of International Financial Reporting Standards on Insurance Management in Nigeria. The study sees International Financial Reporting Standard (IFRS) as a global agenda to foster common benchmark in financial information across international borders with the aim of generating greater momentum for economic development. Insurance management handles a large part of entrepreneurial risks and feedback long term

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capital into the economy; but insurance accounting is driven by contingent liabilities and asset volatilities that requires global standards. IFRS 4 and 7 address insurance contract in a way that still allowed different accounting practises. Using Granger causality, Cointegration and ECM tests, the long run relationships of the studied variables suggest stable and successful outcome following the adoption of IFRS on insurance management in Nigeria. They argue for a special attention of IFRS on insurance accounting and management in developing economy like Nigeria should be in the long-run.

This study, though similar to those of previous studies, it departs from these studies in several ways. It addresses the peculiarities discussed above with a view to coming up with a more valid and reliable outcome on the extent of IFRS on accounting quality. This study would achieve this by comparing accounting quality in the pre and post adoption periods where both are having a clear dividing line. Each company in the study acts as its own control by matching data in the pre and post thus ensuring same conditions for measurement. The confusing effects of macro -economic and political environment are completely eradicated since all the companies are subject to the same economic environment and governmental control. In constructing a matched sample consistent with [37], the year of adoption and the industry was identified and a check made to ensure that the audited financial report clearly state the accounting standard used. Ultimately the samples were divided into Pre and Post adoption as well as Non-IFRS and IFRS. Prior literature distinguishes between two kinds of earnings management known as earnings smoothing and managing towards small positive earnings. According to Barth et al. [12] earnings smoothing is measured by three constructs: variability of change in earnings, variability of change in earnings relative to the variability of changes in cash flow and negative correlation between accruals and cash flows. [38], also postulated that high variability of earnings is consistent less smoothing of earnings. The other construct of earnings management is the managing towards small positive earnings and this is done because management prefers to report small positive net income rather than negative net income.

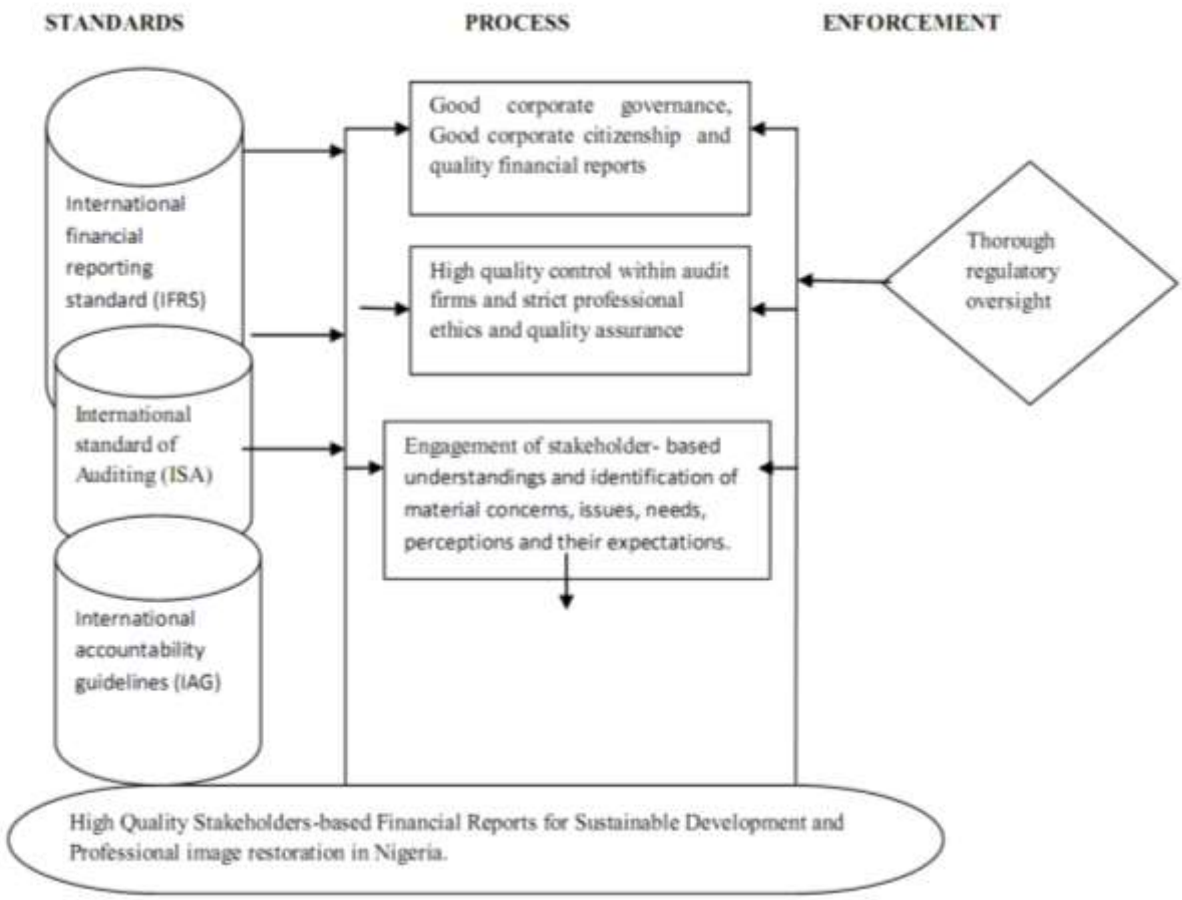

Fig-1: High Quality Stakeholders-based Financial Reporting model, 2014

THEORETICAL FRAMEWORK

1. Agency Theory

According to [39]; [40] agency seen as one in which one or more persons (principal's) engages another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent. By governance structures, agency theorists mean the mechanism that polices the explicit and implicit contracts between principals and agent [41]. These include the structure of law governing corporate behaviour and its attendant legal apparatus, monitoring mechanisms (such as the board of directors) and enforcement mechanisms (such as the market for corporate control and the managerial labour market).

Although applied primarily to the stockholder-manager relationship, Jesen and Meckling [39] argue that agency theory will lead to a rich theory of organizations which is now lacking in economics and the social sciences generally. Jensen and Meckling view the implicit contract between stockholders and managers as just one of the nexus of contracts that forms the legal fiction known as the modern corporation. Other contracts that could be considered within an agency framework include those between managers and the various primary interest groups of the firm or stakeholders.

2. Stakeholder Theory

Since the 1980s stakeholder theory has developed the thesis that the organisation has a moral relationship with groups other than shareholders [42]. This is based on the assumption that an organisations as well as individuals, possess moral status, therefore should act in a moral responsible manner, this legitimacy is established through the existence of an exchange relationship. According to [43] stakeholder is a groups of constituents who have a legitimate claim on the firm. Thus stakeholders include creditors, stockholders, managers, employees, customers, suppliers, local communities and general public. The theory highlights interests of different groups and argues on the possibility of favouring one group's interest over that of the other. [44] each of these groups can be seen as supplying the firm with critical resources (contributions) and in exchange each expects its interests to be satisfied (by inducements). Stakeholders provide the firm with capital. In exchange they expect firm to maximize the risk adjusted return on their investment. Creditors provide the firm with finance and in exchange expect their loans to be repaid on schedule. Managers and employees provide the firm with time, skills, and human capital commitments. In exchange, they expect fair income and adequate working conditions. Customers supply the firm with the revenue and expect value of money in exchange. Suppliers provide the firm with input and seek fair prices and dependable buyers. In exchange, Local communities provide the firm with locations, a local infrastructure and perhaps favourable tax treatment. In exchange, they expect corporate citizens who enhance and or do not damage the quality of life. The general public, as tax payers provides the firm with a national infrastructure. In exchange, they expect corporate citizens who enhance and or do not damage the quality of life and do not violate the rules of the game established by the public through their legislative agents.

Stakeholder theory incorporates the executive power model, which claimed that the purpose of a corporation is the maximisation of corporate wealth. However, this study will rely on stakeholder theory which fits with the nature and scope of the empirical work

The IFRS in Nigeria

Now that Nigeria has decided to adopt IFRS as from 1st January 2012, the transition needs to be carefully executed in a logical manner to ensure smooth transition. It must be stressed that the transition process should involve key stakeholders such as educators, professional bodies, preparers, users, regulators and auditors. The ability to identify the challenges that are likely to be faced and how to address such challenges would ensure seamless transition. First and foremost, government must clearly define the role of the Nigerian Accounting Standard Board (NASB) in the post adoption era. Presently, NASB is charged with the responsibility of issuing, interpreting and ensuring compliance of accounting standards in Nigeria. However, one would suggest that NASB should be retained to play supervisory role and to ensure that reporting entities comply with IFRS.

METHODOLOGY

Research Design

Due to the nature of the study, descriptive and survey research was adopted. This involves collection of data in other to find answers to unanswered questions concerning the current status of a subject [45] Survey research was adopted because the accountants who were the target audience were the same people who operated at both pre and post era of IFRS.
The population of the study consist of all the professional accountants who are members of ICAN and ANAN in 36 states of Nigeria. Their total number is 28,450 consisting of ICAN (14733) and ANAN (13717) (ICAN and ANAN registers June, 2013).

Sample Size Determination and Sampling Technique

Purposive sample technique was used in selecting six states in the Eastern Region of Nigeria for the study. This was due to easy accessibility and

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convenience.The total number of accountants in the six states is 1733 distributed as follows:

States	ANAN	ICAN	TOTAL
Anambra	371	106	477
Enugu	341	81	422
Abia	96	62	158
Ebonyi	135	43	178
Imo	113	139	252
Rivers	134	112	246
Total	**1190**	**543**	**1733**

Source: ANAN and ICAN register, as at June 30, 2013.

Because the number is large, Yaro Yamane's formula was adopted to determine the actual sample size that would truly represent the population scientifically as follows:

$$n = \frac{N}{1+N(e)^2}$$

Where:

n = Sample size
N = Population of the study
e = error margin or level of significance (5%)
I = Constant

Total number professional Accountants in the 6/six States from the table 1 above N equals = 1733.
Applying the formula;

$$n = \frac{1733}{1 + 1733\,(0.05)^2}$$

$$\frac{1733}{1+4.3325}$$

$$n = \underline{\mathbf{325}}$$

The options to the questions in part II of the questionnaire were arranged in a likert scale continuum of 1 to 5 with the following options: Strongly Agree (SA), Agree (A), Undecided (U), Disagree (D), and Strongly Disagree (SD).

Data collected for the study were analyzed by the researcher using frequency counts, mean score. The three research questions were answered hypothetically; the data were analyzed in the following order; Data relating to research question one, two and three were analyzed to determine mean score (x). A mean score of three (3) and above was regarded as an accepted mean to test the research question. While a mean score of 2.99 and below was regarded as rejection means to test the research question.

Test of Hypotheses

2. Statistical Package for Social Sciences (**SPSS)**

The questionnaires were analysed and hypotheses formulated for the study were tested with the Univariate Analysis of Variance (UAV) for opinion differences, using the Statistical Package for Social Sciences (SPSS) version 17.0 software package.

Software Description

Statistical Package for Social Sciences (SPSS) is a software solution utilized in data analysis after carefully inputting the variables used in the study.

Decision Rule:

Using SPSS, 5% is considered a normal significance level. The accept reject criterion was based on the computed F-Value.

If F-value is equal or greater than "Sig" value there is significant interaction effect or significant difference i.e. F-value value $\geq$ sig value we reject Null and accept alternate hypothesis.

Out of three hundred and twenty five (325) questionnaires distributed only two hundred and eighty six (286) were completed and returned. This represents 88%.

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Data Analysis

Table-1: Summary of Data for Testing Hypothesis I

Source: field survey, 2014

S/N	Questions weight	SA (5)	A (4)	U (3)	D (2)	SD (1)	Total
1.	IFRS frameworks clearly set out presentation and disclosure requirements in terms of transparency and data quality.	77 (385)	115 (460)	13 (39)	81 (162)	0 (0)	286 (1046)
2.	Operating with a single set of high quality global standard will strengthen foreign investors' confidence on the disclosures of the Financial Statement	63 (315)	145 (580)	0 (0)	60 (120)	18 (18)	286 (1033)
3.	Increased disclosures and strict adherence to the pronouncements of the IFRS will no doubt usher in accountability into corporate Financial Statements in Nigeria	69 (345)	125 (500)	10 (30)	72 (144)	10 (10)	286 (1029)
4.	Embrace of the Actuarial Accounting technique in the Nigeria public sector accounting system will shade more light of accountability and transparency in the governments' financial accounting systems.	59 (259)	145 (580)	14 (42)	46 (92)	22 (22)	286 (995)
5.	For transparency sake, every entity's compliance with IFRSs in Nigeria, need also explicitly make a statement that such unreserved compliance include compliance to all standards, interpretations and existing disclosure requirements.	45 (225)	156 (624)	9 (27)	48 (96)	28 (28)	286 (1000)
6.	IFRS's prescription for full disclosure through compliance with all disclosure requirements is the very prerequisites for fair presentation and transparency.	90 (450)	145 (580)	0 (0)	51 (102)	0 (0)	286 (1132)

Table 2: Summary of Data for Testing Hypothesis II

S/N	Questions Weight	SA (5)	A (4)	U (3)	D (2)	SD (1)	Total
7.	The need to enhance international comparison especially among the Financial Statements of Multinational Companies paved way for stakeholder based sustainability reporting	43 (215)	155 (620)	20 (60)	50 (100)	18 (18)	286 (1013)
8.	International comparability of Financial Statements and ease of interpretation have also led to major adjustments in Nigeria disclosure practices.	84 (420)	148 (592)	4 (12)	45 (90)	0 (0)	286 (1114)
9.	The adoption of stakeholder based sustainability reports would identify institutional' gaps' in the organizations and co-ordination of accounting education in Nigeria.	25 (125)	140 (560)	11 (33)	91 (182)	19 (19)	286 (919)
10.	The goal of sustainability reporting would be to facilitate the filling of these gaps recognizing that the players in accounting are best placed to enunciate and elucidate the needs and requirements of the profession.	65 (325)	111 (444)	13 (39)	50 (100)	47 (47)	286 (955)
11.	The use of a single set of standard in reporting disclosures globally is the very goal of stakeholder based sustainability reporting.	53 (265)	125 (500)	28 (84)	60 (120)	20 (20)	286 (989)
12.	The adoption of sustainability reporting would offer stakeholders useful lessons.	49 (245)	157 (628)	0 (0)	59 (118)	21 (21)	286 (1012)

Source: field survey, 2014

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Test of Hypotheses

Table-3: Univariate Analysis of Variances

Dependent Variable: EASTERN

Source	Type III Sum of Squares	Df	Mean Square	F	Sig.
Corrected Model	759.675[a]	213	3.567	3.946	.000
Intercept	581.093	1	581.093	642.848	.000
HYPOTHESES1	14.237	11	1.294	1.432	.178
HYPOTHESES111	243.989	14	17.428	19.280	.000
HYPOTHESES1 *	45.818	43	1.066	1.179	.265
HYPOTHESES1 * HYPOTHESES111	35.050	42	.835	.923	.604
HYPOTHESES111	28.401	40	.710	.795	.795
HYPOTHESES1 * HYPOTHESES111	31.555	22	1.434	1.587	.074
Error	65.083	72	.904		
Total	4135.000	286			
Corrected Total	824.759	285			

a. R Squared = .921 (Adjusted R Squared = .688)

Hypothesis One

H_0: The adoption of the International Financial Reporting Standard (IFRS) in Nigeria has not improved the quality of financial reporting by corporate firms in Nigeria.

H_1: The adoption of the International Financial Reporting Standard (IFRS) in Nigeria improved the quality of financial reporting by corporate firms in Nigeria.

In table 3 above, (F value =1.43 and Sig value =0 .18) thus, indicating that there is a significant difference and alternate hypothesis is accepted while null hypothesis is rejected. Therefore, the adoption of the International Financial Reporting Standard (IFRS) in Nigeria improved the quality of financial reporting by corporate firms in Nigeria.

Hypothesis Two

H_0: The adoption of stakeholder-based sustainability reports will not significantly improve the disclosure and reporting pattern of Nigeria corporate firms.

H_1: The adoption of stakeholder-based sustainability reports will significantly improve the disclosure and reporting pattern of Nigeria corporate firms.

F rom table 1 above, result indicates that there is a significant difference at 'F' value =19.28, 'Sig' value = 0.00. Thus null hypothesis was dropped as untrue and alternate hypothesis is accepted as true. This implies that the adoption of stakeholder-based sustainability reports will significantly improve the disclosure reporting pattern of Nigeria corporate firms.

Interaction Effects of the Two Hypotheses

Hypothesis 1 and Hypothesis 11

Table 1 above indicates that hypothesis 1 interacted with Hypothesis 11 and the result confirmed a significant interaction effect at 'F'=0.92, 'Sig' =0.60 thus as hypothesis 1 which upholds that the adoption of the International Financial Reporting Standard (IFRS) in Nigeria improved the quality of financial reporting by corporate firms in Nigeria is applied at the same time with hypothesis 111, the adoption of stakeholder-based sustainability reports will significantly improve the disclosure and reporting pattern of Nigeria corporate firms will positively influence changes the Accountancy Professional practice in Nigeria.

Table 4 result indicates that the combined three hypotheses had significant interaction effect, F value was at 1.59, and sig value was at 0.07. This implies that the combination of three hypotheses at the same time would greatly enhance changes in global financial regulation frame work.

SUMMARY OF FINDINGS

Based on the literatures reviewed, data collected and analysed, the following major findings were drawn;

i. The adoption of the International Financial Reporting Standard (IFRS) in Nigeria has significantly improved the quality of financial reporting by corporate firms in Nigeria.

ii. Most of the indicators show that the accountability which had improved was influenced by in global financial regulatory frame-work hence; operating with a single set of high quality global standard will strengthen foreign investor's confidence on the disclosures of the financial reporting and comparability of financial statements.

iii. The adoption of stakeholder-based sustainability report directly encourage the adoption of IFRS and conforms to good corporate citizenship advocacy and therefore have significantly resulted in changes in the disclosure and reporting pattern of Nigeria corporate firms.

CONCLUSION

This study has attempted to appraise the changes in global financial regulatory framework: implications for accountancy profession in Nigeria. This study reviewed relevant literatures and other necessary materials. Based on this, we affirm that the choice of existing accounting techniques by professional Accountants in Nigeria has been significantly influenced by the changes in Global financial regulatory frameworks. This means that the adoption of IFRS and stakeholder-based sustainability reports in Nigeria will significantly promote the goal of accountability and transparency in Nigeria corporate firms and place the country on the vanguard of future regulatory change adopters.

We therefore conclude that the global financial regulatory changes have impacted positively on the accounting professional in Nigeria as the adoption of IFRS will make any Nigerian accountant an international player as they will be capable of working in any part of the world.

RECOMMENDATIONS

Based on the findings and conclusions made in the study, the researcher offers the following recommendations:

- Government and her financial accounting regulatory agencies should ensure continuity in making available training facilities and materials for professional accountants on the concept of IFRS and Sustainability accounting and issues relating to their implementation and conversion. As matter urgency the government should sponsor professionals into the board of IASB so that we might be part of the international politics.
- As the compliance with IFRS procedures is mandatory, functional implementation/ monitoring outfit with legal capacity to enforce the provisions of the Financial Regulatory Council directives should be put in place, and also ensure that ethical and corporate transparency measures are observed and the environmental sustainability preserved.

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